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

AUDIT YEAR 2018-19

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

A/C	Account
ABL	Allied Bank Limited
ADP	Annual Development Program
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
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
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
KA&GB	Kashmir Affairs & Gilgit-Baltistan
KDLB	Karachi Dock Labour Board
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
MD	Managing Director
MFDAC	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
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
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
VC	Vice Chancellor
w.e.f.	With Effect From
XEN	Executive Engineer

PREFACE

Articles 169 and 170(2) of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of receipts and expenditure from the Federal Consolidated Fund and Public Account.

The report is based on audit of receipts and expenditure of the Federal Government for the financial year 2017-18. 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 2018-19 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: (Javaid Jehangir)

Auditor General of Pakistan

EXECUTIVE SUMMARY

Directorate General Audit, Federal Government [DGA (FG)] is a strategic audit unit of 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 main products of this office are the Certification Audit Reports of Federal Government, Foreign Aided Projects Reports, Performance Audit Reports, Special Audit Reports and Compliance with Authority Audit Report. 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 50 Principal Accounting Officers (PAOs) for different Ministries, Divisions and entities. The DGA (FG) conducts audit of the transactions relating to the Federal Consolidated Fund and Public Account of the Federal Government. The DGA (FG) has human resource of 136 officers and staff with 33,456 person days. The annual budget allocated to Directorate General for the year 2018-19 amounted to Rs. 214 million.

a. Audit Objective

The audit was conducted to review:

i. The financial systems and transactions, including an evaluation of compliance with applicable statutes and regulations.

ii. 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.

iii. That rules and procedures were properly implemented.

iv. The assessment, collection and allocation of revenues were done in accordance with the law.

b. Scope of Audit

The scope of audit was to cover all Federal Government entities where operations are material in the context of the Financial Statements of the Federation.

The audit was primarily conducted for the financial year 2017-18, 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 2017-18 was Rs. 31,882,565.890 million. The auditable expenditure under the jurisdiction of Directorate General Audit (Federal Government) was Rs. 2,138,814 million covering 50 PAOs and 2,700 formations. DGA (FG) audited an expenditure of Rs. 416,277 million, which in terms of percentage was 19% of the auditable expenditure. DGA (FG) also certified accounts of 26 Foreign Aided Projects (FAP), 4 accounts of the Federal Government and 4 Special Audits.

c. Audit Methodology

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 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. Payments were validated by proper supporting documents and approval of competent authority. Expenditure was incurred in accordance with the approved budget.

d. Audit Recovery

An amount of Rs. 4,882.893 million was recovered at the instance of the audit and deposited into the Federal Consolidated Fund.

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 Units 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 2017-18, it was noticed that the internal audit Units were non-existent. Considerable instances of internal control failures were also noted which resulted in waste or theft of Government money. Audit has identified certain issues where Government suffered loss due to weak internal controls and non-functioning of internal audit units.

f. The key audit findings of the report

i. There were 11 cases of fraud, embezzlement, thefts and misuse of public resources amounting to Rs. 862.400 million[1].

ii. There were 237 cases of irregular expenditure/payments and violation of rules amounting to Rs. 292.974.916 million[2].

iii. There were 56 cases of recovery amounting to Rs. 185,885.759 million[3].

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[1] Para No. 3.4.1, 9.4.41, 12.4.9, 22.4.29, 22.4.31, 22.4.32, 22.4.34, 22.4.35, 22.4.56, 22.4.60, 25.4.12

[2] Para No. 2.4.1, 3.4.2, 3.4.3, 3.4.4, 3.4.5, 3.4.6, 4.4.1, 4.4.3, 4.4.5, 4.4.6, 4.4.10, 4.4.19, 4.4.23, 4.4.24, 4.4.25, 4.4.27, 6.4.2, 6.4.3, 6.4.5, 7.4.1, 7.4.10, 9.4.6, 9.4.7, 9.4.9, 9.4.10, 9.4.16, 9.4.1, 9.4.28, 9.4.32, 9.4.33, 9.4.36, 9.4.37, 9.4.38, 9.4.39, 9.4.42, 9.4.45, 10.4.2, 10.4.6, 10.4.7, 10.4.8, 10.4.9, 10.4.11, 10.4.12, 10.4.20, 10.4.21, 10.4.23, 10.4.24, 11.4.4, 11.4.9, 11.4.11, 11.4.12, 11.4.13, 11.4.15, 11.4.16, 11.4.17, 11.4.18, 11.4.19, 11.4.20, 11.4.21, 11.4.22, 11.4.26,11.4.27, 11.4.28, 11.4.29, 11.4.30, 11.4.31, 11.4.32, 11.4.33, 11.4.34, 11.4.36, 11.4.37, 12.4.3, 12.4.4, 12.4.5, 12.4.6, 12.4.8, 12.4.10, 12.4.13, 12.4.27, 12.4.28, 12.4.29, 12.4.31, 12.4.34, 12.4.35, 12.4.36, 12.4.37, 12.4.38, 12.4.39, 12.4.43, 12.4.44, 12.4.46, 12.4.50, 12.4.53, 12.4.54, 13.4.1, 15.4.1, 15.4.2, 15.4.3, 16.4.2, 16.4.3, 16.4.5,16.4.6, 16.4.9, 17.4.1, 17.4.2, 17.4.3, 18.4.1, 18.4.2, 18.4.3, 18.4.5, 18.4.8, 18.4.10, 18.4.11, 18.4.12, 18.4.13, 18.4.14, 18.4.16, 18.4.17, 18.4.19, 18.4.20, 18.4.22, 18.4.23, 18.4.28, 18.4.31, 18.4.32, 18.4.33, 19.4.6, 19.4.7, 19.4.8, 19.4.9, 19.4.10, 19.4.11, 19.4.12, 19.4.13, 19.4.14, 19.4.16, 19.4.17, 19.4.18, 19.4.19, 19.4.21, 19.4.22, 19.4.23, 19.4.24, 19.4.25, 19.4.26, 19.4.27, 19.4.28, 19.4.29, 19.4.30, 19.4.31, 19.4.32, 19.4.33, 19.4.34, 19.4.35, 19.4.36, 19.4.37, 19.4.38, 19.4.39, 19.4.40, 19.4.41, 19.4.42, 19.4.43, 19.4.44, 19.4.45, 19.4.46, 19.4.47, 19.4.48, 20.4.3, 20.4.5, 20.4.6, 21.4.1, 22.4.4,22.4.6, 22.4.8, 22.4.9, 22.4.12, 22.4.16, 22.4.18, 22.4.19, 22.4.22, 22.4.23, 22.4.30, 22.4.39, 22.4.40, 22.4.43, 22.4.55, 22.4.57, 22.4.58, 22.4.61, 22.4.64, 22.4.66, 22.4.68, 22.4.69, 22.4.70, 22.4.71, 22.4.72, 22.4.74, 22.4.75, 22.4.76, 22.4.77, 22.4.78, 22.4.80, 22.4.81, 22.4.83, 22.4.87, 22.4.90, 23.4.1, 23.4.2, 23.4.3, 23.4.4, 23.4.6, 23.4.7, 23.4.9, 23.4.10, 23.4.11, 23.4.12, 23.4.13, 23.4.14, 23.4.24, 23.4.25, 23.4.26, 23.4.27, 23.4.28, 23.4.29, 23.4.32, 23.4.33, 23.4.35, 24.4.1, 24.4.2, 25.4.4, 25.4.7, 25.4.8, 25.4.10, 25.4.11, 26.4.1, 26.4.2, 26.4.3

iv. There were 4 instances of irregularity pertaining to non-production of record amounting to Rs. 1,054.459 million[4].

v. There were 39 cases of weak internal controls amounting to Rs. 14,562,562.898 million[5].

vi. There were 51 cases pertaining to weak financial management amounting to Rs. 14,735,367.133 million and 03 cases related to unsound asset management amounting to Rs. 811.257 million.

vii. Audit paras for the Audit Year 2017-18 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 cases of embezzlement of public money and fictitious payments may be sent to the investigation agencies.

ii. All payments may be made in accordance with the applicable rules and regulations.

iii. Government receipts and unspent balances may be deposited immediately into the Government Treasury.

iv. All auditable record may be produced when demanded.

v. Internal control system may be strengthened to mitigate the risk.

vi. All assets may be recorded in the stock register and physical verification should be carried out annually.

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[3] Para No. 3.4.9, 4.4.18, 6.4.4, 7.4.3, 7.4.9, 8.4.3, 8.4.4, 8.4.5, 9.4.8, 9.4.21, 9.4.22, 9.4.31, 9.4.34, 10.4.4, 10.4.15, 11.4.6, 11.4.10, 11.4.23, 11.4.24, 11.4.25, 11.4.39, 11.4.42, 12.4.11, 12.4.30, 12.4.40, 13.4.2, 14.4.1, 16.4.7, 16.4.8, 18.4.7, 18.4.26, 18.4.30, 19.4.20, 20.4.4, 20.4.7, 20.4.8, 20.4.9, 22.4.5, 22.4.7, 22.4.14, 22.4.15, 22.4.25, 22.4.28, 22.4.36, 22.4.38, 22.4.41, 22.4.42, 22.4.65, 22.4.67, 22.4.82, 23.4.8, 25.4.2, 25.4.3, 25.4.5, 25.4.6, 25.4.9

[4] Para No. 9.4.2, 10.4.22, 19.4.4, 19.4.5

[5] Para No. 1.1.1, 1.1.2, 1.1.3, 1.1.5, 1.1.6, 1.1.7, 1.1.8, 1.1.9, 1.1.10, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.7, 1.3.1, 3.4.7, 3.4.8, 4.4.2, 4.4.4, 4.4.7, 4.4.8, 4.4.9, 4.4.11, 4.4.12, 4.4.22, 4.4.26, 5.4.1, 5.4.3, 7.4.2, 7.4.4, 7.4.5, 7.4.6, 7.4.7, 7.4.8, 8.4.6, 9.4.3, 9.4.5, 9.4.18

SUMMARY TABLES & CHARTS

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I. Audit Work Statistics

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

Sr. No.	Description	No.	Amount
1.	Total Entities (Ministries / PAOs) in Audit Jurisdiction	50	2,138,814
2.	Total formations in audit jurisdiction	2700	
3.	PAO's Planned	46	332,093
4.	Formations Planned	286	
5.	Total Entities (Ministries / PAOs) Audited	40	396,468
6.	Total formations Audited	189	
7.	Audit & Inspection Reports	189	
8.	Special Audit Reports	6	1,087.332
9.	Performance Audit Reports	3	
10.	FAP Reports	25	18,721.226
11.	Certification Audit Reports of FG and SAEs	3	31,882,565

***** *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	811.257
2.	Weak financial management	14,735,367.133
3.	Weak internal controls relating to financial management	67,305.083
4.	Others	869,685.094
	`Total	**15,673,168.567**

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 (Regular Audit)	427,763	213,881	427,763	1,069,407	2,138,814	1,301,251
2.	Monetary Value of Audit Observations *	817	355	5,768	15,666,229*	15,673,169	5,812,468
3.	Recoveries pointed out at the instance of audit	-	-	3,778.486	182,107.273	185,886	9,120.688
4.	Recoveries established at the instance of audit	-	-	3,778.486	182,107.273	185,886	9,120.688
5.	Recoveries realized at the instance of audit	977	488	977	2,441	4,882.892	69,394.87

* Monetary Value includes audit observations of Certification Audit, Special Audit and Regular Audit

IV. Irregularities Pointed Out

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

Sr. No.	Description	Amount Placed under Audit Observation
1.	Violation of Rules and regulations , principal of propriety	292,974.916
2.	Reported cases of fraud, embezzlement, thefts and misuse of public resources	862.400
3.	Accounting Errors	26,331.595
4.	Quantify weaknesses of internal control systems	14,562,562.898
5.	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies	185,885.759
6.	Non-Production of record	1,054.459
7.	Others, including cases of accidents, negligence etc.	603,496.540

V. Cost-Benefit Analysis

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

Sr. No.	Description	2018-19	2017-18
1.	Outlays Audited	2,138,814	1,301,251
2.	Expenditure on Audit	214	192
3.	Recoveries made at the instance of audit	4,882.892	69,394.87
Cost-Benefit Ratio		**22.817**	**361.43**

CHAPTER 1

1. PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 FINANCE DIVISION

1.1.1 Supplementary Grants not approved - Rs. 9,962,430 million

Risk Categorization: High

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

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that the total Supplementary Grants allowed by the Finance Division and the Supplementary Grants printed in the Supplementary Schedule of Authorized expenditure for the year 2017-18 were as under:

(Rupees)

S #	Remarks	Amount
1.	Total Supplementary Grants allowed as per Manuscript of Appropriation Accounts for 2017-18	10,561,831,100,000
2.	Supplementary Grants printed in Supplementary Schedule of Authorized Expenditure	599,400,612,000
3.	Supplementary Grants not printed in Supplementary Schedule of Authorized Expenditure	9,962,430,488,000

Audit observed that Supplementary Grants of Rs. 9,962,430.488 million remained not approved by the National Assembly which is 94.32% of the total Supplementary Grants.

Implication:

Audit is of the view that it was the responsibility of Ministry of Finance to make necessary arrangements and take appropriate measures for placing all Supplementary Grants before the National Assembly for authentication/approval but it was not done. Thus, a large amount of Supplementary Grants remained un-presented/not tabled before the National Assembly for approval and authentication.

Management Response:

It was replied that Finance Division has adopted the procedure relating to the Supplementary Grant as per Constitution of Islamic Republic of Pakistan. It is also mentioned that the Ministries/Divisions have the tendency that they obtain Supplementary Grants throughout the Financial Year to meet the financial requirements. These schedules are entered in the system but remain out of the printed books and Supplementary Schedules of Authorized Expenditure. However, the matter has been taken up with Finance Division.

Audit Comments:

Audit recommends to take appropriate action to table complete Supplementary Grants before the Parliament for approval.

1.1.2 Excess expenditure – Rs. 3,642,879.452 million

Risk Categorization: High

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

Section 5 (b) of Controller General of Accounts Ordinance 2001 provides that to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that the Ministries/Divisions incurred excess expenditure.

Audit observed that:

i. The Ministries/Divisions incurred excess expenditure of Rs. 3,642,879.452 million against Final Grants without any Supplementary Grants and re-appropriations which was not covered under the financial rules.

ii. This includes excess payment of domestic debt of Rs. 3,480,949,061,902 without any budget allocation. Ministry of Finance was required to take appropriate steps/measures prior to making this payment to avoid excess booking of expenditure without any budget allocation.

iii. AGPR was also required not to make excess payments without any budget.

iv. During 2016-17, the actual expenditure under Repayment of Domestic Debt was Rs. 13,768,471,872,926 which increased to Rs. 26,409,469,478,902 during 2017-18. The increase worked out to Rs. 12,640,997,605,976 which is 91.8% of last year expenditure. This position of Repayment of Domestic Debt is very alarming.

v. AGPR was not authorized to allow expenditure over and above the Final Grants in the absence of Supplementary Grants.

vi. This indicated that controls were not in existence to check excess expenditure without any budget.

Implication:

Audit is of the view that incurring expenditure in excess of Final Grants was unauthorized.

Management Response:

It was replied that matter has been taken up with the Ministries/Divisions/Departments who incurred excess expenditure over and above budget allocation.

Audit Comments:

Audit recommends to inquire the matter for fixing responsibility.

1.1.3 Non-surrendering of savings resulting in lapse of funds - Rs. 411,330.274 million

Risk Categorization: High

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that the Parliament approved/allocated budget to Ministries/Division /Departments for Current, Development and Charged expenditure.

Audit observed that there were savings of Rs. 411,330.274 million under Current, Development and Charged budget of different Ministries/Divisions. The PAOs were required to surrender estimated savings in time to avoid lapse of funds but it was not done. A summary of funds lapsed is given below:

(Rupees)

S. No.	Type of budget	Total Grants	Lapse noted in Grants	Final Grant	Actual Expenditure	Amount (lapsed)
1.	Current	104	99	753,763,172,788	700,750,236,338	53,012,936,450
2.	Development	52	26	877,134,358,687	610,783,369,400	266,350,989,287
3	Charged	12	10	729,038,358,216	637,072,009,461	91,966,348,755
			Total	**2,359,935,889,691**	**1,948,605,615,199**	**411,330,274,492**

Implication:

Audit is of the view that:

i. Non-surrendering of savings resulted in lapse of funds

ii. Neither these funds were utilized by the Ministries/Divisions themselves nor could be utilized by other Ministries/Divisions who required more funds for their use.

iii. This indicated that there existed no internal controls to watch the flow of expenditure in most of the Ministries/Divisions.

Management Response:

It was replied that matter has been taken up with the Ministries/Departments who did not surrendered the savings.

Audit Comments:

Audit recommends that the Accounting Office should take up the matter with the PAOs to avoid lapse of funds.

1.1.4 Unjustified demand of Supplementary Grants creating undue pressure on the National Exchequer – Rs. 338,584.000 million

Risk Categorization: High

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

Para 98(1)(iv) of GFR Vol-I states that if such savings are not available, it should be seen whether special economies can be effected under other sub-heads. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Ministry of Finance through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All application for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, an analysis was performed to check the cases of acquisition of Supplementary Grants despite availability of savings within the Grants and non-utilization/lapse of Supplementary Grants under different object-heads during the financial year. A summary of comparison of Supplementary Grants with unutilized budget is given in the table below;

(Rupees)

S. No.	Type of Grants	No. of Grants	Supplementary Grants	Funds not utilized (Surrendered + Savings)
1.	Current Grants	95	221,475,447,000	76,127,769,128
2.	Development Grants	52	117,108,554,000	54,354,853,411
	Total	**147**	**338,584,001,000**	**130,482,622,539**

Audit observed that the Ministries/Divisions did not analyze their savings prudently which resulted in surrendered/lapsed of funds. This indicated lack of over sight and controls in watching the flow of expenditure and calculating savings prior to surrendering of funds and demanding supplementary grants.

Implication:

Audit is of the view that:

i. Proper controls/checks did not exist in the Ministries/Division to assess savings under different object-heads prior to demanding Supplementary Grants and subsequent utilization.

ii. Best practices to avoid unnecessary demand of Supplementary Grants were not being followed.

iii. No appropriate system existed in the Ministry of Finance to avoid unnecessary demand of Supplementary Grants by the Ministries/ Divisions.

iv. This action created undue pressure on the National Exchequer/ Federal Budget for the financial year 2017-18.

Management Response:

It was replied that matter has been taken up with Finance Division and concerned Ministries/Divisions on 22.11.2018 for necessary action.

Audit Comments:

Audit recommends to take action against those Ministries/ Divisions which did not follow financial rules to avoid undue pressure on the National Exchequer.

1.1.5 Unauthorized excess expenditure without budget – Rs. 205.595 million

Risk Categorization: High

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

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that an expenditure of Rs. 205.595 million was booked in Manuscript of Appropriation Accounts for 2017-18. A summary is given below:

(Rupees)

S. No.	Type of grants	No. of Grants	Amount
1.	Current Grants	06	15,869,440
2.	Development Grants	17	189,725,585
		Total	**205,595,025**

Audit observed that the expenditure of Rs.205.595 million was incurred without any Original Allocation, Supplementary Grants or Re-appropriations.

Implication:

Audit is of the view that the excess expenditure was unauthorized.

Management Response:

It was replied that matter has been taken up with DAG (C&P), local and sub offices of AGPR located at Lahore, Karachi, Peshawar, Quetta and Gilgit Baltistan on 05.12.2018 for necessary action.

Audit Comments:

Audit recommends to investigate the matter for fixing the responsibility of excess expenditure.

1.1.6 Expenditure in excess of Final Grants –Rs. 110,115.462 million

Risk Categorization: High

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

Section 5 (b) of Controller General of Accounts Ordinance 2001 empowers CGS to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that the Ministries/Divisions/Departments incurred expenditure in excess of their Final Grants.

Audit observed as under:

i. In 548 IDs an expenditure of Rs. 110,115.462 million was incurred in excess of Final Grants.
ii. AGPR was not authorized to allow excess expenditure over and above the Final Grants.

Implication:

Audit is of the view that;

i. Incurring expenditure in excess of Final Grants was unauthorized.

ii. Internal controls were not in existence to check such expenditure.

Management Response:

It was replied that matter has been taken up with the Ministries/Departments who have incurred excess expenditure over and above budget allocation.

Audit Comments:

Audit recommends to inquire the matter for fixing responsibility for allowing excess expenditure.

1.1.7 Expenditure remained un-reconciled in June (Final) – Rs.58,442.838 million

Risk Categorization: High

Para 89 (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.

Audit observed that out of total expenditure of Federal Government of Rs. 31,883.853 billion for the financial year 2017-18 an expenditure of Rs. 58.443 billion remained un-reconciled during June (Final). Office-wise details of un-reconciled expenditure are as under;

(Rs. in million)

S.No.	Office	Un-reconciled
1.	AGPR Islamabad	16,447.104
2.	AGPR Sub-office Karachi	951.571
3.	AGPR Sub-office Lahore	179.397
4.	AGPR Sub-office Peshawar	39,209.490
5.	AGPR Sub-office Quetta	1,655.276
6.	AGPR Sub-office Gilgit	0
	Grant Total	**58,442.838**

Implication:

Audit is of the view that non-reconciliation of total expenditure indicated lack of internal controls on the part of the Ministries/ Divisions and AGPR.

Management Response:

It was replied that this office is always trying to improve the reconciliation position on monthly basis and in this context, the status report of the reconciliation of expenditure is submitted to the Finance Division as well as office of Controller General of Accounts (CGA) every month. Moreover, the PAOs concerned of the defaulting Ministers/ Divisions are being approached every month for timely reconciliation of expenditure.

Audit Comments:

Audit recommends to institute proper internal controls to reconcile complete expenditure of Federal Government.

1.1.8 Expenditure not charged to Capital Account – Rs. 23,535.201 million

Risk Categorization: High

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

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that the following expenditure was charged to object-head A-12- Civil Works under Current Grants and Development Grants:

(Rupees)

S. No.	Description	No. of Grants	Actual Expenditure
1.	Current Expenditure	12	475,075,272
2.	Development Expenditure	22	23,060,125,817
	Total Rs.		**23,535,201,089**

Audit observed as under:

i. The Ministry of Finance got approved funds from the Parliament under object-head A-12-Civil Works in different Current and Development Grants whereas this expenditure was required to be placed under Grant titled Capital Outlay on Civil Works of Ministry of Housing, which was the relevant grant.

ii. This expenditure was charged to Revenue Account instead of Capital Account.

iii. Placing of funds in object head A-12-Civil Work in different grants was violation of Capital Account and Revenue Account.

Implication:

Audit is of the view that:

i. The budget and expenditure of Rs.23,535.201 million was required to be included in Grant No.146-Capital Outlay on Civil Works being the relevant Grant for booking of said expenditure and for true and fair disclosure/presentation of expenditure.

ii. This expenditure was required to be charged to Capital Account instead of Revenue Account. This was in violation of financial rules.

Management Response:

It was replied that matter has been taken up with Finance Division on 22.11.2018 for necessary action.

Audit Comments:

Audit recommends that the Ministry of Finance should observe proper scheme of approval of budget and booking of expenditure as required under financial rules.

1.1.9 Non-utilization of budget for Clean Drinking Water – Rs.12,500.000 million

Risk Categorization: High

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

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2017-18, it was noted that Rs. 12,500 million were allocated against ID9262-Clean Drinking Water under Grant No.136-Planning, Development and Reforms Division during 2017-18.

Audit observed that Rs. 12,280.000 million were surrendered and Rs. 220.000 million were lapsed. The department failed to utilize the budget allocated for providing clean drinking water to peoples of Pakistan. The management also failed to economize the budget during framing the budget estimates. Further, the department failed to exercise utmost foresight as required under the financial rules.

Implication:

Audit is of the view that;

i. Proper controls/checks did not exist in the Ministries/ Divisions/departments to assess actual requirement before demanding the budget for subsequent utilization.

ii. This indicated that best practices were not being followed to avoid unnecessary demand.

iii. Appropriate system did not exist in the Ministry of Finance to avoid unnecessary demand of budget by the Ministries/ Divisions/Departments.

Management Response:

It was replied that matter has been taken up with the Ministry of Planning Development and Reforms with a copy to Chief Accounts Officer, Budget Implementation, Finance Division on 05.12.2018. Reply will be provided to Audit as and when received from Ministry of Planning, Development and Reforms.

Audit Comments:

Audit recommends to take necessary action for fixing responsibility for not utilizing funds for the purpose for which funds were allocated for the people of Pakistan.

1.1.10 Excess expenditure under Employee Related Expenses– Rs. 3,824.022 million

Risk Categorization: High

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

Section 5 (b) of Controller General of Accounts Ordinance 2001 provides that to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe.

The management was requested to provide soft data of A-01-Employees Related Expenses paid by AGPR Islamabad during 2017-18. Analysis of data revealed that out of 1158 IDs, in 584 IDs there was excess expenditure under Employee Related Expenses of Rs. 3,824.022 million. A summary is given below;

(Rupees)

Head	No. of IDs	Final Budget	Actual Expenditure	Excess
Employees Related Expenses	584	31,487,268,701	35,311,291,192	3,824,022,491

Implication:

Audit is of the view that there existed no provision for allowing excess expenditure under Employee Related Expenses.

Management Response:

It was replied that matter has been taken up with the Ministries/Departments who have incurred excess expenditure over and above budget allocation.

Audit Comments:

Audit recommends that budget controls in HR Module of SAP system may be activated. It is the responsibility of the PAO to arrange budget for disbursement of salaries of employees working in Ministries/Divisions/ Departments.

1.2 CENTRAL DIRECTORATE OF NATIONAL SAVINGS

1.2.1 Non-production of record

Risk Categorization: High

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that 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 was requested to provide soft data relating to domestic debt being collected by Central Directorate of National Savings

(CDNS) through its Savings Centers all over the country. Despite repeated written and verbal requests the requisite soft data was not provided. Therefore, Audit could not perform analysis of data and requisite tests to certify the accuracy and authenticity of the data and balances appearing in each type of instruments of CDNS and payments there from.

Implication:

Audit is of the view that non-production of soft data hindered the auditorial functions of the Auditor General of Pakistan.

Management Response:

It was replied that CDNS extended full cooperation to Audit at all levels for sharing of data of all online branches in PDF format for carrying out their work amicably. However, due to constraints in provisioning of data in the prescribed format for reasons of sensitivity and security of public data. It is reiterated that CDNS is ready to share the complete data in PDF format. Soft data in respect of five (05) Centers from each Zone was duly furnished to Audit. However, since the system provides for the generation of reports in PDF format only, therefore, the same was extracted and converted into excel format using an online tool and furnished to the audit. It is further submitted that online conversion of PDF reports into excel format is not recommended as the same entails the risk of online tools storing the data, which may be used for cybercrime / espionage. For this reason, CDNS found itself handicapped and could furnish the data in pdf format only.

Audit Comments:

Audit recommends to take action necessary steps to download soft data in requisite format as and when requisitioned for audit scrutiny.

1.2.2 Non-surrendering of funds - Rs. 27.433 million

Risk Categorization: Medium

Para 95 of GFR VOL-I states that all anticipated saving should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required meet excess under some other unit or units which definitely foreseen at the time. However, saving occurring from funds provided after 15th May shall be surrendered to

Government immediately they are foreseen but not later than 30th June each Year.

During Certification Audit of Manuscript of Appropriation Accounts of CDNS, Islamabad for the year 2017-18, the following position was noted:

(Rupees)

S No.	Object Head	Heads	Heads	Final Grant	Actual Expenditure	Lapsed
1	A-01	Employees related expenses	Employees related expenses	1,711,973,000	1,691,037,289	20,935,711
2	A-03	Operating expenses	Operating expenses	1,178,738,000	1,175,535,110	3,202,890
3	A-04	Employees Retirement benefits	Employees Retirement benefits	4,230,000	4,079,683	150,317
4	A-05	Grants and Subsidies	Grants and Subsidies	28,183,000	25,238,659	2,944,341
5	A-063	Entertainment and Gifts	Entertainment and Gifts	444,000	420,750	23,250
6	A-09	Physical Assets	Physical Assets	198,945,000	198,918,241	26,759
7	A-13	Repair and Maintenance	Repair and Maintenance	18,078,000	17,928,066	149,934
			Total	**3,140,591,000**	**3,113,157,798**	**27,433,202**

Audit observed that an amount of Rs. 27.433 million was neither utilized nor surrendered.

Implication:

Audit is of the view that proper controls were not in place to watch the actual requirement and timely surrender of funds.

Management Response:

It was replied that overall savings of Rs.27.433 million relates to 50 budgetary units under which allocation were made to 426 offices scattered all over the country. The savings works out to 0.87% of the final grant. The above savings is mainly under the head of Employees Related Expenses (ERE) for the reason that in the budget F.Y. 2017-18 revision of Pay Scales / merger of allowances i.e. Adhoc Relief 2010, Adhoc Relief 2016 was announced by the Federal Government by virtue of which the funds under the head Pay of Officers/Pay of Staff was excess utilized whereas budget under the head A-012 Allowances remained unutilized and thus shown as savings in the final Appropriation Accounts for 2017-18. On the other hand some vacant posts could not be filled during 2017-18, thus, the amount could not be utilized to its full extent.

It is further added that due to ban imposed on re-appropriation of funds for the year 2017-18 vide Finance Division, Islamabad O.M No.3(4)-Exp-III/2018 dated 21.02.2018 most of the savings available with the department could not be re-appropriated towards the proper head of account where these funds were required which caused savings.

Audit Comments:

Audit recommends observance of financial rules in true spirit to avoid lapse of funds.

1.2.3 Excess expenditure - Rs. 84.232 million

Risk Categorization: High

Para 88 of GFR Vol-I provides that the authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and for keeping the expenditure within the grant. In order that the control of departments over such expenditure may be effective and real and that the Controlling officer should be in a position from month to month to estimate the likelihood of savings in and excesses over grants and appropriations.

During Certification Audit of Manuscript of Appropriation Accounts of CDNS, Islamabad for the year 2017-18, it was noted that excess expenditure of Rs. 84.232 million was incurred. Details are as under:

(Rupees)

Head of Account	Final Grant	Actual Expenditure	Excess Payment
Pay of officer	386,614,000	388,694,557	2,080,557
Pay of other staff	640,714,000	722,865,932	82,151,932
Total	**1,027,328,000**	**1,111,560,489**	**84,232,489**

Audit observed that:

i. The management incurred excess expenditure of Rs. 84.232 million.

ii. The management also surrendered Rs. 390.004 million as well without considering their actual requirement.

Implication:

Audit is of the view that excess expenditure was incurred without obtaining additional funds under these object heads to avoid excess expenditure.

Management Response:

It was replied that at the time of submission of budget, no cushion/funds for revision of pay scales had been placed in the budget estimates for 2017-18, whereas Finance Division vide their letter No. F.1(3)-IMP/2017-500 dated 03.07.2017 had revised pay scales and allowance. The basic pay of Officers and other staff was increased which could not be foreseen by the department. The Government announced merger of Adhoc Relief 2010 and Adhoc Relief 2016 in basic pay which caused an increase of 20% in the head of Pay of Officers and Other Staff. On the other hand the Finance Division, Islamabad vide their O.M. No.3(4)Exp-III-2018 dated 21.02.2018 had imposed ban on re-appropriation, thereby restricting the department from channeling the savings to the relevant Head of Accounts which were facing a deficit. Thus, an amount of Rs.390.004 million was surrender. Moreover, it is stated that the payments in lieu of Pay of Officers and Pay of Other Staff were obligatory payments and the same were essentially required to be disbursed so as to ensure undisrupted services to the customers/masses of Pakistan while mitigating the risk of occurrence of any grievance to the employees of National Savings Organization.

Audit Comments:

Audit recommends to take appropriate actions/steps for estimating and utilizing funds during the currency of financial year to avoid excess expenditure.

1.2.4 Wasteful expenditure on Advertisement - Rs. 2.961 million

Risk Categorization: Medium

Para 10 (iii) of GFR provides that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage. Further Para 10 (iv) provides that public moneys should not be utilized for the benefit of a particular person or section of the community.

During Certification Audit of Manuscript of Appropriation Accounts of CDNS, Islamabad for the year 2017-18, audit noted that the management incurred an expenditure of Rs. 2.961 million equal to GBP 18,750 on account of advertisement in an international quarterly magazine "Capital Finance International(cfi.co) UK.

Audit observed that the whole printed material contained a picture of the then Director General along with his interview and back ground of his education and service which was not related to the functions of CDNS. Rather it seemed that the contents were more focused around the ex-DG on the cost of National Exchequer.

Implication:

Audit is of the view that the expenditure was incurred merely for self-projection in international journal on the cost of public exchequer.

Management Response:

It was replied that Capital Finance International (CPI) is a Print Journal and Online Resource Reporting on business, economics and finance based in London, UK. The Judges Panel of CPI declared CDNS as winner for “Outstanding Contribution to financial Inclusion Pakistan 2017”. The result was announced online. Upon winning the award, CDNS was offered an opportunity to publish an Editorial, Quarter Page Advertisement as well as the Profile of the Head of the Department in the Autumn edition of the Magazine on subsidized rate of GBP 18,750. CNDS availed this opportunity due to the fact that World Bank Group were sponsoring and distributing the Autumn issue in the World Bank/IMF AGM in October 2017. Winner announcement, Director General’s profile, quarter page advertisement and CDNS product and customer profile were published. It is also pertinent to mention here that the cover story of the CEO and the Executive Director of World Bank was included in the Magazine. In addition to this, world renowned organization like Nasdaq, the United Nations Capital Development Fund (UNCDF), International Chamber of Commerce, State Bank of India, Central Bank of Mauritius, Ernest & Young etc. also participated and published profile and performance of their organizations. Furthermore, announcement of this award “Outstanding Contribution to financial Inclusion Pakistan 2017” by the Magazine to CDNS were widely published in National Newspapers as a news item. Printed copies of Journal were received in bulk and were distributed among notables of government departments and other famous organizations. This award has not only improved the image of the Organization nationally and international but also supported to attract grants from international donor agencies for IT infrastructure and digitization to improve the service delivery to valued investors of National Savings. Payment for the advertisement was also made after getting approval from the External Finance Wing.

Audit Comments:

Audit recommends to take appropriate action against the responsible.

1.2.5 Irregular payment of pay and allowances - Rs. 21.074 million

Risk Categorization: High

Para 4 of revised format for contract appointment provides that Pay fixed at the Minimum of the relevant scale of pay. Annual increment shall be admissible as under the normal rules.

Para (i) of Annexure to S.l 35 of Esta Code provides that all persons not already in service under the Federal Government should be required to undergo medical examination. The examination should be by a Medical Board if the post is permanent or quasi-permanent or is likely to last for more than a year and by a Civil Surgeon if the post is likely to last for not more than a year. If an appointment initially made for a period not more than a year is subsequently extended beyond that period, the person concerned should be required to undergo medical examination by a Medical Board.

Finance Division Notification No.3(9)GS-II/2013-1142, dated 22.8.2016 provides that the competent authority has been pleased to appoint Mr. Zafar Masud as Director General, Central Directorate of National Savings, Ministry of Finance for a period of two years w.e.f. the date he assumes the charge of the post.

During Certification Audit Manuscript of Appropriation Accounts of CDNS, Islamabad for the Year 2017-18, it was observed that Mr. Zafar Masud appointed in Central Directorate National Savings as a Director General. He assumed the charge of D.G on 24-08-2016. His pay and allowances were fixed as under:

S. No.	Particulars	Amount per month
1.	Officiating Pay	1,200,000
2.	House Rent Allowance	540,000
3.	Transport Monetization Allowance	95,910
4.	Utility Allowance	16,200
	Total Rs.	**1,852,110**

Audit observed as under:

i. Finance Division Notification was not clear whether appointment of the officer was in MP Scale or in BPS scale.

ii. The post of the Director General CDNS is BS-21.

iii. An agreement was signed between Finance Division and Mr. Zafar Masud regarding his pay and allowances and his duties.

iv. His Pay was fixed Rs.1.200 million per month irregularly due to which all other allowances were also fixed in excess which was irregular.

v. His Medical checkup was not done from the Medical Board.

Implication:

Audit is of the view that the pay and allowances were irregularly fixed on very higher side due to which public exchequer sustained loss.

Management Response:

It was replied that Mr. Zafar Masood was appointed as Director General, CDNS, vide Finance Division's Notification No.3(9)GS-II/2013-1142 dated 22.08.2016 for a period of two years and joined his duties on 28.08.2016. The appointment was made by Finance Division and agreement was made between Finance Division and Mr. Zafar Masood, therefore, Finance Division is in better position to clarify for fixation of pay and allowances.

Audit Comments:

Audit recommends to take appropriate action in this regard.

1.2.6 Irregular payment of Honorarium to employees of Ministry of Finance - Rs.1.293 million

Risk Categorization: High

Para 11 of GFR states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

During Certification Audit Manuscript of Appropriation Accounts, it was noted that management incurred expenditure of Rs. 1.293 million on accounts of payment of honorarium. Details are as under:

(Rupees)

S. No.	Name of office	Amount
1	Office of Additional Finance Secretary (Budget)	201,624
2	Office of the Joint Secretary (Budget)	132,040
3	Office of the Deputy Secretary (GS)	79,120
4	Office of GS-I Section	248,530
5	Office of GS-II Section	221,580
6	Budget Wing (BR-III Section)	164,260
7	FA's Organization, Establishment Division	246,300
	Total	**1,293,454**

Audit observed that management incurred expenditure on account of payment of honorarium to the employees of Ministry of Finance who were not on the strength of the CDNS in violation of rules.

Implication:

Audit is of the view that incurring of expenditure on account of honorarium to the employees of Ministry of Finance was irregular.

Management Response:

It was replied that in terms of S.No.17 of Financial Control & Budgeting 2006, the head of department i.e. Director General, Central Directorate of National Savings in case of this organization has been empowered to grant honoraria up to the level of Section Officer and equivalent. During 2016-17, new initiatives were undertaken including NIFT membership, Dead Accounts Management, Launching of Premium Prize Bonds, Progress in the Automation Project, HR re-organization etc. Further, a number of new products had been taken into consideration, like investment schemes for Disabled Persons, Shuhada Families, Oversees Pakistanis etc. All these initiatives were not possible to complete / progress without the support of Budget Wing, Finance Division and FA's Organization. Recognizing the efforts / support of FA's Organization for National Savings, the Director General granted honoraria equal to one month basic pay to the Officers / Officials up to BPS-18 of Budget Wing, Finance Division and FA's Organization, in terms of F.R.46 (b) and S.No.17 of Financial Control & Budgeting 2006 as sufficient funds under the relevant head were available in the relevant head.

Audit Comments:

Audit recommends to affect recovery form the unauthorized recipients.

1.2.7 Irregular transfer of funds laying in Dead Accounts in to Government Account - Rs. 18,001.276 million

Risk Categorization: High

Management of CDNS published advertisements in press and asked the Accounts or Certificates holder as under:

"National Savings is undertaking a task of cleaning up the data to achieve transformation from manual operations to automation in order to enhance protection, reliability and convenience to its esteemed customers. In this respect "Central Directorate of National Savings" has identified a number of accounts/certificates whereby there have been no transaction since April 2015, leaving unclaimed accounts certificates.

The Investors of National Savings are requested to visit our website at www.savings.gov.pk to check further details regarding their accounts/ certificates. Please perform the activity in your relevant accounts/certificates to avoid the "Dead Account" status before 15th June, 2017. Please contact your respective "National Savings Centre(s)" for further necessary action and guidance."

Management of CDNS proposed amendments in the rules of PBAs, DSCs, SSC(R)s, RICs, BSCs, SA, SSA and STSCs with regards to Unclaimed Deposits "Dead Account" - Transferred to Government, which were approved by Finance Division on 30.6.2017 and the same were notified by the CDNS on 30.8.2017. Region-wise details of transfer of fund into Government account is as under:

S. No.	Name of region	Amount transferred to Government Account	Amount verified by Internal Audit	Difference	Amount paid by CDNS after 1.7.2017
1.	Karachi	3,857,428,433.00	Not verified		76,551,000
2.	Peshawar	547,327,625.00	37,746,1895	169,865,730	26,043,500
3.	Islamabad	5,936,652,579.00	3,263,134,496	2,673,518,083	61,936,500
4.	Hyderabad	375,149,233.00	Not verified		11,300,000
5.	Faisalabad	1,023,195,014.00	Not verified		23,963,000
6.	Abbottabad	373,551,265.00	140,916,328	232,634,937	0
7.	Gujranwala	1,081,938,635.00	Not verified		102,379,500
8.	Sukkur	183,100,843.00	Not verified		0
9.	Bahawalpur	309,819,988.00	Not verified		0
10	Quetta	294,427,741.00	Not verified		0
11	Lahore	3,304,749,121.00	Not verified		18,120,000
12	Multan	713,935,556.00	Not verified		8,025,000
	Total Rs.	**18,001,276,033**	**3,781,512,719**	**3,076,018,750**	**328,318,500**

During Certification Audit Manuscript of Appropriation Accounts, it was noted that the management transferred an amount of Rs.18 billion to Government account vide letter No. Nil dated 30.6.2017.

Audit observed as under:

i. Rs.18.001 billion were transferred on 30.6.2017, on the day draft amendment was approved by Finance Division but the same was not notified on that date. The amendment was actually notified on 01.07.2017.

ii. The management transferred Rs.18.001 billion to government account without calculating actual dead accounts.

iii. Management published vague advertisements without mentioning transfer of funds to government account.

iv. It was intimated by the management that an amount of Rs.328.318 million was subsequently paid to claimants on the submission of claims by them after the deposit of funds into government account against the accounts declared as dead accounts.

Implication:

Audit is of the view that management transferred the amount on 30th June, 2017 without notifying the amendments in rules and without calculating amount laying in dead accounts.

Management Response:

It was replied that the rules were properly approved by Cabinet Division before 30th June 2017 and subsequently Finance Division asked CDNS to implement the amendments immediately and implementation report be furnished to the Cabinet Division within seven days of receipt of the decision. It is pertinent to mention that it was a first time exercise in an organization where three different categories of branches were simultaneously operational i.e. manual branches, Automated but decentralized branches and Centralized branches. Furthermore, the organization was carrying the record/data of millions of customers since its inception. Keeping in view the huge data in bulk, the data was extracted three times in April, May and June and sent to regions for cross examination and for detecting the differences, if any. The minor differences occurred due to the fact that the final extraction of data took place on 26.06.2017 and the query was run on 30.06.2017. Meanwhile many customers approached National Saving centers and performed transactions as a result of public awareness campaign run by CDNS. Secondly, some branches were on parallel run and they did not incorporate the data which was mistakenly marked as dead. Regional Directorate of National Savings (RDNS) were instructed to correct such mistakes. As far as the matter of vague advertisement is concerned, it is pertinent to mention that a huge campaign was carried out through press for public awareness. In response to the said campaign many customers contacted their respective branches and make transactions to avoid the transfers of their amounts to government, being dead/unclaimed. Furthermore, total amount revived in all RDNS up to 30.06.2018 is Rs. 6,814,119,277. It is further pertinent to mention that two further rounds of exercise were carried out on 31.12.2017 and 30.06.2018 where in all the issues of first exercise were properly addressed.

Audit Comments:

Audit recommends to inquire the matter for fixing the responsibility.

1.3 PAKISTAN MINT

1.3.1 Non-surrendering of funds - Rs. 4.167 million

Risk Categorization: Low

Para 95 of GFR VOL-I states that all anticipated saving should be surrendered to Government immediately, when foreseen, but not later than 15th May of each year in any case, unless they are required meet excess under some other unit or units. However, saving occurring from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June each Year.

During Certification Audit Manuscript of Appropriation Accounts of Pakistan Mint Lahore for the Year 2017-18, in the following object heads savings were noted:

(Rupees)

Object Head	Particular	Final Grant	Actual Expenditure	Savings
A01	Employee Related Expenses	356,183,000	355,613,296	569,704
A03	Operating Exp	155,672,100	152,257,099	3,415,001
A09	Physical Assets	15,005,000	14,821,922	183,078
			Total	**4,167,783**

Audit observed that Rs. 4.167 million was not surrendered in time and thus, lapse of funds could be avoided.

Implication:

Audit is of the view that proper controls were not in place to surrender savings to avoid lapse of funds.

Management Response:

It was replied that major amount of saving relates to Operating Expenses. The savings was due to control over expenditure. Savings in other object heads are meager one.

Audit Comments:

Audit recommends to take appropriate action in future to avoid lapse of funds.

CHAPTER 2

2. AVIATION DIVISION

2.1 Introduction

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)

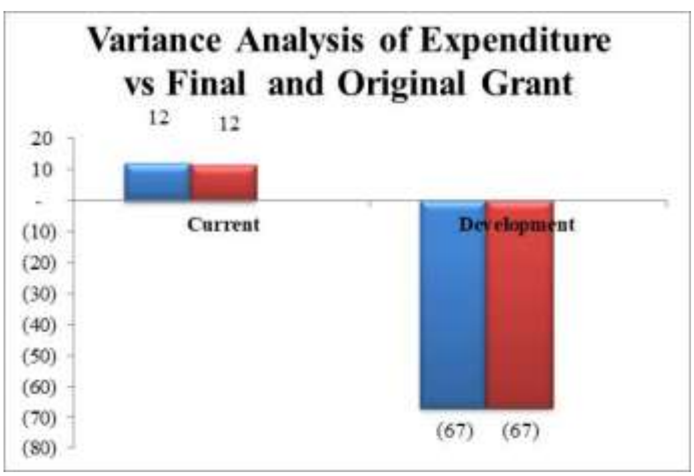
Budget allocated to Aviation Division for the financial year 2017-18 was Rs 11,537.289 million including Supplementary Grant of Rs. 35.500 million, out of which the Division incurred an expenditure of Rs. 9,457.480 million resulting in a saving of Rs. 2,079.808 million which is 18% of the Final Budget.

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
5	Current	89,673,000	6,622,000	96,295,000	98,510,150	2,215,150	2
6	Current	5,984,061,000	28,000	5,984,089,000	6,762,536,530	778,447,530	13
7	Current	1,079,287,000	28,848,000	1,108,135,000	1,156,880,279	48,745,279	4
	Sub-Total	**7,153,021,000**	**35,498,000**	**7,188,519,000**	**8,017,926,959**	**829,407,959**	**12**
107	Development	4,348,768,000	2,000	4,348,770,000	1,439,553,760	(2,909,216,240)	(67)
	Total	**11,501,789,000**	**35,500,000**	**11,537,289,000**	**9,457,480,719**	**(2,079,808,281)**	**(18)**

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, excess in current expenditure was 12%, which remains after accounting of Supplementary Grants. In development expenditure, savings against original budget was 67% which remains same after Supplementary Grants were taken into account.



2.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No of audit paras	No of Actionable Points	Compliance	Non Compliance	% 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		**34**	**34**	**33**	**1**	**97%**

2.4 AUDIT PARAS

Irregularity & Non Compliance

2.4.1 Irregular retention of Security Charges by Civil Aviation Authority - Rs. 14,809.036 million

Para 4 of Finance Division OM No.F.3(2)Exp.III/2006 dated 13.09.2006 states that the Principal Accounting Officer is responsible not only for the efficient and economical conduct of the Ministries/Divisions/ Departments etc., but also continues to be personally answerable before the Public Accounts Committee. The two main principles to be observed by the PAO are economy and regularity.

Under ASF Act, 1975, the following functions have been assigned to Airports Security Force.

i. Security of all airports, aerodromes and civil aviation installations against acts of unlawful interference or threats of such interference.

ii. Security of all structures, equipment, material and installations belonging to operators and other Government or non-Government organizations.

iii. Security of aircrafts, passengers, cargo and mail.

iv. Proper conduct of persons at the airports and aerodromes including control of surface vehicles.

The Civil Aviation Authority, under the administrative control of Aviation Division charged security charges from passengers @ USD10 or Rupees 1030 per departing international passenger(revised as and when currency conversion rate of USD changes plus/minus on the average, to be reviewed every six months) and Rs. 100 per departing domestic passenger.

According to financial statements of the Civil Aviation Authority for the years 2016-17 and 2017-18 the Authority received and amount of Rs. 6,975.532 and Rs. 7,833.504 million respectively as security charges.

Audit observed as under:

i. Under ASF Act, 1975 the entire security functions at airports are performed by Airports Security Force.

ii. During financial years 2016-17 and 2017-18 budget allocations of Rs. 5,313.791 millon and Rs. 5,510.977 million respectively were made for salaries and operational expenses including cost of arms and ammunition of ASF.

Audit is of the view that entire security functions at airports are performed by ASF being a Federal entity under the administrative control of Aviation Division, therefore, imposition and subsequent retention of security charges by the CAA was irregular. The security charges were required to be deposited into government treasury to meet the financial requirements of the ASF.

The management replied that CAA Board in its 139th & 143th meeting held on 02.11.2011 and 29.11.2012 respectively decided to levy security charges w.e.f August, 2015. The security charges levied by CAA Board on international/domestic passenger for the purpose of infrastructure development at all airports.

The reply was not acceptable because the charges received were meant for security purposes rather than infrastructure development. Moreover, the security functions are performed by ASF.

The PAO was infomrmed on 28.09.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount may be recovered from Civil Aviation Authority and deposited into the Federal Consolidated Fund.

2.4.2 Irregular appointment of DG Civil Aviation

Section 8(1) of the Pakistan Civil Aviation Authority Ordinance, 1982 states the Federal Government shall appoint the Director General who shall be the executive head of the Authority and shall exercise such powers and perform such functions as may be specified under sub sections (7) of Section 5 or delegated to him by the Board from time to time.

Section 5(7) of the Pakistan Civil Aviation Authority Ordinance, 1982 states that the Authority and the Director General may exercise such powers under the Civil Aviation Rules, 1978, and the Schedule to the Aircraft Rules, 1937 as the Federal Government may, by notification in the official Gazette, specify.

Section 26 of the Pakistan Civil Aviation Authority Ordinance, 1982 states that the Federal Government may, by notification in the official gazette, make rules for carrying out the purposes of this Ordinance.

Establishment Division vide Notification No. F.1/60/E-6 dated, 01.06.2018 granted additional charge of the post of the Director General Civil Aviation Authority to Mr. G. Hassan Baig, a BS-21 officer of Secretariat Group, posted as Senior Joint Secretary, Aviation Division.

Prior to the additional charge arrangement the post of DG was occupied by Air Marshal (Retd) Asim Suleman. The appointment of DG was made through open competition. The eligibility criteria approved by Aviation Division for the post of former DG among other includes minimum of 20 years of post-qualification management experience with proven executive ability in any Aeronautical Organization or service preferably having aviation related experience.

Audit observed as under:

i. In summary submitted to the Prime Minister, the additional charge was for three months or till the posting of the new Director General whichever earlier was approved where as in notification the additional charge was granted for indefinite period in violation of approved summary.

ii. The rules regulating the appointment, salary and allowance for the post of Director General Civil Aviation have not been framed since establishment of CAA.

iii. The interim arrangement like additional charge of the post of Director General Civil Aviation is not covered in the Pakistan Civil Aviation Authority Ordinance, 1982.

Audit is of the view that additional charge arrangement was neither covered in Pakistan Civil Aviation Authority Ordinance, 1982 nor the officers fulfill the eligibility criteria for the post of DG.

The management replied that the notification for additional charge of the post of DG CAA was issued by the Establishment Division, with the approval of Federal Cabinet. Moreover, the additional charge was an interim arrangement for running day to day affairs of the authority and due to stay orders for appointment of DG CAA issued by Lahore High Court.

The reply was not acceptable because the additional charge was not covered under the Civil Aviation Authority Ordinance, 1982.

The PAO was infomrmed on 28.09.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

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 2017-18 was Rs 113,000.00 million, out of which the Program incurred an expenditure of Rs. 106,631.564 million resulting in savings of Rs. 6,368.435 million which is 6% 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)
121	Development	121,000,000,000	-	113,000,000,000	106,631,564,642	(6,368,435,358)	(6)

Variance analysis could not be performed due to non-existence of a separate grant for BISP. The expenditure was incurred from Grant No. 121 “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-recovery on account of fraud and embezzlement – Rs. 13.459 million

Clause 4(J) of the agreement between Benazir Income Support Program (BISP) and United Bank Limited (UBL) dated 11.11.2011 and amended from time to time states that UBL shall in case of any Corrupt and Fraudulent Practices by its staff or by its Agent(s), will be solely responsible for its consequences and shall be bound to make arrangements for full payment to the affected beneficiaries, provided, however, that UBL, its affiliates, Directors or its employees shall not be liable or responsible in anyway whatsoever for any loss, claims, damages suffered or incurred by the Beneficiaries for any funds received by the beneficiary where PIN, CNIC Number, Card Number have been authenticated.

According to the minutes of meeting dated 14.01.2016 between Directorate General, BISP, Punjab and UBL representatives on operational issue, UBL management will settle complaints related to fraud from SMART Cards in Multan on a war footing basis. Recoveries from delinquent OMNI agents will be made in the presence of representatives of BISP as well as UBL and proper record will be maintained. The Divisional Director Multan will be BISP representative on the Recovery Committee. The Committee directed to affect recoveries by 15th February, 2016.

Benazir Income Support Program transferred an amount of Rs. 14.1 billion to UBL for payment to the beneficiaries through smart card since its inception. Till June 2016, 182,705 beneficiaries had been paid through Smart Cards in four districts (Multan, Mianwali, Mirpurkhas and Sanghar) in partnership with UBL and NADRA.

Audit observed as under:

i. As per a complaint, an amount of Rs. 11.220 million was embezzled through Smart Cards by UBL OMNI Agents out of which Rs. 5.84 million was recovered up to 14.06.2016 while Rs. 5.380 million was still recoverable.

ii. An amount of Rs. 1.006 million was embezzled in Shujabad through 41 Smart Cards out of which an amount of Rs. 0.325 million is still recoverable.

iii. An amount of Rs. 7.755 million was embezzled by misusing Benazir Debit Card (BDC) at Jhang, Rajanpur and Tando Allahyar which is still recoverable.

Audit is of the view that the government exchequer was put to a loss of Rs. 13.459 million due to non-recovery of the embezzled amount.

The management replied that all the cases have been referred to FIA and it is expected that FIA will play an effective role in early investigations, recovery of embezzled amount and to book the culprits.

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

The PAO was informed on 15.10.2018, followed by a reminder dated

30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that the amount should be recovered and deposited into government treasury besides ensuring stringent internal controls.

3.4.2 Loss due to illegal upward revision of bid by management - Rs. 29.074 million

Rule 31 of Public Procurement Rules, 2004 states that no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

A request for Expression of Interest (EOI) (Consulting Services), was initiated by BISP for Hiring of Implementing Partner for Waseela-e-Taleem in three cluster A (KPK, AJK & GB), B (Punjab), C (Sindh & Baluchistan) on 22.04.2016 for Social Mobilization, Registration, Enrollment and Admissions and Attendance Compliance Monitoring.

The management of BISP awarded the contract of Cluster B (Punjab) to M/s Aurat Foundation for Rs. 210.958 million on 10.01.2017.

Audit observed as under:

i. As per Combined Evaluation Report, M/s Aurat Foundation submitted financial proposal inclusive of taxes for Cluster B @ Rs. 181.884 million.

ii. At the time of finalization, the bid of M/s Aurat Foundation was amended by hand and it was written that the bid is exclusive of taxes, thereby enhancing the total cost of the bid.

iii. The enhancement of cost was also pointed out by the payment section of BISP which advised to revise the contract for Rs. 165.349 million after exclusion of topped up value of direct tax (income tax) @ 10% (filer) from financial proposal of the firm of Rs. 181.884 million.

iv. The contract was not revised to Rs. 165.349 million up to completion of audit.

Audit is of the view that the illegal act of management of amending the bid was not only an undue favor but also resulted in extra financial burden of Rs. 29.074 million on the government exchequer.

The management replied that M/s Aurat Publication & Information Services Foundation, Islamabad had committed the inadvertent typo mistake by mentioning same cost amounting to Rs. 181.884 million. The authorized representative of the firm was duly present during the public opening, therefore, in the presence of representatives of other shortlisted firms and the designated Procurement Evaluation Committee Members, the firm was identified their typo error and was given an option to write/clarify the inclusion/exclusion of indirect taxes on their Financial Proposal Submission Form. Subsequently, all the Committee members affixed their initials on each and every page of the Financial Proposal. The above act was neither a breach of any procurement rule/regulation nor it could be concluded as the firm was given a favor to amend their Financial Proposal (bid).

The reply indicates that the management has accepted the audit point of view.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility and the amount overpaid may be recovered.

3.4.3 Loss due to illegal upward revision of bid by management - Rs. 44.863 million

Rule 31 of Public Procurement Rules, 2004 states that no bidder shall be allowed to alter or modify his bid after the bids have been opened. However, the procuring agency may seek and accepts clarifications to the bid that do not change the substance of the bid.

A request for Expression of Interest (EOI) (Consulting Services), was initiated by BISP for Hiring of Implementing Partner for Waseela-e-Taleem in three cluster A (KPK, AJK &GB), B(Punjab), C (Sindh & Baluchistan) on 22.04.2016 for Social Mobilization, Registration, Enrollment and Admissions and Attendance Compliance Monitoring.

The management of BISP awarded the contract of Cluster A and C to M/s M.M Pakistan Private Limited for Rs. 149.443 million and Rs. 175.812 million respectively and agreements were signed on 09.01.2017.

Audit observed that the financial bids submitted by the M/s M M Pakistan Private Limited for Cluster A was Rs. 128.830 million and for Cluster C was Rs. 151.562 million inclusive of all taxes whereas the agreement was signed for Rs. 149.443 million for Cluster A and for Rs. 175.812 million for Cluster C.

Audit is of the view that the illegal act of the management resulted in extra financial burden of Rs. 44.863 million on government exchequer and undue favor was extended to the contractor.

The management replied that F&A Wing of BISP assumed that the cost of Direct (Withholding) Tax has been topped up in the financial cost, given by the firm and were provided reasonable explanations with evidences. The matter has been taken up with the Federal Board of Revenue for clarity/advice which is pending.

The reply was not acceptable because as per Clause 3.4 of “instructions to the bidders” the bidder was required to quote the price inclusive of all taxes.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility and the amount overpaid may be recovered.

3.4.4 Non deduction of penalties on account of withdrawal reporting - Rs. 275.556 million

Clause 3 (h) of Addendum 7 dated 16.11.2016 states that the Service Provider shall be responsible to report all beneficiary related activities i.e.

enrollment, withdrawal and de-crediting on real time basis with maximum of 48 hours time lapse, failing which a penalty at the rate of one percent of the value of delayed reporting shall be imposed upon the service provider.

The management of BISP paid an amount of Rs. 2,029.757 million to the Service Providers on account of service charges during 2016-17.

Audit observed that the following Service Providers did not report enrollment, withdrawal and de-crediting on real time basis with maximum of 48 hours and were liable to pay a penalty of Rs. 275.556 million. Details are as under:

S. No	Name of Bank	Amount disbursed during 2nd, 3rd and 4th quarter (Rs.)	Penalty (Rs.)	Service Charges (Rs.)
1	Bank Alfalah	14,533,471,606	60,299,545	399,670,469
2	Habib Bank Ltd	16,102,358,542	57,925,772	442,814,860
3	Sindh Bank	604,406,469	627,809	16,621,178
4	Summit Bank	3,454,730,227	4,361,913	95,005,081
5	Tameer Bank	17,254,184,668	70,051,428	474,490,078
6	United Bank Limited	21,860,204,251	82,289,724	601,155,617
	Total	**73,809,355,763**	**275,556,191**	**2,029,757,283**

Audit is of the view that non deduction of penalties from the Service Providers in accordance with the agreement from their services charges was undue favor to the banks.

The management replied that at the time of disbursement of April, 2017 tranche, a few Banks refused to take up the cheque for making disbursements to the beneficiaries. This led to a serious situation and in the interest of non-disruption of quarterly disbursements to the BISP beneficiaries, it was decided that the pending service charges be paid to the Banks but the service charges of 4th quarter of FY 2016-17 will be held up till recovery of all types of applicable penalties. Moreover, as per relevant clause of the agreement, it is not mandatory to deduct the penalty amount from the concerned quarter service charges and the same can be deducted from subsequent service charges or can be claimed separately.

The reply indicates that the management has accepted the audit observation. However, the stance of the management regarding non-recovery of penalty was not acceptable because service charges were paid without recovering or adjusting the penalty.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that the amount should be recovered and deposited into government account and responsibility should be fixed for the non-deduction of penalty at the time of payment of service charges.

3.4.5 Non recovery of penalty on account of non-transfer of fund to the beneficiaries accounts - Rs. 21.663 million

Clause 4 of Amendment No 03 dated 13.07.2015 of the agreement between Service Providers (Banks) and Benazir Income Support Program states that BISP will ensure to provide complete and correct beneficiaries data for payment before release of required funds. In case the Service Provider (s) failed to transfer the cash grant/assistance from BISP's Main Account (LMA-I) to BB-LMA-2 within five working days, the Service Provider (s) shall be liable to compensate on the retained balance in BISP Main Account (LMA-I) @ one year KIBOR Offer Rate per day. Such amount shall be adjustable out of service charges claim of the same quarter under intimation to the service provider.

The management of Pakistan National Cash Transfer Program, BISP, Islamabad transferred an amount of Rs. 316.144 million to following banks as unconditional cash transfer to the beneficiaries converted from Pakistan Post to Biometric Verification System (BVS). Details are as under:

(Rs. in million)

S. No.	Bank Name	Date	Amount
1.	UBL	03.05.2017	153.562
2.	Tameer Bank	03.05.2017	90.072
3.	Tameer Bank	30.06.2017	72.510
		Total	**316.144**

Audit observed as under:

i. The amount was not credited in to the beneficiaries' accounts up to 24.11.2017.

ii. The management did not impose penalty of Rs. 21.663 million for retention of funds beyond five days as provided in the agreement.

Audit is of the view that retention of funds beyond five days was irregular and unauthorized and deprived the beneficiaries from their rights. Non deduction of penalty from the service charges was undue favor to the Banks.

The management replied that as per relevant clauses of the agreements signed with the Banks, the penalty is applicable on quarterly tranche only. The operational funds are provided on estimation basis for next 15 days requirement and logically these could not be disbursed within 5 days. Moreover, as per cited clause, BISP is required to provide complete and correct beneficiary's data whose accounts are required to be credited. In case of advance operational funds no such data is provided to the Banks as it is not known in advance that which beneficiary will come for enrollment.

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

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that the penalty may be recovered besides fixing responsibility.

3.4.6 Non recovery of penalty on account of unauthorize retention of funds - Rs. 4.529 million

Clause 4 of Amendment No. 03 dated 13.07.2015 of the agreement between M/s United Bank Limited and Benazir Income Support Program states that BISP will ensure to provide complete and correct beneficiaries data for payment before release of required funds. In case the Service Provider (s) failed to transfer the cash grant/assistance from BISP's Main Account (LMA-I) to LMA-2 within five working days, the Service Provider (s) shall be liable to compensate on the retained balance in BISP Main Account (LMA-I) @ one year KIBOR Offer Rate per day. Such amount shall be adjustable out of service charges claim of the same quarter under intimation to the service provider.

Benazir Income Support Program (BISP), Islamabad paid Rs. 2,013.136 million as service charges to various banks during the year 2016-17. Details are as under:

S. No	Name of Bank	Service Charges (Rs.)	Penalty (Rs.)
1	United Bank Limited	601,155,617	2,131,187
2	Habib Bank Ltd	442,814,860	1,885,919
3	Tameer Bank	474,490,078	408,055
4	Bank Alflah	399,670,469	77,324
5	Summit Bank	95,005,081	26,970
Total		**2,013,136,105**	**4,529,455**

Audit observed that in more than 35 instances the banks took more than five days (ranging from 1 to 98 days) in transferring the funds from BISP's Main Account (LMA-I) to LMA-2 making them liable for imposition of penalty as provided in the agreement.

Audit is of the view that non-imposition of penalty was a violation of provision of the agreement and undue favor to the banks.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level to fix the responsibility for non-deduction of penalty on the retained amount beyond the permissible limit and the amount should be got adjusted from the payment of service charges of these banks.

3.4.7 Non-deposit of de-credited amounts into treasury - Rs. 2,288.861 million

BISP Board in its 23rd meeting dated 03.07.2015 approved that the de-credited amount be transferred from LMA-I to the Federal Government account by the partner banks concerned directly on the same day when de-credit of LMA-2 is affected.

The various service providers utilized the de-credited amount of Rs. 2,288.861 million on the instruction of BISP management. Banks wise details are as under:

S. No	Name of Bank	Amount (Rs.)
1	Bank Alflah	277,533,800
2	Habib Bank Ltd	341,648,983
3	Sindh Bank	886,400
4	Summit Bank	60,774,215
5	Tameer Bank	612,169,319
6	United Bank Limited	995,848,770
Total		**2,288,861,487**

Audit observed that the fund was utilized without any provision in the agreement and in addition to the regular budget instead of depositing into treasury.

Audit is of the view that use of de-credited amount for operational activities was irregular and unauthorized.

The management replied that BISP Board in its 28th meeting decided to instruct Banks to deposit de-credited funds in Government Treasury on regular basis. The Banks have been instructed accordingly for compliance. As of 31.12.2017, the banks have deposited around Rs. 3.9 billion in Government treasury.

Reply was not acceptable because the banks utilized the de-credited amount as operational fund without having any agreement with the banks and in addition to the regular budget.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that responsibility should be fixed for the irregularity and it should be ensured to deposit the amount on the same day into government account.

3.4.8 Non deposit of de-credited amount in government account – Rs. 44.705 million

The BISP Board in its 25th meeting dated 25.02.2016 approved new policy for de-crediting and disposal of de-credited funds in supersession of previous policies,. As per minutes of the meeting accounts of the beneficiaries having no activity for one year may be blocked and de-credited. The amounts in such accounts may be de-credited to the BISP (LMA-1or other accounts so determined by BISP) and de-credited amount may be deposited in the Government treasury as previously decided.

BISP Board in its 23rd meeting dated 03.07.2015 approved that the de-credited amount be transferred from LMA-I to the Federal Government account by the partner bank concerned directly on the same day when de-credit of LMA-2 is affected.

Audit observed that an amount of Rs. 44.705 million was laying in the bank accounts. Details are given as under:

S. No	Banks	Amount
1	Bank Alfalah	6,473,894
2	Summit Bank	59,937
3	Tameer Bank	34,102,391
4	United Bank Limited	4,068,890
Total		**44,705,112**

Audit is of the view that retention of de-credited amount by the banks was irregular and unauthorized.

The management replied that as per practice, the partner banks are depositing de-credited amounts at end of month. The decision for deposit "on same day" was not practicable and therefore revised by the Board on "as soon as possible" basis. It is stated that the penalty clause mentioned in the audit observation is applicable on quarterly disbursement only.

The reply was not acceptable because depositing de-credited amounts as soon as possible is a vogue and general term which may be varied for various service providers. Non establishment of a vivid and concreted date and time for deposit of the de-credited amount by BISP is an undue favor to the banks.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that agreement with the banks should be revised and bound them to deposit the de-credited amounts in government account on the same day as decided by the BISP Board.

3.4.9 Non recovery of penalty on account of retention of de-credited amounts - Rs. 738.359 million

BISP Board in its 23rd meeting dated 03.07.2015 approved that the de-credited amount be transferred from LMA-I to the Federal Government account by the partner bank concerned directly on the same day when de-credit of LMA-2 is affected.

The BISP Board in its 25th meeting dated 25.02.2016 approved new policy for de-crediting and disposal of de-credited funds in supersession of previous policies. As per minutes of the meeting accounts of the beneficiaries having no activity for one year may be blocked and de-credited. The amounts in such accounts may be de-credited to the BISP (LMA-1or other accounts so determined by BISP) and de-credited amount may be deposited in the Government treasury as previously decided.

Clause 4 of Amendment No 03 dated 13.07.2015 of the agreement between Service Providers (Banks) and Benazir Income Support Program states that BISP will ensure to provide complete and correct beneficiaries data for payment before release of required funds. In case the Service Provider (s) failed to transfer the cash grant/assistance from BISP's Main Account (LMA-I) to BB-LMA-2 within five working days, the Service Provider (s) shall be liable to compensate on the retained balance in BISP Main Account (LMA-I) @ one year KIBOR Offer Rate per day. Such amount shall be adjustable out of service charges claim of the same quarter under intimation to the service provider.

The Service Providers (banks) de-credited an amount of Rs. 6,244.574 million during the year 2015-December, 2017.

Audit observed that the amount was not deposited into government account by the service providers and retained the same in their accounts. Audit further observed that penalty for non-deposit of the amount in the government account was not imposed. Details are as under:

Year	Banks						Grand Total
	Bank Alfalah	HBL	Sindh Bank	Summit Bank	Tameer Bank	UBL	
2009-2015	14,732,569	8,014,115	21,432	3,711,616	21,929,845	47,986,685	96,396,261
2015-2016	36,579,276	31,389,976	119,774	12,343,040	64,789,065	89,803,194	235,024,325
2016-2017	46,164,915	34,219,004	155,389	12,049,384	81,601,520	99,222,927	273,413,140
July to Dec, 17	23,837,805	19,228,470	89,750	6,374,457	51,322,207	32,672,667	133,525,357
Total	**121,314,565**	**92,851,565**	**386,345**	**34,478,498**	**219,642,636**	**269,685,474**	**738,359,083**

Audit is of the view that retention of de-credited amount into bank accounts and non-deduction of penalty was irregular and unauthorized.

The management replied that the penalty clause mentioned in the audit observation was applicable on quarterly disbursement only.

Reply was not acceptable because the banks retained de-credited amount in their accounts for long time and the clause referred above is applicable for all retained amount.

The PAO was informed on 15.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommends that the decredited amount alongwith penalty should be recovered from the banks and deposited into government treasury.

CHAPTER 4

4. CABINET DIVISION

4.1 Introduction

Cabinet Division is responsible for the conduct of business of the Federal Government in a distinct and specified sphere. 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)

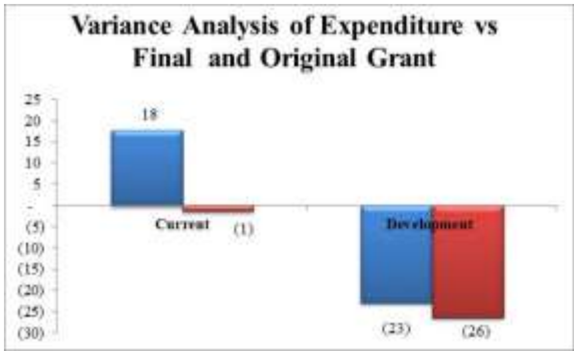
Final budget allocated to the Cabinet Division for the financial year 2017-18 was Rs. 87,566.396 million including Supplementary Grant of Rs. 7,262.295 million out of which the Division utilized Rs. 71,553.527 million resulting in savings of Rs. 16,012.868 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
1	Current	198,318,000	132,334,000	330,652,000	324,951,668	(5,700,332)	(2)
2	Current	5,924,727,000	3,028,312,000	8,953,039,000	8,886,724,482	(66,314,518)	(1)
3	Current	257,812,000	502,001,000	759,813,000	679,532,156	(80,280,844)	(11)
4	Current	7,120,039,000	25,008,000	7,145,047,000	7,043,321,387	(101,725,613)	(1)
10	Current	575,024,000	91,357,000	666,381,000	665,404,596	(976,404)	(0)
13	Current	916,722,000	112,188,000	1,028,910,000	912,899,453	(116,010,547)	(11)
15	Current	67,476,000	6,000	67,482,000	48,163,609	(19,318,391)	(29)
16	Current	8,584,066,000	733,665,000	9,317,731,000	9,317,054,425	(676,575)	(0)
17	Current	93,612,000	13,000	93,625,000	96,159,379	2,534,379	3
	Subtotal	**23,737,796,000**	**4,624,884,000**	**28,362,680,000**	**27,974,211,155**	**(388,468,845)**	**(1)**
106	Development	37,659,775,000	2,637,407,000	40,297,182,000	28,344,865,160	(11,952,316,840)	(30)
111	Development	3,500,000,000	-	3,500,000,000	2,614,502,000	(885,498,000)	(25)
141	Development	15,406,530,000	4,000	15,406,534,000	12,619,949,000	(2,786,585,000)	(18)
	Subtotal	**56,566,305,000**	**2,637,411,000**	**59,203,716,000**	**43,579,316,160**	**(15,624,399,840)**	**(26)**
	Total	**80,304,101,000**	**7,262,295,000**	**87,566,396,000**	**71,553,527,315**	**(16,012,868,685)**	**(18)**

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, excess in current expenditure was 18%, which, after accounting for Supplementary Grants changed to saving of 1%. In development expenditure, savings was 23% which after accounting Supplementary Grants changed to savings of 26%.



4.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Cabinet Division	1990-91	4	4	2	0	2
	1992-93	2	2	2	0	0
	1993-94	10	10	5	0	5
	1994-95	3	3	1	0	2
	1994-95	2	2	0	0	2
	1995-96	6	6	3	0	3
	1996-97	14	14	13	0	1
	1997-98	32	32	12	0	20
	2000-01	33	33	31	0	2
	2003-04	9	9	4	0	5
	2005-06	6	6	5	0	1
	2006-07	1	1	1	0	0
	2007-08	9	9	6	0	3
	2008-09	5	5	3	0	2
	2009-10	3	1	1	0	0
	Total	**139**	**137**	**89**	0	**48**
Cabinet Division (devolved M/o Education)	1998-99	2	2	2	0	0
	Total	**2**	**2**	**2**	0	**0**
Cabinet Division (devolved M/o LG&RD)	1993-94	1	1	0	0	1
	1994-95	1	1	1	0	0
	1996-97	3	3	2	0	1
	1997-98	34	34	7	0	27
	1998-99	2	2	1	0	1
	2001-02	1	1	0	0	1
	2005-06	1	1	0	0	1
	2008-09	2	2	0	0	2
	Total	**45**	**45**	**11**	0	**34**
Cabinet (devolved M/o Livestock)	2008-09	2	2	0	0	2
	Total	**2**	**2**	**0**	0	**2**
Cabinet Division (devolved M/o Youth Affairs)	1992-93	2	2	1	0	1
	2006-07	1	1	1	0	0
	Total	**3**	**3**	**2**	0	**1**
Cabinet Division (printed under UGC, FDE and FG Universities)	1998-99	28	28	0	0	28
	Total	**28**	**28**	**0**	0	**28**

4.4 AUDIT PARAS

Irregularity & Non Compliance

4.4.1 Irregular payment of honorarium – Rs. 1.982 million

Rule 9 of GFR Vol-I states that 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 Capital Administration and Development Division (CA&DD), Islamabad made payments amounting to Rs. 1.982 million on account of honorarium during 2015-18.

Audit observed that the honorarium was paid to officers/staff of FA Organization, AGPR and the persons who were not on the payroll of the CA&DD.

The management did not reply till finalization of the Report till the finalization of the report.

Audit is of the view that the payment of honorarium was irregular.

The PAO was informed on 12.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommended that the payment may be recovered under intimation to Audit.

4.4.2 Irregular blockage of Government funds - Rs. 75.883 million

Para 5 of Federal Treasury Rules states that all money 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 in 27.07.1999 worth Rs. 13.708 million and value as on 23.07.2014 was Rs. 73.668 million at National Saving Centre, Melody Islamabad for the purpose of Printing of School Textbooks. The Ministry also maintained an account No. 0062693001 in Dubai Islamic Bank, Jinnah Avenue, Islamabad with the balance amount of Rs. 2.214 million.

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 has been transferred to the Provinces. Therefore, it has been decided with the approval of Budget Wing of Finance Division that management of CADD may deposit the existing funds in the Federal Consolidated Fund in Account No. 1 (Non-Food). FA Organization further advised if the funds are required for the purpose of printing of textbooks, etc. budgetary mechanism may be adopted.

Audit observed as under:

i. The management did not collect interest for the last nineteen years on Special Saving Certificates.
ii. The funds were not deposited in the Federal Consolidated Fund against the advice of the FA Organization dated 13.01.2014 even after lapse of 5 years.
iii. The management again vide O.M. No. 1-5/2015-DDO dated 25.05.2015, followed by reminder dated 08.09.2015 requested Ministry of Finance to give advice for re-investment and withdrawal of profit/principal amount or submission of these Special Saving Certificates to Government treasury.

Audit is of the view that blockage of funds in shape of Special Saving Certificates is a violation of instructions of the Finance Division.

The management did not reply till finalization of the Report.

The PAO was informed on 12.10.2018, followed by a reminder dated 30.10.2018 but DAC was not convened till the finalization of the Report.

Audit recommended that the amount may be recovered and deposited into public exchequer under intimation to Audit.

4.4.3 Non-inclusion of other provinces in the program and irrational distribution of funds - Rs. 75,137 million

Para 6 of the summary approved by the Cabinet in its meeting held on 31.08.2016 states that in case of participating provinces, the funds would be provided on matching grant basis in the ratio of 1:1 by the Federal and Provincial Governments.

United Nation General Assembly adopted a resolution on 25.09.2015, the 2030 Agenda for Sustainable Development. This Agenda is a plan of action for people, planet and prosperity. It also seeks to strengthen universal peace in larger freedom. The agenda focus on eradicating poverty in all its forms and dimensions, including extreme poverty. The 17 Sustainable Development Goals and 169 targets and 304 indicators were announced to demonstrate the scale and ambition of this new universal Agenda. The goals and targets expect to stimulate action in areas of critical importance for humanity and the planet.

The provinces who agree to participate in this program are treated as participating provinces that are allocated funds on matching grants.

Cabinet Division released an amount of Rs. 75,137 million to provinces and the other executing agencies during the year 2016-17 and 2017-18 under the Prime Minister's Sustainable Development Goals Achievement Program. Details are given as under:

(Rs. In million)

S No	Name of Provinces/Federal Agencies	Amount released 2016-17	Amount Released in 2017-18	Total
1	Punjab	29,970.000	21,770.000	51,740.000
2	FATA	800.000	1,800.000	2,600.000
3	M/o Housing & Works	6,211.000	5,922.781	12,133.781
4	Power Division	2,494.000	954.626	3448.626
5	Petroleum Division	3.025.000	2,190.000	5,215
	Total	**42,500.000**	**32,637.407**	**75,137.000**

Audit observed as under:

i. Funds of Rs. 51,740 million were released to Government of Punjab and no funds were released to other provinces.

ii. Justification for non-provision of funds to other provinces on 1:1 matching grant was not provided.

Audit is of the view that non-provision of the funds to other provinces and utilization of major funds in one province is violation of the principle of equality and justice envisaged in the Sustainable Development Goals.

The management replied that Government of Punjab was the only participated province agreed to the matching formula 1: 1 and contributed Rs. 14,850.00 million against Federal Fund Rs. 29,970 million during 2016-17 and Rs. 15 billion included in ADP FY 2017-18 for execution of development of schemes. The other provinces did not agree to participate on equal sharing basis. So the funds were realeased to Punjab Government only.

The DAC meeting was held on 20.11.2018. The DAC directed the management to verify the record after proper reconciliation of actual releases and expenditure.

Audit recommends that the decision of DAC may be implemented.

4.4.4 Irregular allocations of funds on the direction of Prime Minister - Rs. 1,637.232 million

Para 52 (1&2) of the Order of the Supreme Court of Pakistan in Constitution Petition No. 20 of 2013 dated 05.12.2013 in the case of action against distribution of development funds by Ex-Prime Minister states that the National Assembly, while giving ascent to a grant which is to be utilized by the Executive at its discretion, has to follow the procedure provided in the Article 80 to 84 of the Constitution as well as the Rules of Procedures, 2007. However, such discretionary grant cannot be spent at the absolute discretion of the Executive (Prime Minister/Chief Minister) and the discretion has to be exercised in a structured manner.

Para 2 of the Guidelines for implementation of the Prime Minister's Global SDGs Achievement Program states that at least 15 residents of an area or civil society organization will make a request for intervention. This request shall be forwarded to the concerned Division Commissioner or relevant executing agencies for processing. Scheme costing Rs. 0.5 million to a maximum amount of Rs. 30 million would be entertained. Projects over and above Rs. 30 million require approval of the Prime Minister.

Audit observed as under:

i. Steering Committee in its meeting held on 17.08.2017 approved the allocation of funds on the directives of Prime Minister for the following schemes funded under SDGs;
   a. Rs. 397.232 million for Murree and Kotli Satian
   b. Rs. 250 million for Swat
   c. Rs. 500 million for LESCO for rehabilitation of LESCO system

ii. Similarly, on the directive of Prime Minister the Steering Committee in its meeting held on 08.07.2017 approved release of funds of Rs. 500 million to Commissioner DG Khan during the financial year 2016-17 out of allocation for SDGs Program for execution of development schemes in Layyah.

Audit is of the view that release of funds on the directives of Prime Minister was violation of the orders of Supreme Court of Pakistan.

The management replied that to ensure the transparency and utilization of funds, the case was placed before the Steering Committee for consideration / approval and was approved. Audit team itself has admitted that Steering Committee considered the Prime Minister Directives for approval of allocation of funds.

The DAC meeting was held on 20.11.2018. The DAC directed the management to verify the minutes of meeting of Steering Committee. However, the management did not produce the record for the verification of minutes of the meeting of Steering Committee.

Audit recommends that the decision of DAC may be implemented.

4.4.5 Execution of projects without approval from the relevant forum - Rs. 11,656.240 million

Para 3 of the guidelines for implementation of Prime Minister's Global SDGs achievement program states that the Divisional Commissioner or relevant executing agencies are responsible for preparation of technical feasibility and cost estimates. The proposal would then be submitted to the competent forum for approval.

Cabinet Division released funds to various executing agencies for execution of various schemes in different sectors under Prime Minister's SDGs Achievement Program. Details of the schemes are given as under:

S No.	Executing Agency	Sector	No. of Schemes	District Division	Scheme cost (Million)
			2016-17		
1	M/o Energy (Petroleum Division)	Gas	2	Islamabad	1,075.900
2	M/o Energy (Petroleum Division)	Gas	1	Haripur	970.884
3	M/o Energy (Petroleum Division)	Gas	4	Mansehra	2,992.389
4	M/o Energy (Petroleum Division)	Gas	2	Bahawalpur	688.982
5	M/o Energy (Petroleum Division)	Gas	4	Attock	816.058
Total					6,544.213
			2017-18		
6	M/o Energy (Petroleum Division)	Gas	1	Islamabad	329.602
7	M/o Energy (Petroleum Division)	Gas	1	Bahawalpur	313.123
8	M/o Energy (Petroleum Division)	Gas	1	T.T Singh	531.009
9	M/o Energy (Petroleum Division)	Gas	1	Gujranwala	534.015
10	M/o Energy (Petroleum Division)	Gas	2	Gujrat	446.848
11	M/o Energy (Petroleum Division)	Gas	1	Sheikhupura	390.975
12	M/o Energy (Petroleum Division)	Gas	9	Attock	1,964.210
13	M/o Energy (Petroleum Division)	Gas	1	Rawalpindi	602.245
					5,112.027
				Grand Total	**11,656.240**

Audit observed that these schemes were not approved from the proper approving forum i.e. from ECNEC and CDWP.

Audit is of the view that non-approval of the schemes from the competent forum was irregular and unauthorized.

The management replied that in terms of approved amended guidelines of the programme para 3 " relevant departmental competenty authority/ forum may approve schemes subject to fulfilment of all codal formalities". In view of above para may be dropped.

The DAC in its meeting held on 20.11.2018 directed the management to get verified the applicable guidelines from Audit.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.6 Non-completion of the schemes identified for a specific financial year– Rs. 30,941.609 million

Para xii of the guidelines for implementation of Prime Minister's Global SDGs achievement program states that schemes identified for a specified financial year shall be completed within the same year. No cost overrun will be admissible and there shall be no cushion available to meet any extra cost on any account. Additional funding/throw forward will not be permissible. Lapsed funds in one financial year shall not be recouped in the next financial year.

Para x of the Guidelines for implementation of Prime Minister's Global SDGs achievement program states that Physical work shall start after fulfilling all codal formalities and the executing agencies shall ensure that the schemes are completed within the stipulated time and the approved cost.

Under SDGs 34,648 schemes were identified for the year 2016-17 and 2017-18, Audit observed that 11,329 schemes in various sectors were reported as incomplete till the finalization of audit. Details are as under:

S. No	Year	Sector	Executing Agency	No of Incomplete schemes	Amount released (Rs in millions)
1	2016-17	Gas	M/o Energy (Petroleum Division)	51	3,060.212
2		Power	M/o Energy (Power Division)	1127	1,197.017
3		Municipal, Power, Social, Infrastructure	M/o Housing and Works	416	1,522.239
4		Municipal, Power, Social, Gas , Infrastructure	Punjab	5386	10,918.338
			Year Total	**6980**	**16,697.806**
1	2017-18	Gas	M/o Energy (Petroleum Division)	30	1,890.719
		Power	M/o Energy (Power Division)	187	202.380
		Municipal, Power, Social, Infrastructure	M/o Housing and Works	340	1,361.768

2		Municipal, Power, Social, Gas , Infrastructure	Punjab	3788	10,785.073
3		Municipal	FATA Secretariat	4	3.863
			Year Total	**4349**	**14,243.803**
			Grand total	**11329**	**30,941.609**

Audit observed that 11,329 schemes in various sectors were not completed within the same year and were still incomplete till completion of audit.

Audit is of the view that non-completion of the schemes within the financial year was violation of the guidelines for implementation of Prime Minister's Global SDGs achievement program.

The management replied that Cabinet Division circulated the approved guidelines of Prime Miniter's Global SDGs Achievement Programme to all concerned for execution of development schemes dated 10.10.2016. Cabinet Division released funds on the recommendation of the Steering Committee and concerned Ministries, Provincial Governments and FATA Secretariat released further to their executing agencies. Cabinet Division was responsible for timely release of funds only.

The DAC in its meeting held on 20.11.2018 directed the management to apprise next DAC meeting regarding the actual status of spending and complete the task within two months.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.7 Irregular retention of savings against the completed schemes- Rs. 3,186.457 million

Para xiii of the Guidelines for implementation of Prime Minister's Global SDGs achievement program states that the savings against the schemes completed shall be surrendered immediately on completion of the scheme without waiting for closing of the financial year.

Cabinet Division database section provided report regarding completion of schemes under SDGs Program for the year 2016-17 and 2017-18. Details are as under:

S. No	Sector	Executing Agency	No of Schemes completed	Amount released (Rs in millions)	Expenditure incurred (Rs in millions)	Savings
2016-17						
1	Power	M/o Energy (Power Division)	747	820.481	767.601	52.880
2	Municipal, Power, Social, Infrastructure	M/o Housing and Works	599	3,756.065	3,706.483	49.582
3	Municipal, Power, Social, Gas , Infrastructure	Punjab	15,848	35,135.489	33,119.256	2,016.233
		Total	**17,194**	**39,712.035**	**37,593.340**	**2,118.695**
2017-18						
1	Municipal, Power, Infrastructure	FATA	1700	1,433.877	1,414.929	18.948
2	Municipal, Power, Social, Infrastructure	M/o Housing and Works	441	3,172.019	3,054.760	117.259
3	Municipal, Power, Social, Gas , Infrastructure	Punjab	3983	9,569.846	8,638.291	931.555
			6124	14,175.742	13,107.98	1,067.762
		Grand Total	**23,319**	**53,888.273**	**50,701.826**	**3,186.457**

Audit observed that an amount of Rs. 3,186.457 million was retained by the executing agencies despite completion of the schemes.

Audit is of the view that retention of the unspent balances was irregular and unauthorized.

The management replied that the matter was taken with all concerned quarters to surrender the saving immediately as the financial year has been closed.

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

The DAC in its meeting held on 20.11.2018 directed the management to ensure retrieval of savings to Federal Government in respect of all completed schemes.

Audit recommends that the amount may be retrieved and deposited into government account.

4.4.8 Non approval of schemes over Rs. 30 million from Prime Minister - Rs. 6,259.127 million

Para 2 of the Guidelines for implementation of the Prime Minister's Global SDGs Achievement Program states that at least 15 residents of an area or civil society organization will make a request for intervention. This request shall be forwarded to the concerned Division Commissioner or relevant executing agencies for processing. Scheme costing Rs 0.5 million and maximum amount of Rs 30 million would be entertained. Projects over and above 30 million require approval of the Prime Minister.

Para 19 of the Guidelines for implementation of the Prime Minister's Global SDGs Achievement Program states that the Cabinet Division shall release funds for development schemes on the recommendation of Steering Committee.

Cabinet Division released an amount of Rs. 6,259.127 million for various schemes during the year 2016-17. Details are as under:

S. No	Sector	Executing Agency	No of schemes	District/Division	Scheme cost in million
1	Gas	Ministry of Energy (Petroleum Division)	1	Qilla Abdullah	570
2	Gas	Ministry of Energy (Petroleum Division)	2	Islamabad	1,075. 990
3	Gas	Ministry of Energy (Petroleum Division)	1	Haripur	970.884
4	Gas	Ministry of Energy (Petroleum Division)	4	Mansehra	2,992.389
5	Gas	Ministry of Energy (Petroleum Division)	2	Bahawalpur	638.982
6	Gas	Ministry of Energy (Petroleum Division)	2	Attock	816.058
7	Infrastructure	Ministry of Housing and Works	1	Jalmagsi	31.284
8	Power	Ministry of Housing and Works	1	Katchi	30.147
9	Power	Ministry of Housing	1	Loralai	30.484

		and Works			
10	Gas	Punjab Government	2	TT Singh	121.838
11	Gas	Punjab Government	1	Sheikhupura	105.734
12	Gas	Punjab Government	1	Khanewal	30.271
13	Power	Punjab Government	2	Khanewal	91.944
14	Gas	Punjab Government	2	Multan	183.459
15	Municipal	Punjab Government	1	Multan	34.000
16	Power	Punjab Government	2	Multan	120.000
17	Gas	Punjab Government	1	Sargodha	61.653
Total			**27**		**6,259.127**

Audit requested Cabinet Division to provide the approval of the 29 schemes costing over and above Rs. 30 million. The management provided approval of the Prime Minister of only two schemes. Audit observed that other 27 schemes were executed without the approval of the Prime Minister. One of the functions of the Steering Committee was to preparing and submitting cases of schemes costing more than Rs. 30 million to the Prime Minister and in case of approval, these schemes would be executed in participating and non-participating provinces.

Audit is of the view that approval of the schemes by the Steering Committee without the approval of the Prime Minister was misuse of authority.

The management replied that the projects over and above Rs. 30 million would require approval of the Prime Minister, was amended as " deleted" vide notification dated 02.10.2017, and accordingly this amendments covers all developmental schemes costing over and above Rs. 30 million.

The DAC in its meeting held on 20.11.2018 directed the management to obtain approval of guidelines from competent forum.

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

4.4.9 Irregular retention of unspent balances by the gas companies - Rs. 2,658.812 million

Para xii of the guidelines for implementation of Prime Minister's Global SDGs achievement program states that schemes identified for a specified financial year shall be completed within the same year.

Cabinet Division released an amount of Rs. 5,215 million to Ministry of Petroleum to execute various schemes under Prime Minister SDGs Achievement Program during the year 2016-17 and 2017-18. Details are as under:

(Rs in million)

S. No	Year	Executing Agency	Amount released	Amount Utilized	Unspent balance
1	2016-17	SNGPL	2,710	1,774	936
2	2015-16	SSGPL	547.505	377.693	169.812
3	2017-18	SNGPL	2,120	567	1,553
		Total	**5,377.505**	**2,718.693**	**2,658.812**

Audit observed that instead of deposting the amount of Rs. 2,658.812 million into treasury, the same was retained by the companies.

Audit is of the view that retention of unspent balances by the companies was irregular and unauthorized.

The management replied that the funds in non lapsable company account were released to Ministry of Energy (Petrolium Division) on the recommendation of Steering committee Cabinet Division.

The DAC in its meeting held on 20.11.2018 directed the management that matter may be taken up with line Ministry/executing agency at higher level to get the completion status.

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

4.4.10 Mis-procurement of computers and I.T equipment – Rs.74.374 million

According to Rule 28 ibid "(1) the date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at the time specified in the bidding documents. The bids shall be opened at least thirty minutes after the deadline for submission of bids."

Section of 33B of NAB Ordinance, 1999 states that all Ministries, Divisions and Attached Departments of the Federal Government, all departments of Provincial and local governments, statutory corporations or authorities established by the Federal Government or Provincial Government and holders of public office shall furnish to NAB a copy of any contract, entered into by such Ministries, Divisions and Attached Departments of the Federal Government, all departments of Provincial Government or local government statutory corporations or authorities established by the Federal Government or Provincial Government or such holder of public office on its behalf, as the case may be, of the minimum monetary value of fifty million rupees or more, within such time as is reasonably practicable from the date of signing such contract."

The management of Intelligence Bureau (HQ) Islamabad purchased computers and I.T equipment worth Rs. 74.374 million during 2017-18.

Audit observed as under:

i. The bids were opened on 12.01.2018 instead of 09.01.2018 in violation of the advertisement.

ii. The management opened both the proposals (Financial and Technical) on 12.01.2018 in violation of Rule 36 of Public Procurement Rules, 2004.

iii. A copy of contract agreement was not provided to NAB in violation of Section 33(B) of NAB Ordinance.

iv. The items were shown delivered on 04.03.2018 but M/S Megaplus on 06.03.2018 and 12.03.2018 informed vide email that desktop computers were expected at Karachi Port after 02-03 weeks which prove that the payment was made in advance on fake delivery challan.

v. Distribution of 574 computers was not shown to Audit.

vi. UPS, Printers, Photocopiers, etc. were purchased from the higher bidder instead of lowest which resulted in loss of Rs.2.250 million.

Audit is of the view that the procurement was made in violation of rules.

The management replied that the bids were required to be opened on 09.01.2018. Due to operational duties, two members were not available, therefore, the committee opened the bids on 12.01.2018. Purchase committee opened the bids in the absence of bidders, therefore, opening of technical / financial proposals in one go instead of two, may be accepted. Moreover, 3% Performance Guarantee was taken from successful bidders after delivery and inspection of equipment. However, delivery challan, dated 04.03.2018 of M/S Mega plus was basically a typing mistake, actual date was 04.04.2018. The said computers were purchased for IBHQ/ PHQS/RHQS and issued to them as per distribution approved by the competent authority. Proper entries in the relevant registers are available.

The DAC in its meeting held on 20.11.2018 directed to get regularized the expenditure from competent forum.

Audit recommends that responsibility may be fixed for the irregularity.

4.4.11 Non recording of transaction in Cash Book – Rs. 956.843 million

Rule 77(ii) of FTR states that all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office in token of check.

The management of Intelligence Bureau (Headquarters) incurred an expenditure of Rs. 956.843 million during 2015-18.

Audit observed that the management did not record the expenditure in the Cash Book in violation of rules.

Audit is of the view that non-maintenance of Cash Book is susceptible to misuse of funds.

The management replied that Cash Book will be prepared and provided to Audit for verification.

The DAC in its meeting held on 20.11.2018 directed to get the record verified from Audit.

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

4.4.12 Non-Completion of repair & maintenance work - Rs. 32.458 million

Para 3.33 of the Guidelines for Project Management provides that the final stage of the project is its completion. The project is considered to be completed / closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a proforma PC-IV and forwarded to the Projects Wing of Planning Commission.

Para 9.4 of the Guidelines for Project Management the project is approved with a specific period of completion. Efforts should be made to complete the project within the stipulated period to ensure flow of benefits well in time. Due to certain reasons, if extension in the implementation period is inevitable to achieve the planned objectives, the Principal Accounting Officer of the Ministries/Divisions is competent to accord extension in the implementation period but within the approved cost of the project. The Planning & Development Division should be kept posted accordingly.

The management of National Achieves of Pakistan (NAP) started a project titled Repair & Renovation of National Archives of Pakistan Building N Block Islamabad amounting to Rs. 32.458 million. Project was approved by DDWP on 16.04.2010 with the completion of 4 months from 01.07.2010 to 01.11.2010. The executing agency was Capital Development Authority (CDA).

The management of NAP released funds of Rs. 32.458 million in different tranches. Details are as under:

(Rs. in million)

S #	Cheque No.	Date	Amount
1	3678310	07.03.2012	9.722
2	3550108	14.09.2011	6.482
3	3726534	12.03.2012	6.482
4	5337816	06.05.2015	7.778
5	5439615	24.06.2015	1.994
		Total	**32.458**

Audit observed that the CDA failed to complete the following works despite lapse of 8 years:

a. Maintenance of fire alarm system.
b. Repair/servicing of Air-conditioning system
c. Repair/Rehabilitation of Schneider Elevator
d. Improvement of electrical installations.
e. Repair/maintenance of fire alarm system.

Audit is of the view that non-completion of work resulted into deterioration of the NAP building.

The management replied that it is true that the CDA un-necessarily delayed the execution/completion of the work. However, no work has been handed over to the National Archives of Pakistan after completion despite of our best efforts.

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

The DAC in its meeting held on 20.11.2018 directed to hold a fact finding inquiry within 30 days for fixing responsibility.

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

4.4.13 Non-preservance of historical record

Section 3 of National Archives Act, 1993 states that the National Archives shall be responsible for storage and preservation of public records and other archival materials of historical and national significance to Pakistan.

The management of National Archives of Pakistan is the custodian of historical material/documents, for which the Government of Pakistan granted annual budget. Detail of last five years budget and expenditure is as under:

(Rs. in million)

S. No.	Year	Budget	Expenditure
1	2012-13	46.241	45.256

2	2013-14	44.811	43.010
3	2014-15	59.863	56.309
4	2015-16	61.690	59.230
5	2016-17	78.719	69.196

During visit of the store room of archival material, Audit observed that many historical records were deteriorated by insects and dust.

Audit is of the view that it was a serious administrative negligence resulted in detoriation of historical record.

The management replied that NAP has planned to replace the old binding of record and make more necessary arrangements to expedite the preservation process in near future. Replacement of old binding is the only way to keep the record intact, neat and clean which will be done on priority basis by this department in near future.

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

The DAC in its meeting held on 20.11.2018 directed to take measure to save the historical record from detoriation and submit a report within 30 days.

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

4.4.14 Irregular appointment of the President and Management Committee, Islamabad Golf Club

Section 6(1) of the Islamabad Club (Administration) Ordinance, 1978 states that the Federal Government shall appoint an officer of Government drawing pay in a grade not lower than grade 21 in the National Pay Scales to be the Administrator of the Islamabad Club in addition to his duties as such officer.

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

The Capital Administration and Development Division vide notification F.No.12-1/2013-Coord dated 10.11.2017 appointed Mr. Jawad Paul, as President of Islamabad Golf Club in addition to his own duties. According to the notification, the officer was appointed as President, Islamabad Golf Club under Section 6 (4) of Islamabad Club Ordinance 1978.

Audit observed that there was no provision in Islamabad Club Ordinance, 1978 for the post of President, Islamabad Golf Club and a separate Managing Committee to run the affairs of Islamabad Golf Club.

Audit further observed that Ministry of Law, Justice and Parliamentary Affairs vide U.O.No.56112011-Law-I, dated 15.06.2011 had clarified that:

i. The Islamabad Club was formed by the Federal Government in 1968 and incorporated as a limited company which was originally allotted an area measuring 244.8 acres on which the facilities of the Club including a golf course were established.

ii. On promulgation of Ordinance No.XXXIII of 1978, the company was' dissolved and an Administrator was appointed by the Federal Government.

iii. In 1986, Golf Section was given under the control of Naval authorities as a separate unit named as "Islamabad Golf Club" and Ministry of Sports notified its President in disregard of rules and without lawful authority.

iv. Ministry of Sports created the Golf Club as separate entity vide letter No.F.I-2/78-Admn, dated 05.06.1986 in absence of any law or rule.

v. In April, 2009, Islamabad Club Administration objected to legality of Golf Section affairs and of Naval control and consequently the control of Golf Club was restored to Islamabad Club.

vi. Ministry could not confer autonomy on the Golf Section by mere issuance of a letter (05.06.1986), as Islamabad Club is statutory body created through Ordinance No. XXXIII of 1978.

Audit is of the view that in the absence of any provision in law for post of President and management Committee of Islamabad Golf Club in Islamabad Club (Administration) Ordinance, 1978, the appointment Mr. Jawad Paul, as President of Islamabad Golf Club by the Capital Administration and Development Division is without any legal basis.

The management replied that Golf Section of the Islamabad Club had been functioning under the control of Naval Authorities since 1986.The head of the Golf Section was used to be referred to as the President. Such title and designation continued under the same nomenclature after the control reverted back to the Islamabad Club in July 2016. The Managing Committee in consultation with the Administrator constitutes various sub-committees for managing the affairs of the Islamabad Club, including a sub-committee for Clubs' Golf Section now referred as Islamabad Club Golf Section (ICGC). The head of the Golf Committee is referred to as the President or the Convener. Mr. Paul replaced outgoing President / Convener Mr. Ahmad Nawaz Sukhera upon expiry of his term and was duly notified by Capital Administration and Development Division (CADD) on 26-11-2017. Therefore, there is no irregularity in the appointment of Mr. Paul as President / Convener of the Golf Section being an ex officio member of the managing Committee. Presently, no separate Managing Committee of the Golf Club exists.

The Reply was not acceptable because there was no provision in Administration Ordinance, 1978 for the post of President and Management Committee in Islamabad Golf Club.

Audit recommends that the irregular practice may be stopped and responsibility may be fixed for the irregularity.

4.4.15 Non-approval of rules by Federal Government

Section 10 of the Islamabad Club (Administration) Ordinance, 1978 states that the Federal Government may make rules for carrying out the purposes of this Ordinance.

The management of Islamabad Club drafted Service Rules, Procurement Rules and by laws for conducting the operations of Islamabad Club, these rules were not got approved from the Federal Government.

Audit observed that following rules were not got approved from the Federal Government despite lapse of 40 years as required by Islamabad Club (Administration) Ordinance, 1978.

i. Financial Rules
ii. Service Rules
iii. Rules for the Election of Members.
iv. Rules for issuance of Memberships.
v. Entrance Fee Rules.
vi. Rules for Monthly Subscription and dues.

Audit is of the view that above rules were framed and approved by the Managing Committee of Islamabad Club which was not empowered to make these rules since these were not approved by the Federal Government as per provision of the Section 10 of the Islamabad Club (Administration) Ordinance, 1978 as amended in 1980.

Audit is also of the view that failure to get the Rules approved from the Federal Government is a serious lapse on the part of the management.

The management replied that Islamabad Club was established under the Presidential Ordinance No. XXXIII on 17th July 1978. The said Ordinance provides under Section 6(4) that, "the Administrator shall, subject to any direction issued by the Federal Government, be competent to exercise and perform all such powers and functions necessary for efficient administration of the affairs of the Islamabad Club". To aid and advise the Administrator in the performance of his functions, the Federal Government shall constitute a Managing Committee which would frames and revises the Rules & By-laws from time to time as required.

The reply was not acceptable because the power for making of the rules rests with the Federal Government under section 10 of the Islamabad Club (Administration) Ordinance, 1978.

Audit recommends that the rules may be got approved from the Federal Government.

4.4.16 Grant of memberships by Islamabad Club to non-Entitled Persons.

Islamabad Club Ordinance, 1978 states that "the Islamabad Club was established as a social and residential Club for the use, relaxation, convenience and entertainment of the officers of the Federal Government and the members of the diplomatic corps stationed at Islamabad".

Audit observed that the management of Islamabad Club divided the membership in different categories and granted membership to private persons as well as private companies which is not covered under Ordinance. Details are as under:

S. No.	Category	Active Members
1.	Tenure	6
2.	Temporary	9
3.	Service	3,720
4.	Non service	2,981
5.	Legislature	230
6.	Corporate	40
7.	Associate	78
8.	Polo	13
9.	Golf Playing Rights	82
10	Golf members	4
11	Riding members	46
	Total	**7,209**

Audit is of the view that after the dissolution of the company "The Islamabad Club" under the provision of the Islamabad Club Ordinance, 1978, granting of membership of Islamabad Club to other than the officers of the Federal Government and the members of the diplomatic corps was irregular and unauthorized.

Audit is also of the view that instead of using the Islamabad Club for purposes defined in the Ordinance, the Club was being run as a commercial entity.

The management replied that the membership categories were extended by the Club including the private membership with the purpose to make the club financially independent. Now the club is being run on the nominal subscription and entrance fee of the member’s besides other internal resources without any grant from the government. Should there be only service members, the Club could neither be able to provide quality services to its members nor could have funds for its expansion. The induction of other categories duly approved by the Managing Committee, and allowed under the ordinance, was must for its financial viability and survival. As per Section 6A (1) b of the Ordinance “Three members, being members of the Islamabad Club other than service members, to be nominated by the Federal Government” and above section of the Presidential Ordinance and subsequent relevant notifications issued by the Federal Government on appointment of Non-service members in the Managing Committee justifies the fact that Club may grant memberships to other categories including the private members.

The reply was evasive because Islamabad Club was established for entertainment of the officers of Federal Government and the Members of the Diplomatic Corps stationed at Islamabad and not for any private person without any approved rules.

Audit recommends that granting membership in violation of Islamabad Club Ordinance, 1978 may be stopped.

4.4.17 Unauthorized use of Club facilities by the Employees and their Family Members

Under the Islamabad Club (Administration) Ordinance, 1978 as amended in 1980, the Islamabad Club was established as a social and residential Club for the use, relaxation, convenience and entertainment of the officers of the Federal Government and the members of the diplomatic corps stationed at Islamabad.

Scrutiny of record revealed that following employees and their family members used club facilities such as Horseback riding, Polo, Gym, Swimming Pool, etc. as detailed below:

Serial	Name	Amount (Rs.)
01.	Ms. Seemi Abbas, Asst. Manager Gym	7,830
02.	Mr. Rizwan Inayat Ullah, Asst. Manager Sports	3,000,920
03.	Mr. Muhammad Mobeen, Asst. Secretary	136,822
04.	Mr. Shahid Bazmi, Purchase Manager	1,311,960
	Total	**4,457,532**

Audit observed that above employees and their family members used club facilities without any entitlement which resulted in the loss of amount of Rs. 4.457 million to the Islamabad Club.

Audit is of the view that use of Club facilities by the employees and their family members without entitlement was irregular and unauthorized.

The management replied that the contract agreement of the employees clearly mentioned the entitled perks and privileges did not authorize them to use the Club facilities. The club facilities are only for honorable members. The usage of Club facilities by employees was reported to the management by the members of the Club. The management first issued them explanation letters dated October 10, 2017 and later on, a committee was constituted to probe into the matter which meets on October 20, 2017 and gave personal hearing to all the employees who were using the Club facilities without proper authorization. The issue is in litigation and recovery shall be made after court decision.

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

Audit recommends that a detailed breakup of the entire amount may be provided to audit and the amount may be recovered.

4.4.18 Non recovery of outstanding dues from CDA – Rs.2.312 million

As per Item No. 3 of the Minutes of the Meeting of the Managing Committee held on 12.11.2015 the committee was informed that in

January, 1999 Islamabad Club obtained the site of F-9 cricket ground from CDA on a lease terms of twenty years and subsequently in March, 2009 the ground was returned to CDA by mutual understanding. It was agreed in the handing/taking over document that CDA will compensate for assets developed by Islamabad Club. The compensation amount for assets, which is receivable from CDA, is Rs. 2.312 million. The Committee was further informed that CDA was approached through verbal/written reminders but amount is still outstanding.

Audit observed that management of the Islamabad Club has not recovered its outstanding dues from CDA despite lapse of a period of more than two years.

Audit is of the view that non-recovery of outstanding dues from CDA has deprived the Islamabad Club from its due receipt.

The management replied that Cricket ground was returned to CDA in March 2009 and a handing/taking over certificate was signed in this regard. As per clause viii of the licensing letter, CDA was requested to compensate for assets developed by Islamabad Club on cricket ground. Since then the Club has continuously been pursuing the case with CDA officials through several verbal and written reminders. However, no positive reply has so far been received from CDA.

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

Audit recommends that the outstanding amount may be got recovered from CDA.

4.4.19 Irregular appointment of apprentices

Rule14 of the Apprenticeship Rules, 1966 states that selection procedure of apprentices is as under:

i. The vacancies shall be advertised in the important newspaper Intimation about vacancies shall be given to the nearest employment exchange.

ii. A written test of the candidate should be held.

iii. A viva voce shall be held to those candidates who qualify the written test.

iv. An aptitude test shall be given if the competent authority deems feasible and practicable.

The management of Islamabad Club appointed apprentice during 2013-2018 as detailed below:

Name	Date of Appointment
Taimur Raja	13.10.2016
Afzaal Ahmed	12.09.2013
Ghulam Bashir	04.03.2015
Hajra Hassan	22.08.2017
M. Jahangir Shah	12.06.2017
Sajid Hussain	12.06.2017
Zafar Mehmood	06.02.2015

Audit observed that apprentices were appointed in violation of Apprenticeship Rules, 1966.

Audit is of the view that appointments in violation of Apprenticeship Rules, 1966 were irregular.

The management replied that the irregular appointment of Apprentices has already been identified by the Senior Management in July 2017 after which corrective measures were taken immediately and the Apprentices were relieved of their duties on September 29, 2017. In future we would adhere to selection procedure of Apprenticeship Rules, 1966 to ensure transparency and merit as provided in PPRA rules.

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

Audit recommends that the responsibility may be fixed for the irregularity.

4.4.20 Encroachment of lands

Clause3 (b) of M.L Regulation No.63 (CDA Byelaws) states that "encroachment" means illegal occupation of land or procuring its allotment in any unauthorized manner or by illegal means and includes the use of any land otherwise than in accordance with the terms of its lease, license or allotment;

Clause 5 of M.L Regulation No.63 (CDA Byelaws) states that the authority may, if satisfied that any structure has been erected on a piece of land which is subject to encroachment, it may get the same demolished without paying any compensation to the alleged owner or the person responsible for doing so.

Clause 6 of M.L Regulation No.63 (CDA Byelaws) states that if the authority is satisfied that any land given on lease to any person is not being used for the purpose within the meaning of the rules of the Capital Development Authority, it may cancel the lease and acquire the possession of such land without paying any compensation to the lessee.

The management of Islamabad Club, Islamabad concluded lease agreements with Capital Development Authority, Islamabad as per following details:

S. No.	Year	Area (acres)
1	1968	11.4
2	1969	233.4
3	1970	5.5
4	1996	102.5
	Total	**352.8**

Audit observed that the actual land in possession of Islamabad Club, Islamabad was 385.31 Acres. The management also erected a parking area on the green belt adjacent to the premises of Islamabad Club.

Audit is of the view that the management illegally occupied the additional area of 32.51 Acres and constructed parking lot on the green belt illegally.

The management replied that the issue has been pending on part of CDA as various letters have been written to CDA for demarcation of entire boundary of club but till now no action has been taken. Furthermore, Islamabad Club management is in process of extension of lease and CDA is being requested to extend the lease. Joint measurement of total land and attested copy of boundaries will be once again requested to CDA. Additional land (if any) can only be determined.

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

Audit recommends that the illegally occupied area may be vacated and responsibility should be fixed for illegal encroachment.

4.4.21 Irregular procurement of crockery– Rs.3.010 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 advertisements in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Rule 12(3) of Public Procurement Rules states that in cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.

The Management of Islamabad Club made procurement of crockery items amounting to Rs. 3.010 million during 2016-17.

Audit observed that the management procured crockery items without competition and on quotation basis. Audit further observed that management only prequalified the suppliers of crockery.

Audit is of the view that the procurement of crocerky items by the management of Islamabad Club procured the crockery items is in violation of Public Procurement Rules.

The management replied that the Islamabad Club does not fall in the definition of procuring agency, as defined in PPRA Rules. However, in order to ensure transparency and merit, PPRA Rules have been adopted in Club operations since March, 2017. The crockery was purchased on quotations, as and when required basis. Since the present management has adopted PPRA Rules in all Club operations, accordingly Club is now working on its annual requirement to process Crockery and general items procurement as per PPRA Rules.

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

Audit recommends that the responsibility should be fixed for the violation of Public Procurement Rules 2004.

4.4.22 Irregular hiring of services of Architectural and Engineering Consultant without competition – Rs.69.396 million

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

The Managing Committee of Islamabad Club in its meeting held on 14.09.2006 hired the services of M/s Suhail and Fawad Architects, Islamabad as Architectural and Engineering Consultant @ 6.5% of the total cost of each ongoing and future project. The Consultant was paid consultancy fee amounting to Rs. 69.396 million during 2007-17.

Audit observed that the services of Architectural and Engineering Consultant were hired without competition as requirements for Consultancy was not advertised on the Public Procurement Regulatory Authority's website as well as in other print media or newspapers.

Audit is of the view that engagement of the Consultant without competition was irregular and unauthorized which deprived the Islamabad Club from the benefit of competitive rates.

The management replied that Islamabad club is statutory body having its own rules and regulations for development projects. As per Presidential

Ordinance, the Administrator is the competent authority to exercise and perform all such powers and functions as may be necessary for the efficient administration of the affairs of club. The appointment of M/S Suhail & Fawad was approved as per existing procurement rules initially on May 4, 2007 by the Administrator, being lowest bidder as compared to NESPAK without advertisement. Then on April 21, 2011, the Administrator approved the appointment (extension) of M/s Suhail & Fawad Architects for all ongoing and future projects on the same terms and conditions as before till completion of the work/projects.

The reply indicates that the management has accepted that the services were hired without open competition.

Audit recommends that the responsibility may be fixed for the Violation of Public Procurement Rules, 2004.

4.4.23 Irregular hiring of legal advisors - Rs. 6.687 million

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

Ministry of Law, Justice and Human Rights Legal Advisor Cell Letter No. F.20/1/87-L.LA dated 16.03.2007 states that for autonomous bodies where the fee paid to a counsel is more than Rs. 100,000, approval of Ministry of Law, Justice and Human Rights will invariably be obtained by the organization before engaging the counsel. The failure to do so will render the engagement null and void and the fee involved will not be paid to the counsel.

The management of Islamabad Club paid an amount of Rs. 6.687 million to Legal Advisors during the last five years. Details are as under:

S. No.	Name	Amount in Rs.
1.	Mohammed Afzal Siddiqui	5,018,455
2.	Muhammad Ishtiaq Ahmed Raja	183,000
3.	Kazmiz Advocates And Corporate Consultants	1,278,000
4.	Abid and Khan Law Associates	208,050
Total		**6,687,505**

Audit observed that Legal Counsels were hired without the consultation of Ministry of Law, Justice and Human Rights and without open competition.

Audit is of the view that appointment of Legal Counsel without the consultation of the Ministry of Law, Justice and Human Rights and in violation of Public Procurement Rules, 2004 was irregular and unauthorized.

The management replied that Islamabad Club being a body corporate and non recipient of Government funds has no obligation to abide by the government rules and regulations. Therefore, consultation of the Ministry of Law, Justice and Human Rights for appointment of legal advisors is not required. Management however decided to observe PPRA rules to ensure transparency from March, 2017 onwards. The initial appointment of Afzal Sidiqui was made long before in 1980 (approximately) prior to promulgation of PPRA rules and therefore no record/contract is available with the club.

The reply was not acceptable as the Public Procurement Rules, 2004 are applicable to all the Government Organizations including Corporate Bodies such as Islamabad Club.

Audit recommends that the appointment of the Legal Advisor may be made with the approval of Law Division and responsibility may be fixed for the violation of Public Procurement Rules, 2004.

4.4.24 Irregular and unjustified payment of Consultancy fee for design and documentation Services of Multipurpose Hall - Rs. 13.461 million

Rule 4 of the Public Procurement Rules, 2004 states that Procuring agencies, while engaging in 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.

Section 6 of the Islamabad Building Regulations, 1963 states that every person who intends to erect or re-erect a building shall submit to the Authority an application in writing on the prescribed form A-l for permission to execute the work and the name of the Licensed Architect/Engineer whom he employs to supervise its erection. The Architect/Engineer so employed shall submit to the Authority the following along with a notice on the prescribed form A-2. (a) A block plan of the site. (b) Plans, sections and elevations of every floor including basement, cellar and vault, if any, of the building intended to be erected, (c) A plan showing the intended lines of water supply/drainage and sewerage (separate systems) of such building and the size, depth and slop of each drain and sewer and the details of the arrangement proposed for ventilation of the sewer, a detailed description of each item of work proposed to be executed and of material to be employed. (d) Detailed calculations showing the sufficiency of the strength of every load-bearing part of such building. (e) Any other information or document required by the Authority to deal satisfactorily with the plan.

The management of Islamabad Club engaged M/s Suhail & Fawad Architects Islamabad for Architectural and Engineering Services for the construction of Multi-Purpose Hall in Islamabad Club and was paid 5% of the final completion cost of the project, i.e. Rs. 269.223 million (which comes to Rs. 13.461 million) for design and documentation services in November, 2016.

Audit observed that payment of Consultancy fee to the Consultant was unjustified because the Consultant did not obtain information regarding ownership and any lessors and lessees of the site, lease agreement with CDA, requirement of getting approval of drawings from CDA, etc. before start of the construction of the building on leased land.

Audit is of the view that payment of Consultancy fee to the Consultant for construction of Multipurpose Hall which has been suspended since 14.02.2017 was irregular and unjustified.

The management replied that payments were made to M/s Suhail & Fawad Architects in November, 2016 before receipt of notice from CDA dated 01.02.2018 to stop the work.

The reply was not acceptable because it was responsibility of the consultant to ensure that NOC for design and drawing was obtained from CDA before starting construction of Multipurpose Hall.

Audit recommends that the responsibility may be fixed for the irregularity.

4.4.25 Irregular procurement of Gang/Grass Mower for Polo Grounds – Rs. 3.696 million

Rule 42(c) of the Public Procurement Rules 2004, states that a procuring agency shall only engage in direct contracting if the following conditions exist, namely:

i. The procurement the acquisition of spare parts of supplementary services from original manufacturer or supplier provided that the same are not available from alternative resources;

ii. Only one manufacturer or supplier exists for the required procurement Provided that the procuring agencies shall specify the appropriate for a, which may authorized procurement of proprietary object after due diligence

iii. Where a change of supplier would oblige the procuring agency to acquire material having different technical specifications or characteristics and would result in incompatibility or disproportionate technical difficulties in operation and maintenance:

The management of Islamabad Club purchased Gang/Grass Mower for Polo Grounds from M/s Nasir Impex Karachi and paid an amount of Rs. 3.696 million in May, 2016.

Audit observed that Grass Mower was purchased without open competition.

Audit is of the view of Gang/Grass Mower without competition was irregular and unauthorized which deprived the Club from the benefit of competitive rates.

The management replied that Gang/Grass Mower was purchased in light of procurement policy of Islamabad Club for capital purchases and was duly approved by the Administrator dated January 15, 2016. M/s Nasir Impex is the authorized distributor in Pakistan for Toro USA and therefore 42(c)(ii) applies on it whereas administrator is the appropriate forum for authorizing the procurement as per the Islamabad Club Ordinance. The justification was considered and approved by the competent Authority.

The reply was not acceptable because there were many suppliers and dealers in different names of different firms in market and Toro USA is not sole proprietor hence, does not fall under the category of Rule 42C(ii) of Public Procurement Rules, 2004.

Audit recommends that the responsibility may be fixed for the violation of Public Procurement Rules, 2004.

4.4.26 Irregular expenditure on development scheme in absence of DDWP -Rs.989.197 million

Para 2 of Planning and Development Division letter No.231(2- Gen) PIA/PC/2004 dated 18.12.2004 provides that the autonomous organizations whether commercial or non-commercial having Board by whatever name called, should be competent to sanction their development schemes with 100%self- financing with no Government guarantee and involving less than 25%foreign exchange / foreign assistance, subject to the following:

i. Development Working Party should be constituted by each organization and notified to consider and approve their self-finance projects.

ii. The Development Working Party should be headed by the Chairman /Head of the Organization and, among others, should include representatives of the Ministry of Planning, Development and Reforms, the Finance Division, and the concerned Ministry / Division each not below the rank of Joint Secretary.

iii. The quorum of the Development Working Party would be incomplete without the presence of either representative of the Finance Division and the Planning & Development Division. In case either of these Divisions does not agree to the project proposal or any aspect thereof, the case would be referred to the Central Development Working Party (CDWP) for consideration.

Para 192 of GFR Volume-I states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether director through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

The Management of Islamabad Club approved and executed different development projects amounting to Rs. 989.197 million during 2010-17.

Audit observed that all the projects were approved by the Management Committee of Islamabad Club instead of Departmental Working Party as required under Para 2 of Planning and Development Division letter No.231(2-Gen) PIA/PC/2004 dated 18.12.2004.

Audit is of the view that approval and execution of development projects without approval from the competent forum in light of the Para 2 of Planning and Development Division letter No. 231(2- Gen) PIA/PC/2004 dated 18.12.2004 was irregular and unauthorized.

The management replied that Islamabad Club is a statutory body/body corporate and not beneficiary of any PSDP or regular budgetary grant from Government. As such, government procedures for development projects are not applicable. The Club has its own rules and procedures for executing development projects, which are funded through its indigenous resources. All the expenditure on development projects is reviewed, scrutinized and recommended by Projects Committee which is in fact playing the role of Departmental Development Working Party and then approved by Managing Committee. The suggestion of inclusion of personnel from Finance division and planning and development division shall be forwarded to MC for approval. After the budget is approved, the amounts allocated to each project are monitored against expenditure incurred on relevant project. For each project, before initiation, the approval and authorization is sought from Projects

Committee and Managing Committee. After it is approved, the expenditure is incurred within the limits prescribed by the Projects Committee and within the domain of the relevant project.

The reply was not acceptable because Project Committee without representation from Ministry of Finance and Planning, Development& Reform was not competent to execute development projects.

Audit recommends that a Development Working Party should be constituted and other instructions by Planning and Development may also be followed by the management.

4.4.27 Irregular and authorized award of contract for construction of Multi - Purpose Hall - Rs.269.223 million

Clause 2 of the lease agreement entered into between Islamabad Club and CDA Islamabad on 10.11.1970 states that “the lessee shall utilize the leased land only for the purpose of constructing thereon the buildings of Islamabad Club necessary for the purpose and for the exclusive use of the Club and shall complete buildings in accordance with the designs, plans and specifications first submitted by the lessee and approved in writing by the lessor and the lessee shall not make any structural alterations or additions to such buildings without the previous approval of lessor.

Section 6 of The Islamabad Building Regulations, 1963 states that every person who intends to erect or re-erect a building shall submit to the Authority an application in writing on the prescribed form A-l for permission to execute the work and the name of the Licensed Architect/Engineer whom he employs to supervise its erection. The Architect/Engineer so employed shall submit to the Authority the following along with a notice on the prescribed form A-2. (a) A block plan of the site. (b) Plans, sections and elevations of every floor including basement, cellar and vault, if any, of the building intended to be erected, (c) A plan showing the intended lines of water supply/drainage and sewerage (separate systems) of such building and the size, depth and slop of each drain and sewer and the details of the arrangement proposed for ventilation of the sewer, a detailed description of each item of work proposed to be executed and of material to be employed. (d) Detailed calculations showing the sufficiency of the strength of every load-bearing part of such building. (e) Any other information or document required by the Authority to deal satisfactorily with the plan.

As per Section 33B of the National Accountability Bureau Ordinance, 1999 it is the responsibility of the management to provide a copy of contract valuing above 50 million to the NAB.

The management of the Islamabad Club awarded contract amounting to Rs. 269.223 million to M/s Expertise Pvt. Ltd Islamabad for construction of Multi-Purpose Hall (MPH) in the Polo Complex of Islamabad Club on 24.10.2016 and paid mobilization advance amounting to Rs. 26.922 million.

Audit observed as under:

i. Work was started on leased land without the approval of CDA.
ii. The management did not have in-house Civil engineer to grant technical sanction and certify that the works were actually done according to the specifications. Technical sanction was not obtained before the commencement of work.
iii. Permission to execute the work and the name of the Licensed Architect/Engineer was not obtained.
iv. Copy of contract was not provided to the NAB.

Audit is of the view that award of contract in violation of rules was irregular and unauthorized.

The management replied that the approval of the CDA as per lease agreement Clause 2 and building regulations 1963 were referred to the Consultant M/s Suhail & Fawad Architects for reply as per clauses S-1.1 (b) and S.1.2 (a) of contract wherein it is the sole responsibly of the consultant to obtain necessary approvals from the authority concerned. Complying with notice of the CDA work has immediately been stopped and necessary measures such as submission of master plan along with details drawings etc. have been made. The Mobilization payments to M/s Expertise were made in two installments with the approval of Administrator while the second installment was paid with the approval of the projects committee as well. Post of Civil engineer has already been advertised.

The reply was not acceptable because construction of multipurpose hall was initiated without obtaining approval of CDA, without obtaining of technical sanction and without furnishing the agreement to NAB which resulted in loss to the management.

Audit recommends that responsibility may be fixed for violation of law and regulations.

CHAPTER 5

5. MINISTRY OF COMMERCE

5.1 Introduction

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
- Pakistan Institute of Fashion and Design
- National Insurance Company
- Pakistan Tobacco Board
- Federation of Chambers and Industry
- Pakistan Horticulture Development and Export Board

5.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry for the financial year 2017-18 was Rs. 6,612.374 million out of which the Ministry utilized Rs. 5,626.832 million. Grant-wise detail of current and development expenditure is as under:

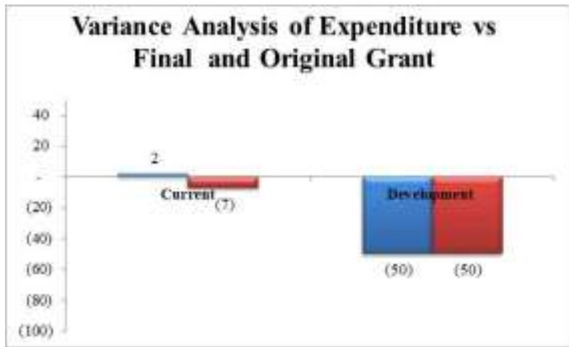
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
19	Current	4,912,353,000	500,006,000	5,412,359,000	5,023,257,408	(389,101,592)	(7)
113	Development	1,200,000,000	15,000	1,200,015,000	603,574,656	(596,440,344)	(50)
	Total	**6,112,353,000**	**500,021,000**	**6,612,374,000**	**5,626,832,064**	**(985,541,936)**	(15)

Audit noted that there was an overall saving of Rs. 985.541 million.

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, there was excess expenditure of 2% in current expenditure which changed to savings of 7% when Supplementary Grant was taken while in the development expenditure the saving was 50%.



5.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Commerce	1987-88	3	3	2	0	1
	1988-89	1	1	0	0	1
	1989-90	3	3	2	0	1
	1990-91	6	6	2	0	4
	1991-92	1	1	1	0	0
	1992-93	3	3	3	0	0
	1993-94	4	4	0	0	4
	1995-96	3	3	0	0	3
	1996-97	7	7	4	0	3
	1997-98	69	69	52	0	17
	1998-99	2	2	0	0	2
	2001-02	12	12	3	0	9
	2003-04	8	8	3	0	5
	2005-06	30	30	11	0	19
	2006-07	1	1	1	0	0
	2007-08	4	4	2	0	2
	2008-09	8	8	0	0	8
	2009-10	5	5	1	0	4
	Total	**170**	**170**	**87**	0	**83**

5.4 AUDIT PARAS

Irregularity & Non Compliance

5.4.1 Irregular/un-authorized expenditure on the rented building on account of repair and maintenance - Rs. 3.045 million

Clause 12, of the lease agreement made between Lahore Garment City, Lahore and the owner of the building situated at 104-P, Gulberg, Lahore states that lesser shall carry out structural repairs to the demised premises due to structural defects or otherwise, and as and when these become necessary.

The management of Lahore Garment City Company, Lahore incurred an expenditure of Rs. 3.045 million on repair and maintenance on rented building during 2010-18.

Audit observed that the expenditure was incurred in violation of the contract agreement.

Audit is of the view that expenditure on repair and maintenance on rented building by the LGCC Lahore was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of already spent amount on repair and maintenance from the owner.

5.4.2 Loss to government due to non-refund/ re-payment of loan - Rs. 1,194.379 million

Clause 10 (B) of PC-1 states that the construction of LGCC buildings is being undertaken with federal funding under PSDP which may be considered as either as “grant” or “short term loan” as per understanding arrived between the Federal Government and the Ministry of Textile Industry who was sponsoring the project. The role of the Lahore Garment City Company is confined to being an implementation agency of a Trade Policy Initiative executed by the Ministry of Textile Industry.

The Chairman /CEO of the Company vide letter No. LGCC/AC/2341 dated 13/11/2013 also undertakes to refund the entire amount of loan provided since inception of the project till completion to the Government of Pakistan on the terms and conditions to be settled as soon as the project is completed and the income generation begins.

The management of Lahore Garment City Company, Lahore received an amount of Rs. 572.640 million as loan from the Finance Division w.e.f. 2006-07 to 2012-13 to be repaid up to 2017-18 with interest.

Audit observed that up to 2017-18 the management neither paid the principal amount of Rs. 572.640 million nor the accrued interest of Rs. 621.739 million.

Audit is of the view that due to nonpayment of principal as well as interest amount the government was deprived of Rs. 1,194.379 million from its due share of receipts.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

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

5.4.3 Irregular payment to the Consultant - Rs. 3.167 million

Guidelines for appointment of Consultant issued by Establishment Division, MS Wing's vide U.O.No.11-3/2001-MSW-III dated 25.01.2002 states that the consultants should not be appointed to perform routine functions of an organization. The Special attention should be given by the Divisions/Organizations to train and develop their own personnel to take up higher responsibilities. Further, "Need Identification" is a pre-requisite to obtain the services of a consultant(s). Normally, the services of a consultant are hired to tender advice, being experts/specialists on specific issues, in order to: a) Address uncommon problem, b) Provide technical supervision, or c) Introduce innovative practices/solutions.

The management of Lahore Garment City Company, Lahore made payment Rs. 3.167 million to the Consultant on account of professional fee during 2017-18.

Audit observed that the consultant was appointed without fulfilling the criteria laid down in the Guidelines for appointment of Consultant issued by Establishment Division.

Audit is of the view that professional fee Rs. 3.167 million paid to the consultant was irregular and un-authorized.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 6

6. COMMUNICATIONS DIVISION

6.1 Introduction

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

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

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

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

1) National planning, research and international aspects of road and road transport
2) National highways and strategic roads; National Highway Council and Authority; Administration of Central Road Fund and Fund for Roads of national importance
3) Mechanically propelled vehicles; Transport Advisory Council; Urban Road Transport Corporation
4) Enemy Property
5) National Highways and Motorway Police

6.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Communications Division for the financial year 2017-18 was Rs. 41,227.264 million including Supplementary Grant of Rs. 1,855.201 million out of which the Division utilized Rs. 37,444.090 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

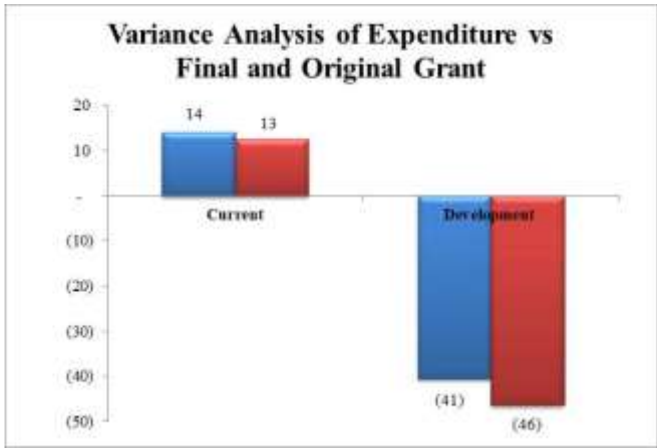
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
20	Current	5,449,506,000	1,000	5,449,507,000	5,047,413,471	(402,093,529)	(7)
21	Current	2,709,269,000	350,000,000	3,059,269,000	2,030,636,213	(1,028,632,787)	(34)
22	Current	17,552,890,000	-	17,552,890,000	22,241,519,678	4,688,629,678	27
	Subtotal	**25,711,665,000**	**350,001,000**	**26,061,666,000**	**29,319,569,362**	**3,257,903,362**	**13**
114	Development	13,660,398,000	1,505,200,000	15,165,598,000	8,124,521,565	(7,041,076,435)	(46)
	Total	**39,372,063,000**	**1,855,201,000**	**41,227,264,000**	**37,444,090,927**	**(3,783,173,073)**	(9)

There was an excess expenditure of Rs. 3,257.903 million in current expenditure whereas there was a saving of Rs. 7,041.076 million in development exprenditure.

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. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, excess in current expenditure was 14%, which, reduced to 13% after accounting for Supplementary Grants. In development expenditure, savings against original budget was 41% which increased to 46% when Supplementary

Grants were taken into account.



6.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Communication	1997-98	7	7	4	0	3
	2000-01	31	31	30	0	1
	2003-04	15	15	9	0	6
	2005-06	3	3	1	0	2
	2006-07	1	1	0	0	1
	2007-08	2	2	0	0	2
Total		**59**	**59**	**44**	0	**15**

6.4 AUDIT PARAS

Irregularity & Non Compliance

6.4.1 Un-authorized Operation of Regimental & Welfare Fund - Rs. 978.661 million

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

Para 25 of GFR 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.

Under Subsection 2(f) of Section 93 of the Ordinance No. XL of 2000, states that the Inspector General of Police, in consultation with the Government, may, by notification in the official Gazette, make rules for carrying into effect the provisions of this Chapter the National Highways & Motorway Police (NH&MP) shall plan budget and manage publicity, information and education campaigns for the purpose of maintaining good order and safety on the national highways.

Rules 3(4) of the National Highways and Motorway Police (Roads Safety Campaigns, Performance Reward Rules, 2007 states that sufficient amount shall be earmarked for taking welfare measures on the recommendation of the Reward and Welfare Committee to the National Highways and Motorway Police (Regimental and Welfare Fund) which will be used for the welfare of the National Highways and Motorway Police employees.

The Cabinet vide U.O.Note No.87/Prog/2000 dated 30.08.2000 approved a Summary of Ministry of Communications submitted on 11.07.2000 regarding utilization of 25% fine amount directly for rewarding deserving police offices and 25% for Road Safety education while the remaining 50% for road safety fund.

The management of the NH&MP transferred funds of Rs.439.988 million into Account No. 01-167-0002-4 titled NH&MP, Regimental & Welfare Fund maintained with Allied Bank Limited (ABL) for the period under audit. The management incurred an expenditure of Rs.278.577 million on various activities during financial year 2016-17. The balance as on 30.06.2017 in the bank account was Rs.700.084 million.

Audit observed as under:

i. The management transferred a sum of Rs. 1.262 billion to Regimental & Welfare Fund Account during 2013-17.

ii. There was no provision of transfer of funds to R&W Fund account.

iii. No specific limit for transfer of funds was fixed in the National Highways and Motorway Police Roads Safety Campaigns, Performance Reward Rules, 2007 but it was only mentioned that sufficient amount shall be earmarked not 25% of fine share.

iv. The Bank Account for Regimental and Welfare Fund was opened without the approval of Finance Division in violation of aforementioned rules.

v. The Regimental & Welfare Fund Rules, 2006 on the basis of which expenditure was made were approved by the Inspector General NH&MP while the rules require approval of the Finance Division.

vi. The bank account for Regimental & Welfare Fund was opened without the approval of the Finance Division.

vii. The management made payments of reward out of the Regimental & Welfare Fund in violation of the Cabinet Division instructions dated 30.08.2000.

viii. Different loans are being granted from R&W Fund in addition of loans facility available from Government Budget.

ix. Stipends are being granted from R&W Fund in duplication of facility of fee-reimbursement and scholarships from Benevolent Fund and Staff Welfare.

x. Assistance Package for employees who die in government service is also being granted in addition of the benefit of Assistance Package of Establishment Division.

xi. The PSP officers once posted in NH&MP avail the said benefits facility for the entire service whereas the other employees are entitled only for the period of posting.

Audit is of the view that the transfer of 25% amount from the fine share received from NHA w.e.f. August 2000 till May 2007 was irregular and unauthorized. Further fixing the limit of 25% for R&W Fund is not covered under the National Highways and Motorway Police (Roads Safety Campaigns, Performance Reward Rules, 2007. Further, granting double benefits from Government Funds and R&W Fund was irregular and unjustified.

The management replied that the National Highways & Motorway Police (Roads Safety Campaigns, Performance Reward) Rules, 2007 approved by the Ministry of Law & Ministry of Finance cover the Regimental & Welfare Fund. Further, 25% fine share is transferred in Regimental and Welfare Fund as per limit fixed in Summary of Chief Executive.

The reply was not acceptable because the management did not frame rules for utilization of Regimental Welfare Funds.

The DAC in its meeting held on 01.08.2018 directed the management that recovery of advance may be got verified from audit. Furthermore, approval of Cabinet Division may be shown to Audit alongwith no duplication certificate of Assistance Package.

Audit recommends the welfare activities may be stopped till approval of the Regimental Welfare Funds Rules.

6.4.2 Non adjustment of advances for road safety activities - Rs. 100.906 million

Rule 668 of FTR, states that adjustment of all advances is required immediately after completion of the assignment by submission of detailed accounts supported by vouchers or by refund, as the case may be.

The management of National Highways & Motorway Police (NH&MP), Headquarter, Islamabad maintained the Road Safety Fund and made following advance payments of Rs. 100.907 million to its different zones for Road Safety Activities during 2016-17:

(Rupees)

S. No.	Name of Zone	Cheque No. & Date	Amount
1	DDO Motorway Zone	37776418/22.07.2016	11,548,929
2	DDO N-5 (North) Zone	37776419/22.07.2016	6,688,000
3	DDO (Central) Lahore	37776420/22.07.2016	5,680,000
4	DDO (South) Zone	37776421/22.07.2016	6,780,000
5	DIG Motorway Zone	37776570/26.04.2017	18,269,075
6	DIG N-5 (North) Zone	37776571/26.04.2017	10,088,881
7	DIG (Central) Lahore	37776572/26.04.2017	14,327,242
8	DIGN-5 (South) Zone	37776573/26.04.2017	14,428,352
9	DIG (West) Zone	37776574/26.04.2017	12,085,289
10	DIG/Comdt. Training College	37776575/26.04.2017	1,011,020
		Total Amount	**100,906,788**

Audit observed that the management did not obtain adjustment accounts / progress reports of Road Safety Activities.

Audit is of the view that in absence of adjustment accounts/progress reports the authenticity of the expenditure could not be ascertained.

The management replied that the amounts pointed out by the Audit were transferred from Road Safety Fund of NH&MP (HQ) to the DIG (Motorway, North, Central, South and West) Zone. The funds were placed as per estimates worked out by the Zones. The detail is available in the respective Zonal offices.

The reply indicates that the management has accepted audit observation.

The DAC in its meeting held on 01.08.2018 directed the management to get the record verified by Audit.

Audit recommends that adjustment accounts/progress reports may be obtained as required under the Rules and get the record verified by Audit.

6.4.3 Unauthorized payment without detailed measurement of actual work done - Rs. 8.997 million

Para 37 of CPWA Code states that the superintending Engineer is required to make it his special duty during his tours to see that measurement books are carefully kept and measurements properly recorded, and that they are complete records of the actual measurements of each kind of work done for which certificates have been granted. He should also see that any orders of the minor local Government regarding check measurements are duly observed.

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

Rule 12(2) of Public Procurement Rule, 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 NH&MP paid an amount of Rs. 8.997 million to M/s Kambo Enterprises, Islamabad for execution of following schemes:

S.No.	Scheme	Amount (Rs.)
1.	Rehabilitation of Mess/Kitchen/Recreation Room of B-1 (M-1)	3,325,000
2.	Rehabilitation of Barrak at Zonal Office	2,487,476
3.	Rehabilitation of Mess/Kitchen/Recreation Room of B-2 (M-1)	3,325,000
	Total	**8,997,476**

Audit observed as under:

i. No tender was floated in print media.

ii. Measurement books were not maintained in any case.

iii. Expenditure was incurred without making department Regulations as required under the Rules.

iv. NOC was not taken from PWD.

The management replied that an amount of Rs. 1.000 million was sanctioned for each welfare scheme/project for the welfare of troops of NH & MP as no proper living was there. It was expected that rehabilitation of mess will be carried out within released amount and only tender was floated on PPRA website and therefore the same was not advertised in print media.

The reply is not acceptable as no tender was floated for above works.

The DAC in its meeting held on 01.08.2018 directed the management to review the case and to resubmit the case in next DAC meeting.

Audit recommends that an inquiry may be initiated and responsibility may be fixed for violation of rules.

6.4.4 Short receipts against 50% share of fine money, recovery thereof - Rs. 168.188 million

Rule 2 (i) of National Highways & Motorway Police (Road Safety Campaigns, Performance Reward Fund) Rules-2007, states that "share" means fifty percent of the total fine money, after deduction of collection charges, deposited by the violators of traffic rules and transferred to NH&MP after reconciliation by the NHA on monthly basis".

The National Highway Authority transferred an amount of Rs. 962.637 million as 50% share of fine money to the NH&MP after deducting collection charges during 2015-16.

Audit observed that instead of depositing the whole amount, i.e. Rs. 1,130.826 million to NH&MP, NHA transferred less amount of Rs. 168.188 million to NH&MP.

Audit is of the view that due to non-transfer of full amount of share the government was deprived of its due share of receipt.

The management replied that an amount of Rs. 168.188 million was incurred on construction projects of NH&MP by NHA. The amount was adjusted from the share of NH&MP out of fine money by NHA.

The reply was not acceptable because expenditure on construction projects was not a valid charge to the Fund.

The DAC meeting was held on 01.08.2018. The DAC was of the view that construction of training school is not a valid charge to the Fund. Neither NH&MP nor NHA were allowed to make expenditure from the Fund.

Audit recommends that recovery of unrealized amount of fine money of Rs. 168.188 million may be made effective under intimation to audit.

6.4.5 Irregular and unauthorized expenditure on hiring of bachelor accommodation - Rs. 1.500 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of National Highways & Motorway Police (NH&MP), Headquarter, Islamabad hired House No.16, Street No.05, Sector G-13/3, Islamabad for bachelor accommodation and paid an amount of Rs. 1.500 million as rent from 01.05.2017 to 30.04.2018.

Audit observed as under:

i. The house was hired without open competition

ii. The building was hired on higher rates without obtaining the approval of Finance Division.

Audit is of the view that hiring of house as bachelor accommodation without open competition and without the approval of Finance Division was irregular.

The management replied that free bachelor accommodation was approved for NH&MP employees as per summary of Raising Motorway Police dated 15.04.2017 approved by the Prime Minister.

The reply was not acceptable because the house was hired on higher rates and in non-transparent manner.

The DAC in its meeting held on 01.08.2018 pended the para for submission of revised reply in the next DAC meeting.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 7

7. ELECTION COMMISSION OF PAKISTAN

7.1 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.

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Election Commission for the financial year 2017-18 was Rs. 8,998.846 million including Supplementary Grant of Rs. 6,650.569 million out of which the Commission utilized Rs. 8,806.861 million. Grant-wise detail of expenditure is as under:

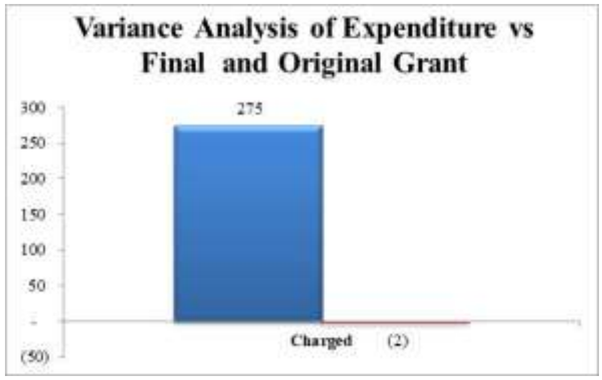
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
J	Charged	2,348,286,000	6,650,560,000	8,998,846,000	8,806,861,550	(191,984,450)	(2)

Audit noted that there was an overall savings of Rs.191.984 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. 6,650.560 million were obtained, which was 283% 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 was 2%.



7.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Election Commission of Pakistan	1990-91	1	1	1	0	0
	1991-92	1	1	1	0	0
	1994-95	1	1	1	0	0
	1996-97	2	2	0	0	2
	2003-04	6	6	4	0	2
	2005-06	3	3	0	0	3
Total		**14**	**14**	**7**	0	**7**

7.4 AUDIT PARAS

Irregularity & Non Compliance

7.4.1 Mis-procurement of Transparent Ballot Boxes amounting to Rs. 257.248 million for GE-2018 and loss of – Rs. 28.920 million

PPRA Rule 35 states that Procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

PPRA Rule 36(viii) states that after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically nonresponsive shall be returned un-opened to the respective bidders.

Rule 36 (ix) states that the bid found lowest evaluated shall be accepted.

The management of Election Commission of Pakistan purchased transparent ballot boxes from M/s Arian International at the cost of Rs. 257.248 million.

Audit observed as under:

i. Tender was invited on single stage two envelops procedure whereas evaluation criteria was made on single stage two envelop procedure.

ii. According to single stage two envelop procedure, the lowest financial bid out of the technical responsive firms was required to be accepted.

iii. The financial bid of M/s AFT Alfarooq was Rs. 228.328 million whereas the contract was awarded to M/s Arian International at Rs. 257.248 million which resulted in loss of Rs. 28.920 million.

Audit is of the view that the procurement procedure as required in PPRA Rules was violated and undue favor was given to the supplier.

The management replied that the procurement was made in accordance with the provisions of procurement rules.

The DAC in its meeting held on 20.12.2018 directed that matter may be inquired to determine the violation of rules and procedure.

Audit recommends that the decision of DAC may be implemented.

7.4.2 Wasteful expenditure on procurement of election material for GE-2018 - Rs. 366.827 million

Para 145 of GFR Volume-I states that the purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities.

Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

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

The management of Election Commission of Pakistan procured election material including Transparent Ballot Boxes and Foldable Screened off Compartments of Rs. 788.539 million for General Election – 2018 during the period under audit. Detail of procurement is as under;

Name of Items	**Quantity Procured**	**Rate /Item**	**Total Amount (Rs.)**
Transparent Ballot Boxes	202,239	Rs. 1,272	257,248,008
Foldable Screened Off Compartments	354,430	Rs. 1,499	531,290,570
		Total	**788,538,578**

Audit observed as under:

i. Against shortfall of 87,077 transparent ballot boxes the management procured 202,239 which resulted excess purchase of 115,162 boxes and incurred a loss of Rs. 146.486 million.

ii. Similarly, against shortfall of 207,478 Foldable Screened Off Compartments, the management procured 354,430 which resulted in excess purchase of 146,952 screens and sustained a loss of Rs. 220.341 million.

Audit is of the view that procurement of additional Election material in excess of requirement has resulted in loss of Rs. 366.827 million to government.

The management replied that the procurement was made according to need and following the provisions of procurement rules.

The DAC in its meeting held on 20.12.2018 directed that matter may be inquired to determine the violation of rules and procedure.

Audit recommends that the decision of DAC may be implemented.

7.4.3 Non-depositing of shares of ECP into government treasury realized through cellular mobile phone companies and loss to state - Rs. 108.166 million

Clause 10 of agreement dated 07.03.2012 between ECP, National Database & Registration Authority (NADRA) and cellular mobile phone companies states that cellular mobile phone companies will pay to ECP and NADRA their agreed share of the revenue generated from the SMS Services (8300) on monthly basis. Cellular Mobile Phone Companies shall charge Rs. 2.00 plus taxes from the subscribers for each SMS. This receipt shall be shared equally between the three parties.

The management of Election Commission of Pakistan (ECP) in its meeting dated 30.11.2011 decided that SMS charges (8300) for public to check their voting details be fixed at Rs. 2.00 per SMS. The Commission directed that a proper contract in this regard will be signed between the three parties involved in the provision of SMS service to the voters for a period of one-year which will be extendable with the concurrence of the parties i.e. ECP, NADRA and Cellular Companies. In the meanwhile, DG (IT) will initiate the process for procurement of requisite equipment’s for launching SMS service by the ECP itself.

Audit observed as under:

i. Data provided by NADRA revealed that approximately 162,248,794 hits were made by voters to check the detail of their votes. The cost of which comes to Rs. 324,497,588 @ Rs. 2.00 per hit. 1/3rd share of Election Commission of Pakistan comes to Rs. 108.166 million.

ii. Cellular Mobile Phone Companies did not pay the share of the ECP from the revenue generated from SMS Service. Instead of depositing the share of ECP into the Government treasury, ECP’s share was transferred to NADRA by mobile companies which were laying with NADRA for the last seven years. The detail of revenue generated by Cellular Mobile Phone Companies and share of ECP was not available on record.

iii. ECP management did not take any step to reconcile its share with cellular mobile phone companies or NADRA in spite of the purchase of database.

iv. Database of this service has already been purchased by ECP but share is still going to NADRA.

Audit is of the view that non-receipt of ECP share deprived the Government of its due receipt.

The DAC in its meeting held on 20.12.2018 directed that the amount already deposited may get verified by Audit and efforts should be made to receive the outstanding amount.

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

7.4.4 Non-provision of audited statements /vouched accounts of funds re-appropriated to provinces for payment to ROs/DRO, for GE-2018 – Rs. 533.025 million.

Para 12 of GFR Vol-1 states that 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.

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

Management of the Election Commission of Pakistan, Islamabad released funds to provinces for payments to ROs and DROs during 2017-18 for General Elections-2018. Details are as under:

S.No.	Province	No. of DROs/ROs	No. of Polling Stations	Amount Rs.
1	Punjab	478	48,610	291,806,000
2	Sindh	218	19,163	118,051,000
3	KPK	183	14,373	90,531,000
4	Baluchistan	101	4,467	32,637,000
	Total	**980**	**86,613**	**533,025,000**

Audit observed that the management did not obtain the adjustment accounts from the concerned DRO/RO.

Audit is of the view that non obtaining of adjustment accounts was irregular.

The DAC in its meeting held on 20.12.2018 directed to get the adjustment accounts from ROs/DROs and provided to Audit for verification.

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

7.4.5 Un-authorized payment of honorarium - Rs. 10.160 million

Ministry of Finance O.M No F 2(9) R-3/85 dated 18th March, 1987 states that a competent authority may sanction the grant of the honorarium from the general revenues to a Government servant for doing certain work, provided that the following conditions are fulfilled

(i) The work is occasional in character;

(ii) Is so laborious or of such special merit as to justify special award;

(iii) The competent authority has given prior consent to the undertaking of work; and

(iv) The amount of honorarium has been settled in advance.

(v) The temporary increase in the work of a Government servant is not a valid justification for grant of honorarium to him. The temporary increase in work arc normal incidents of Government service and form part of legitimate duties of Government servants according to general principle enunciated in F. R.11 and as such have no claim to extra remuneration.

Rule 28(2) of FTR Volume-I states that a Government Officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Accountant General and of the Audit Officer concerned. He shall also be responsible for seeing that payments are made to persons entitled to receive them.

The management of ECP paid an amount of Rs. 10.161 million on account of honorarium to the employees out of ECP Budget during the year 2017-2018 on the special occasion of Eid-Ul-Fitar as well for clearance of bills and cooperation on different occasion.

Audit observed as under:

i. Employees belonged to other offices like AGPR, Finance including FA/DFA, PWD, NTC, AGPR, Private Security Guards, Frontier Constabulary and Police were not entitled for the honorarium out of ECP Budget. The entire amount was drawn and paid through DDO in violation of rules.

ii. Rs. 1.875 million were arranged on the special occasion of Eid-Ul-Azha from the provision “Payment to Others for Services Rendered” without framing and observing of prescribed conditions.

iii. Voucher of an amount of Rs. 4.275 million under the Head-Honorarium is not available with the management.

iv. The entire amount of honorarium/Diet charges was drawn in cash in favour of DDO and acknowledgement/receiving is not enclosed with the bill. No Income tax was deducted.

Audit is of the view that employees of other offices were drawing salaries from their authorized grants and were working in their own establishments/offices and they were not entitled for grant of honorarium from an office other than their own. Similarly funds provided under head “Payment to Others for Services Rendered” not meant for honorarium and diet charges.

Thus the payment of honorarium/diet charges to the employees of other departments who were not on the payroll of the ECP was irregular and unauthorized.

The DAC meeting in its meeting held on 20.12.2018 directed to regularize the expenditure.

Audit recommends that matter may be inquired and paid amount may be recovered besides discontinuing the practice.

7.4.6 Un-authorized expenditure on entertainment - Rs. 9.890 million

Para 4 (ii) of Finance Division letter No. F.3 (12)-R12/75 dated 29.04.1976 states that the essential conditions governing the expenditure from Public Funds and Standards of financial propriety as contained in paras 9 and 10 of GFR Volume-I should be duly observed. In this connection attention is also invited to Articles 71 & 84 to 86 of Audit Code.

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

Section 21 of Public Procurement Regulatory Authority Ordinance, 2002 states that the Authority may, for reasons to be recorded in writing, recommend to the Federal Government that the procurement of an object or class of objects in the national interest be exempted from the operation of this Ordinance or any rule or regulation made there under or any other law regulating public procurement and the Federal Government on such recommendations shall exempt the aforesaid objects or class of objects from the operation of the laws and rules and regulations made there under.

The Election Commission of Pakistan incurred an expenditure of Rs. 9.890 million on entertainment, Gifts, Conference, Seminars, Symposia, etc. during 2017-18.

Audit observed as under:

i. The Election Commission did not obtain exemption from PPRA in terms of Section 21 of PPRA Ordinance.
ii. The details of conferences, seminars organized were not available in the record.
iii. Lists regarding number of participant were not available with the bills.

Audit is of the view that in the absence of list of participants, authenticity of the expenditures could not be ascertained and expenditures on entertainment without fulfilling the codal formalities were irregular and unauthorized.

The DAC in its meeting held on 20.12.2018 directed the management to reconcile the expenditure and record may got verified from Audit.

Audit recommends that irregularity may be condoned from competent authority and responsibility may be fixed at the concerned persons.

7.4.7 Irregular expenditure on account of diet charges/extra duty allowance - Rs. 38.676 million

Para 9 (e) of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that financial sanctions relating to service rules and regulations which are accorded with the concurrence of the Finance Division (Regulations Wing) will be endorsed to audit through that Wing and not through the Deputy Financial Adviser of the Ministries/Divisions.

Rule 12 (1) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, or their statutory rights and privileges, which have financial implications.

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

The management of Election Commission of Pakistan incurred an expenditure of Rs. 38.676 million as diet charges to officers/officials with the number of days on which they sit late in the office to perform official duties.

Audit observed that the expenditure was incurred without the approval of the Finance Division.

Audit also observed that the expenditure was booked under the head extra duty allowance instead of diet charges.

The DAC in its meeting held on 20.12.2018 directed to regularize the expenditure from Finance Division.

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

7.4.8 Overpayment of transportation charges - Rs. 7.775 million

Para 10 of GFR Volume-I states that every Government officer shall exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The Election Commission of Pakistan released an amount of Rs. 433.065 million as Transportation Charges to Provinces for 86,613 Polling Stations @ Rs. 5,000 per Polling Station during General Election 2018.

Audit observed that the actual Polling Stations finalized for General Election 2018 were 85,058 which resulted in overpayment of Rs. 7.775 million on account of Transportation Charges.

Audit is of the view that excess payments were made to the Provinces.

The DAC in its meeting held on 20.12.2018 directed that matter may be inquired to fix the responsibility.

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

7.4.9 Unauthorized payment of Election Allowance @ 20% of running basic pay - Rs. 10.794 million

Rule 12(1) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, or their statutory rights and privileges, which have financial implications.

The management of Election Commission of Pakistan, Islamabad paid Election Allowance @ 20% of the running basic pay to its employee's w.e.f. 01.03.2013.

Audit observed that the Election Allowance @ 20% was approved by the Adviser, Finance Division and conveyed by the Financial Advisor's Organization vide U.O. 5(4)/2007-12-DFA(J)-623 dated 02.04.2013. Further audit observed that expenditure amounting to Rs. 10.794 million was incurred on account of Election Allowance for the period under audit.

Audit is of the view that the allowance was unauthorized, as it was neither approved by the Prime Minister nor endorsed by the Regulations Wing of the Finance Division.

The DAC in its meeting held on 20.12.2018 directed that the matter is subjudice and outcome will be shared with Audit as and when the case is decided.

Audit recommends that matter may be referred to Finance Division for regularization besides recovery of un-authorized payment.

7.4.10 Un-authorized expenditure on purchase of miscellaneous items - Rs. 14.588 million

Rule 2 (j) of Public Procurement Rules, 2004 states that "repeat orders" means procurement of the same commodity from the same source without competition and includes enhancement of contracts.

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 9 of Public Procurement Rules, 2004 states that, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

The management of Election Commission of Pakistan, Islamabad incurred an expenditure of Rs. 14.588 million on purchase of miscellaneous items during 2017-18.

Audit observed as under:

i. Purchases were made from the same vendor without open competition.

ii. Purchase and work orders of Rs. 3.816 million were split up just to avoid the necessity of open tenders.

iii. Some invoices / bills / quotations of the suppliers were without a date which shows that the bills are fictitious, therefore payment made to the supplier is held dubious.

Audit is of the view that purchase of miscellaneous items without open competition and in non-transparent manner was irregular.

The DAC in its meeting held on 20.12.2018 directed that matter may be inquired to fix the responsibility.

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

CHAPTER 8

8. ESTABLISHMENT DIVISION

8.1 Introduction

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;

   (ii) Promotion;

   (iii) Verification of character and antecedents;

   (iv) Conduct and discipline; and

   (v) 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 there under.

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.

8.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Establishment Division for the financial year 2017-18 was Rs. 4,731.997 million including Supplementary Grant of Rs.

411.613 million out of which the Division utilized Rs. 4,602.652 million. Grant-wise detail of current and development expenditure is as under:

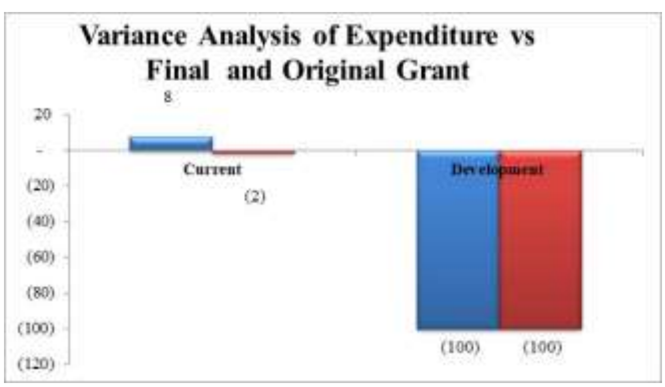
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
9	Current	2,277,985,000	348,979,000	2,626,964,000	2,547,029,453	(79,934,547)	(3)
11	Current	1,993,045,000	62,634,000	2,055,679,000	2,055,623,421	(55,579)	(0)
	Subtotal	**4,271,030,000**	**411,613,000**	**4,682,643,000**	**4,602,652,874**	**(79,990,126)**	**(2)**
109	**Development**	49,354,000	-	49,354,000	-	(49,354,000)	(100)
	Total	**4,320,384,000**	**411,613,000**	**4,731,997,000**	**4,602,652,874**	**(129,344,126)**	**(3)**

Audit noted that there was an overall saving of Rs. 129.344 million in current and development expenditure.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, excess in current expenditure was 8%, which, after accounting for Supplementary Grants changed to savings of 2% where as 100% savings in development expenditure was noted.



8.3 Status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Establishment Division	1989-90	1	1	0	0	1
	1990-91	1	1	0	0	1

	1992-93	2	2	1	0	1
	1994-95	2	2	2	0	0
	1995-96	3	3	2	0	1
	1998-99	81	81	44	0	37
	2000-01	14	14	0	0	14
	2003-04	3	3	1	0	2
	2005-06	2	2	0	0	2
	2008-09	2	2	0	0	2
	2009-10	1	1	1	0	0
	Total	**112**	**112**	**51**	0	**61**

8.4 AUDIT PARAS

Irregularity & Non Compliance

8.4.1 Slow progress, time & cost overrun of the project - Rs.7,945.134 million

Para 192 of GFR Vol -1 states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

Para 2.8 of Guidelines for Project Management provides that project executing and sponsoring agencies should be responsible for monitoring of progress reports and computerize all information under Project Monitoring and Evaluation System (PMES) already developed by the Projects Wing. MIS should be set up by each sponsoring agency in line with requirement of PMES.

The management of Federal Employees Benevolent Fund and Group Insurance Fund plan to construct a multipurpose building in Blue Area, Islamabad. For this purpose PC-I was approved by the Development Working Party of FEB & GIF vide Notification No. F.No.5/1/2013-Admn-III dated

04.02.2013 with a cost of Rs. 5,604.015 million with a completion period of three years.

A revised PC-I was prepared and approved by the management vide letter No.10/49/BF-Tower/2014-15 dated 23.06.2016 with the revised cost of Rs.7,945.134 million with the extention of time limit for further three years.

Audit observed as under:

i. The work was executed without departmental regulations for civil works.
ii. Due to revision of PC-I the cost of the project increased by Rs. 2,341.119 million.
iii. No progress was shown on ground before revision of the PC-I.
iv. Project was not completed in time limit as provided in PC-I due to which project is time over run and cost over run also.

Audit is of the view that despite availability of funds and resources the management failed to complete the project in prescribed time frame which resulted in cost overrun of Rs. 2,341.119 million.

Audit is also of the view that the additional cost could have been utilized for the welfare of the federal government employees.

The management replied that Pre-award and pre-commencement prescribed codal formalities of Planning Commission (PC), Pakistan Engineering Council (PEC) and local regulators took considerable time in its fulfillment; however, the contract agreement has been signed with the constructor M/S CTRG-MATRACON JV on 25.9.2017. The Engineer of the project has also issued letter of commencement on 28.9.2017. The work at site will be started within fortnight.

The reply was not acceptable because the work was not started despite lapse of four years.

The DAC in its meeting held on 27.12.2018 directed for a fact finding inquiry to fix responsibility.

Audit recommends fixing the responsibility of delay of construction work.

8.4.2 Non Approval of FEB&GIF Employees Service Rules, 2011 by the Federal Government

Section 23 of the Federal Employees Benevolent and Group Insurance Funds Act, 1969 states that the Federal Government may make rules for the purpose of giving effect to all or any of the provision of the Act.

The Secretary, Establishment Division vide using the powers given in Section 23 of Federal Government Benevolent Fund and Group Insurance Act, 1969 issued SRO No. III(K)/71 dated 23.09.1971 containing the Rules applicable to the Federal Employees Benevolent and Group Insurance Fund (FEB&GIF).

Section 2 of the Rules made under SRO No. III(K)/71 dated 23.09.1971 states that the rules and order of the Central Government relating to allowances and other concessions shall apply to the employees of the Board as they apply to the employees of the Central Government.

The management of the FEB&GIF notified the Federal Employees Benevolent and Group Insurance Fund (Employees Service) Rules, 2011 vide SRO No. 454(I)/2011 dated 23.5.2011 with the approval of the Board.

Audit observed that the rules were notified without the approval of the Federal Government.

Audit is of the view that issuance of FEB&GIF (Employees Service) Rules, 2011 without the approval of the Federal Government was irregular and unauthorized.

The management replied that the draft FEB&GIF (Employees Service) Rules, 2011 were forwarded to the Establishment Division for approval of the Federal Government vide U.O. Note dated 10.7.2014.

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

The DAC in its meeting held on 27.12.2018 directed the management to expedite the finalization of the rules from the relevant forum.

Audit recommends that the decision of DAC may be implemented.

8.4.3 Less recovery of Group Insurance from Ministry of Finance - Rs. 5,019.14 million

Para 26 of GFR Volume 1 states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipt, it is the duty of the departmental controlling officers to see that all sums due to Government are regularity & promptly assessed, realized & duly credited in the public accounts.

The management of Federal Employees & Benevolent of Group Insurance Fund Islamabad submitted budget estimates of Rs. 6,739.28 million during 2014-18 as government contribution towards Group Insurance Fund in respect of BPS-1 to BPS-15 to Ministry of Finance.

Audit observed that Finance Division only contributed Rs. 1,720.40 million towards Group Insurance Fund in respect of BPS-1 to BPS-15.

Audit is of the view that due to non-contribution of full amount the Fund was deprived of Rs. 5,019.14 million by its due shares of receipt.

The management replied that FEB&GIF is vigorously pursuing the matter and at present the case for release of outstanding contribution is under active consideration of Finance Division.

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

The DAC in its meeting held on 27.12.2018 directed the management to move a summary to the Prime Minister for resolution of the matter.

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

8.4.4 *Loss due to non-recovery of interest on term finance certificates Rs. 1,133.83 million*

Section 7(I) of the Federal Benevolent Fund & Group Insurance Act, 1969 (Amended up to Dec 2010) states that Board shall have the power to invest money held in the Benevolent Fund in government securities & units of investment corporation of Pakistan or National Investment Trust, in the construction of building for purpose of raising rent income & another profitable ventures the plans where of having been previously approved by the Federal Government.

The management of FEB&GIF Islamabad had an investment of Rs. 1,735.76 million in TFCs during year 2016-17.

Audit observed that an amount of Rs. 1,133.83 million, as profit on these investments, is still outstanding up to 30.06.2016. Details are as under:

(Rs. million)

S.No.	TFC	Profit outstanding up to 30.6.2017
1.	Agri Tech Limited	738.72
2.	Agri Tech Limited (new)	161.29
3.	Azgard Nine Limited	48.00
4.	Azgard Nine Limited New	53.75
5.	PAEC (Pak) Limited	101.08
6.	World Call Telecom Limited	30.99
	Total	**1,133.83**

Audit is of the view that non recovery of profit from the companies resulted in loss to the Fund.

The management replied that FEB & GIF invested in non-government securities i.e. TFCs since 2006. An amount of Rs. 24 million was recovered. On the request of the board of trustees, NAB's investigation is in process. The PAC in its meeting held on 24.5.2016 also directed the NAB to finalize the inquiry and update the Committee in its next meeting.

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

The DAC in its meeting held on 27.12.2018 directed the management to obtain the latest status of the case from NAB.

Audit recommended that the directives of PAC may be implemented.

8.4.5 Non recovery of outstanding dues from occupants - Rs. 8.862 million

Rule 8 of Staff Welfare Organization, Hostel Accommodation Rules, 2012 states that the rent and charges shall be paid in advance by the allottees regularly on or before the 10th day of each month. All dues including losses and damages shall be cleared within a week failing which the adjustment will be made against the security or from the salary of the allottee at source though the department which disburses salary to her and the allotment shall stand automatically cancelled and the defaulter shall not be eligible for the allotment in future.

The management of Staff Welfare Organization, allotted its hostel to working women at G-7/1, Islamabad and an amount of Rs. 8.862 million was outstanding against the allottees of hostel as on 30.06.2018.

Audit observed that the management failed to take action against the defaulters in accordance with the rules.

Audit is of the view that outstanding amount against the allottees is not only failure of the management to implement the hostel rules but resulted in loss to Government.

The management replied that the recoveries were being made and Rs. 2.3 million had been recovered so far. Due to litigation and other related issues recovery was on the lower side.

The reply of the management is not acceptable as no documentary evidence / supporting documents were provided to Audit.

The DAC in its meeting held on 27.12.2018 directed the management to write to the parent departments and AGPR to make recoveries from allottees. The DAC also directed to give a deadline to the allottees to clear their dues otherwise the process of eviction will be initiated.

Audit recommends that the decision of DAC may be implemented.

8.4.6 Unauthorized opening of bank accounts and retention of – Rs. 5.262 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

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

The management of Staff Welfare Organization, Islamabad was maintaining the following bank accounts at National Bank of Pakistan:

(Rupees)

Sl. No.	Account No.	Account title	Balance
1.	4018032449	Coaster of Community Centre G-9/2	4,932,678
2.	4144944805	Community Centre SWO Abpara	329,720
		Total	**5,262,398**

Audit observed that the bank accounts were opened without obtaining the approval of the Finance Division.

Audit is of the view that opening of bank accounts without the approval of Finance Division unauthorized.

The management replied that the depositing of revenue receipt in National Bank of Pakistan in accordance with the rules duly approved by Finance Division.

The reply of the management is not acceptable because the management did not provide the approval of Finance Division.

The DAC in its meeting held on 27.12.2018. The management apprised the DAC that approval of Finance Division was obtained before opening of this account, which will be shared with Audit. The DAC directed the management to produce the relevant record to Audit.

Audit recommends that the decision of DAC may be implemented.

CHAPTER 9

9. FEDERALLY ADMINISTERED TRIBAL AREAS (FATA) SECRETARIAT

9.1 Introduction

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.

9.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federally Administered Tribal Areas (FATA) for the financial year 2017-18 was Rs. 68,075.030 million including Supplementary Grant of Rs. 19,315.746 million against which the FATA Secretariat utilized Rs. 65,865.257 million. Grant-wise detail of current and development expenditure is as under:

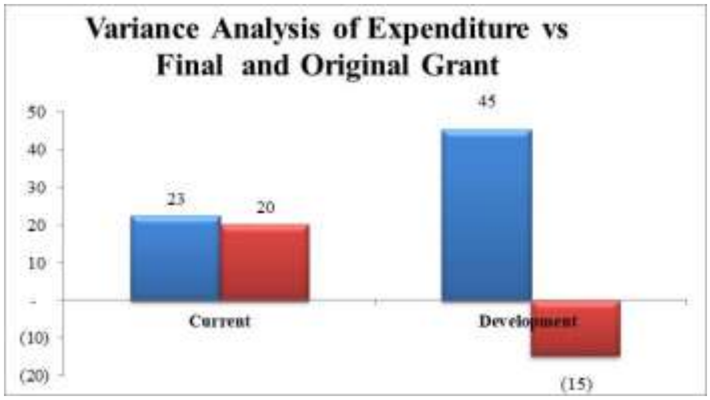
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
99	Current	21,859,284,000	425,006,000	22,284,290,000	26,781,525,481	4,497,235,481	20
138	Development	26,900,000,000	13,890,740,000	40,790,740,000	34,514,852,419	(6,275,887,581)	(15)
138A	Development	1	5,000,000,000	5,000,000,000	4,568,880,000	(431,120,000)	(9)
	Sub-Total	26,900,000,001	18,890,740,000	45,790,740,000	39,083,732,419	(6,707,007,581)	(15)
	Total	**48,759,284,001**	**19,315,746,000**	**68,075,030,000**	**65,865,257,900**	**(2,209,772,100)**	(3)

Audit noted that there was overall savings of Rs. 2,209.772 million in current and development expenditure.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, excess in current expenditure was 23%. In development expenditure, excess in original budget was 45% which changed to savings of 15% when Supplementary Grants were taken into account.



9.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
FATA	1989-90	6	6	0	0	6
	1990-91	4	4	1	0	3
	1992-93	8	8	7	0	1
	1993-94	24	24	17	0	7
	1994-95	10	10	10	0	0
	1998-99	1	1	1	0	0
	1999-00	2	2	0	0	2
	2000-01	24	24	0	0	24
	2005-06	12	12	3	0	9
	2006-07	8	8	0	0	8
	2007-08	5	5	1	0	4
	2009-10	5	5	0	0	5
	Total	**109**	**109**	**40**	0	**69**

9.4 AUDIT PARAS

Non Production of Record

9.4.1 Non production of recordof Agency Development Fund

Section 14(2) of Auditor General's (Functions Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer incharge of any office or departments 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.

The management of Political Agent Orakzai was requested to provide record relating to Agency Development Fund vide requisition No. FG(A)/Pesh/PA Orakzai/Audit Requisition/2017-18/02 dated 17.07.2018.

Despite repeated requests the management did not provide the record.

Audit is of the view that non-production of records hindered the auditorial functions of the Auditor General of Pakistan.

The management stated that reply will be submitted after checking of record.

The reply was not tenable.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.2 Non-production of record of funds transferred to 11 Corps – Rs.8.334 million

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

The management of XEN, PHE FATA Division at Peshawar obtained Rs. 8,334,000 for 50 Nos Non-ADP PHE Schemes and transferred the amount to the Headquarter 11-Corps Peshawar by issuing crossed cheque No.152,762/AO1528, dated 15.06.2017 vide voucher No.73-K, dated 15.06.2017.

Audit observed that funds were booked as expenditure against which adjustment accounts, PC-Is, Progress Reports, monthly vouchers, measurement books, contract agreements were not produced to Audit.

Audit is of the view that non production of record was violation of the Section 14(3) of AGP's Ordinance, 2001.

The management replied that the work was executed by the Pakistan Army and they will be approached for production of record.

The reply is not acceptable because the record of expenditure not produced.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that relevant record may be produced for Audit scrutiny

Irregularity and Non Compliance

9.4.3 Irregular expenditure in absence of Technical Sanctions of Estimates - Rs. 426.007 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data

The management of Buildings Division, Miranshah awarded contracts of 26 schemes and incurred expenditure of Rs. 426.007 million during 2016-17.

Audit observed that the management incurred expenditure without technical sanctions of competent authority before commencement of works.

Audit is of the view that commencement of work and incurrence of expenditure without sanctions of detailed estimates was irregular and unjustified.

The management replied that technical sanctions have been obtained and same will be shown to audit.

The reply is not acceptable because the technical sanctions have not been produced to audit.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that documentary evidence may be produced.

9.4.4 Irregular transfer of funds for execution of works by 11 Corps – Rs.2,503.927 million

Para 207(3) of GFR Volume-I states that the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized/spent for the purpose for which it was provided.

The management of Building Division Miranshah NWA transferred an amount of Rs. 2,503.927 million to the Headquarters 11-Corps Peshawar for execution of 33 civil works (Non-ADP) during 2016-17.

Audit observed that funds were booked as expenditure against which utilization record, progress reports, monthly vouchers, measurement books, contract agreements were not produced for audit.

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

The management replied that the estimates for all the works were administratively approved by the Secretary Administration, Infrastructure & Coordination (AI&C), FATA Secretariat with the direction that the work will be executed by the Pakistan Army. Funds released to this office were transferred to HQ 11 Corps Peshawar accordingly.

The reply is not acceptable as the execution of work comes under purview of XEN Miranshah NWA. Booking of expenditure without production of record of expenditure is also not acceptable.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that utilization report of funds may be produced.

9.4.5 Incurrence of expenditure without Technical Sanctions -Rs. 2352.964 million

Para 56 of CPWD Code states that a properly detailed estimates must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

The management of Building Division, Bajaur Agency awarded contracts of 31 schemes against which an expenditure of Rs. 2,352.964 million was incurred.

Audit observed that the contracts were awarded and expenditure incurred without obtaining technical sanction of estimates before commencement of works and incurrence of expenditure.

Audit is of the view that in the absence of Technical Sanction of Estimates the accuracy of the cost estimates could not be ascertained.

Management replied that number of the schemes were technically sanctioned by the competent authorities but not entered in the progress report erroneously. Whereas the remaining estimates of the projects are submitted to Chief Engineer FATA Works & Services department Peshawar & SE C&W Northern Circle for technical sanctions accordingly. As and when technical sanctions are accorded, these will be produced to audit.

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

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be investigated and responsibility be fixed besides obtaining technical sanctions under intimation to Audit.

9.4.6 Irregular award of works - Rs. 275.359 million

Rule 22(1) of Public Procuremnet Rules, 2004 states that the bids shall be submitted in a sealed package or packages in such manner that the contents are fully enclosed and cannot be known until duly opened.

Rule 46 (1) of Public Procuremnet Rules, 2004 states that all procuring agencies shall maintain a record of their respective procurement proceedings along with all associated documentation for a minimum period of five years.

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

The management of C&W FATA Division FR Kohat/Peshawar awarded contracts in both the FRs valuing Rs. 275.359 during the years 2014-15 to 2016-17.

Audit observed that technical and financial proposals, bid opening record containing envelopes, attendance sheets, etc. was not produced and it was stated that the tender forms were not collected in sealed envelopes.

Audit is of the view that collection of tender forms openly by hand and in the absence of documentation record of procurement the management mis-procured works for Rs. 275.359 million.

The management stated that the reply will be submitted after checking of record.

The observation statement was issued to the management on 14.06.2018 and even after a lapse of more than a month; the management could not scrutinize the record and finalize the reply which indicates that the observation was accepted.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.7 Irregular grant of ex-post facto technical sanctions for Rs.19.000 million & un-authorized incurrence of expenditure - Rs.4.783 million

Para 56 of CPWD Code states that properly detailed estimates must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

The management of C&W FATA Division FR Kohat/Peshawar awarded the work ADP No 414/150230 Construction of causeways in FR Kohat.

Audit observed that the scheme ADP No 414/150230 Construction of causeways in FR Kohat was commenced on 18.03.2016 but executed without obtaining technical sanction of estimates before commencement of works and ex-post facto technical sanctions was obtained on 02.03.2017 after one year of the commencement.

Audit is of the view that the whole process of the preparation of PC-I, PC-II, open tender system, award of the contracts of the scheme was jeopardized and management incurred Rs. 4.783 without authentic cost estimates against the spirit of Para 56 of CPWD. The management had no power to sanction detailed cost estimates at a later stage.

The management replied that detail reply would be given after scrutiny of the available record.

The observation statement was issued to the management on 14.06.2018 and after a lapse of more than 6 month; the management could not scrutinize the record and finalize the reply which is indicates that the observation was accepted.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that irregularity may be got condoned from the competent authority.

9.4.8 Loss to the government due to non-deduction of Income Tax - Rs. 1.092 million

Section 153 of Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the sale of goods shall at the time of making the payment, deduct tax from the gross amount payable at the rate of 4.5%.

FBR Circular No. 1(13)w/2007 dated 30.04.2011 states that contractors who are resident of PATA/FATA and are executing contract in Tribal Area, but receiving payment in settled area, are not exempted from tax deduction under Section 153 of the Income Tax Ordinance, 2001.

The management of the C&W FATA Division FR Peshawar/Kohat awarded the work ADP No 44/150292 Completion of balance work up gradation of GHSS Sama Badabera to degree college in FR Peshawar to M/S Taj & Co and a total amount of Rs. 14.572 million was paid up to 6th running bill vide Voucher No 17-FR dated 19.06.2017.

Audit observed that the business address of the contractor as per Pakistan Engineering Council registration No. 11907 dated 31.12.2016 was Corner office 1st floor, Zeb Plaza, Tehkal Payan, University Road, Peshawar which shows that the contractor was residing in the settled area. The management did not deduct income tax of Rs. 1.092 million from the payment of the contractor in violation of FBR Circular No. 1(13)w/2007 dated 30.04.2011.

Audit is of the view that the contractor was extended undue favor which resulted loss of Rs. 1.092 million.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Rs. 1.092 million may be recovered from the contractor.

9.4.9 Non transparent tendering process and award of work - Rs. 49.156 million

The work ADP No 44/150292 "Completion of balance work of up gradation of GHSS Sama Badabera to Degree College with an estimated cost of Rs. 49.156 million was advertised in the daily Aaj on 02.03.2016 with giving opening first date as 15.03.2016 and 2nd date as 17.03.2016.

Audit observed that:

i. Eight bidders participated out of which M/S Shah Engineering quoted the lowest rate, i.e. 9.99% below the estimated cost.

ii. One M/S Taj & Co of Peshawar quoted a rate of 9% below of the estimated cost but his rates were manipulated to 9.99% below to make him at par with the lowest bidder.

iii. The work was awarded to M/S Taj & Co on toss basis as stated on the comparative statement.

iv. An affidavit of the lowest two bidders M/S Shah Engineering and M/s Taj & Co was available on record for no objection on toss, but the signatures of M/S Shah Engineering do not match the signature on the tender forms.

v. The award of work was made to M/S Taj and Co but till date of audit his contract agreement was not approved by the competent authority.

vi. The original record of the tender process was not available and was stated to be involved in an enquiry made at Chief engineer level but no related documents were provided to audit.

vii. The tenders were obtained from contractors unsealed.

Audit is of the view that the whole process of the tendering and award of work was non-transparent and the work was awarded to the contractor of choice.

The management replied that detail reply would be given after scrutiny of the available record.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.10 Mis-procurement - Rs. 111.248 million

Rule 38 of Public Procuremnet Rules, 2004 states that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

The management of C&W FATA Division FR Peshawar/Kohat under the control of Additional Chief Secretary, FATA awarded civil works contracts to the contractors.

Audit observed that during the bidding processes of following works, all the contractors offered same rates and the management awarded the contracts on toss to one bidder basis.

(Amount in Rupees)

S#	Name of work	No of participants	Same rate of bidders	Successful Contractor	Tender Cost
01	Rehabilitation of main Jawaki road via Chattar village 8 Kms (Km 15-19, 21,22 & 25) & Akhurwal roads via Attarival 4 Kms (Km 01-04) in FR Kohat	09	10% below	Mutalib Khan	41.748
02	Construction of B/T Roads in Frontier Regions FR Peshawar	06	10% below	Said Aman & Brothers	35.992
03	Construction of B/T road in FR Kohat S/H Shpalkiwal road	22	10% below	Khan Amir & Sons	7.976
04	Construction of B/T road in FR Kohat S/H Gul Badshah Killi road	23	10% below	Sarander Khan	7.738
05	Construction of B/T road in FR Kohat S/H Sara Mela road	22	10% below	Mutalib Khan	12.131
06	Construction of Addll nclass rooms/ Removal of deficiency/Solarization in FR Kohat S/H Reh: of GHS Ara	09	10% below by 03 men	Mutalib Khan	5.663
	Total Tender cost in million Rs.				**111.248**

Audit is of the view that award of work on toss basis was irregular and mis-procurement as each of the same rate bidders was also lowest bidder and was eligible for award of contract. Further, award of work on toss basis was not provided in the PPR.

The management replied that detail reply would be given after scrutiny of the available record.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.11 Irregular expenditure without Technical Sanctions - Rs. 81.241 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

The management of XEN C&W Division, F.R. Peshawar / F.R. Kohat awarded contracts of 11 schemes against which expenditure of Rs. 81.241 million was incurred during the year 2015-16.

Audit observed that the expenditure was incurred without obtaining technical sanction of estimates before commencement of works and incurrence of expenditure.

Audit is of the view that in the absence of Technical Sanction of Estimates the accuracy of the cost estimates could not be ascertained and the work was left on the mercy of contractor.

The management replied that detail reply would be given after scrutiny of the available record.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.12 Irregular expenditure due to late obtaining of Technical Sanctions - Rs. 25.000 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

The management of XEN C&W Division, F.R. Peshawar / F.R. Kohat awarded contracts of 02 schemes against which expenditure of Rs. 25.000 million was incurred during the year 2015-16.

Audit observed that the management commenced work first and incurred expenditure and the TS obtained after completion of work or at a lateral stage instead of before commencement of works.

Audit is of the view that in the absence of Technical Sanction of Estimates the accuracy of the cost estimates could not be ascertained.

The management replied that detail reply would be given after scrutiny of the available record.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.13 Irregular grant of ex-post facto technical sanctions & un-authorized incurrence of expenditure - Rs.152.708 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the

Technical Sanction to the Estimate and must be obtained before the commencement of work. As its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data.

The management of Public Health Engineering, FATA Division, Peshawar executed 28 water supply schemes and incurred Rs. 152.708 million.

Audit observed that the management failed to obtain technical sanction of estimates before commencement of works.

Audit is of the view that the management incurred expenditure of Rs. 152.708 million without authentic cost estimates against the spirit of Para 56 of CPWD as in the absence of prior technical sanctions of the estimates the entire process of the preparation of PC-I, PC-II, open competitive tender system, award of the contracts for these schemes was jeopardize.

The management replied that as per PHE guide-line, technical sanction of Drinking Water Supply Schemes (DWSS) will be accorded after development of the schemes.

The reply was not acceptable because detailed estimates (TS) were essential before commencement of work. During execution of work if any variation in the scope of work occurs, then there is a set procedure for treatment of such variation.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.14 Loss due to non-deduction of Income Tax - Rs. 4.139 million

Section 153 of Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the sale of goods shall at the time of making the payment, deduct tax from the gross amount payable at the rate of 4.5%.

FBR Circular No. 1(13)w/2007 dated 30.04.2011 states that contractors who are resident of PATA/FATA and are executing contract in Tribal Area, but receiving payment in settled area, are not exempted from tax deduction under Section 153 of the Income Tax Ordinance, 2001.

The management of the PHE FATA Division Peshawar has awarded various works to different contractors with a total cost of Rs. 53.039 million.

Audit observed that the business addresses of the contractors as per Pakistan Engineering Council registration and contractor's enlistment in FATA Secretariat were in settled areas of Khyber Pakhtunkhwa which shows that the contractors were residents of settled area. However as per above provision of the Income Tax Ordinance, no deduction of the income tax was made from their bills which put the government into a loss of Rs.4.139 million as worked out below:

(Rs. in millions)

Name of work	Contractor	Business Address	Cost	Income Tax @ 7.5
Integrated area Dev Program S/H DWSS Qaziano Killi Bagh Tirah Maidan	M/S Khyber Sahara	Office # E-1, Menhaj Royal Tower Warsak Road Peshawar	1.730	0.130
Integrated area Dev Program S/H DWSS Umar Khan Khel Landai Shamshi MDK Maidan	M/S Hamesh Gul & Co	S.S Plaza, shop # 41 Jamrud Road Karkhano Market Peshawar	1.844	0.138
Integrated area Dev Program S/H DWSS Sakhi Pul Area Ghundi	M/S Khyber International	H# 184 St# 34 Sector D-4 Phase-I Hayatabad Peshawar	2.148	0.161
Integrated area Dev Program S/H DWSS Shad Akbar New Bagh Tirah	M/S Khyber Sahara	Office # E-1, Menhaj Royal Tower Warsak Road Peshawar	1.708	0.128
Integrated area Dev Program S/H DWSS Sikandar Khel Ghundi/ Bakarabad	M/S Khyber Sahara	Office # E-1, Menhaj Royal Tower Warsak Road Peshawar	1.884	0.141
Integrated area Dev Program S/H DWSS abad Khel Ghundi/ Bakar Abad	Haji Turab Khan	H#5 near GHS Sufaid Dheri Dora Road Academy Town Peshawar	1.474	0.111
Integrated area Dev Program S/H DWSS Sikandar Khel Ghundi/ Bakarabad	MDK Engineering	Unit# Basharat Market K-6 Phase-3 Hayatabad	1.285	0.096
Integrated area Dev Program S/H DWSS Botan Shareef BQK Tirah	M/S Khyber Sahara	Office # E-1, Menhaj Royal Tower Warsak Road Peshawar	1.710	0.128
Construction of solar based DWSS in Khyber S/H DWSS Pordil Khan Zakha Khel	M/S Sakhi & Co	Pajagi Road Chapariza chowk Peshawar	1.986	0.149
MADP DWSS in Mohmand S/H DWSS at Tehsil Building Prang Ghar	Muhammad Sajjad Khan	Abdul Majeed electric store Shop No 3 Ring Road Peshatakhara Peshawar	4.932	0.370
Installation of solar energy submersible Pumps & solar panels	M/S TSK Engineering International & M/s MAK	Peshawar	32.338	2.587
		Total	**53.039**	**4.139**

Audit is of the view that non recovery of Income Tax deprived the government of its due revenue.

The management replied that all the contractors belong to tribal areas and works executed in tribal area. Hence Income Tax was not deducted from them.

The reply is not acceptable because no documentary evidence was produced in support of reply.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that income tax may be deducted and deposited with the government

9.4.15 Non-transparent procurement of services - Rs. 39.963 million

Para 2.62 of the Pakistan B&R Code 1994 provides that at the advertisement time and place, all tenders received for the same contract should be opened by the Divisional Officer or other officer in person, in the presence of such of the intending contractors or their agents as may choose to attend. The Divisional Head Clerk and Divisional Accountant should also be present when tenders are being opened.

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

The management of PHE FATA Division Peshawar awarded 21 contracts costing Rs.39.963 million for construction & solarization of DWSS in the Khyber, Mohmand and Bajaur Sub Divisions during 2016-17.

Audit observed that the tenders were opened by the Executive Engineer and the Head Clerk only. The Divisional Accounts Officer being financial advisor was excluded from the tender opening process. His signature was also not obtained on the comparative statements for award of the works. The entire process was managed by the XEN and Head Clerk.

Audit is of the view that in absence of the tender opening committee member, the approval and award of the contracts was held as non-transparent.

The management replied that the tenders were opened in presence of all participated contractors, DAO, HC and HD. All the members signed the tender register including Divisional Accounts Officer.

The reply was not acceptable as the DAO was neither member of procurement process nor he signed the comparative statement.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.16 Mis-procurement of works - Rs.24.358 million

Rule 46(1) of Public Procuremnet Rules, 2004 states that all procuring agencies shall maintain a record of their respective procurement proceedings along with all associated documentation for a minimum period of five years.

The management of XEN, PHE FATA Division at Peshawar awarded contracts in the Khyber Agency valuing Rs. 14.041 million and in Mohmand Agency valuing Rs. 10.317 million during 2016-17.

Audit observed that record relating to award of contracts was not available with the management.

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

The management replied that the consultants were hired for designing, evaluation of tender documents (Technical and Financial Bids) supervision and final testing of the solarized schemes. Initially the technical bids were opened by concerned SDO in presence of all participated bidders, Consultant, Head-clerk etc. After evaluation of technical bids, financial bids were opened in presence of the same committee.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.17 Irregular expenditure in absence of Technical Sanction – Rs. 136.325 million

Para 56 of CPWD Code states that work on a Scheme may not be started unless it is Technically Sanctioned by the Competent Authority.

The management of XEN Highway Division Kurram Agency paid Rs. 136.325 million during 2015-17 as per following detail:

S. No.	Name of Work	Name of Contractor	Rs. In million
1	Construction of 06 KMs Shingled road from Dand to Khoidad Khel coal bearing area central Kurram.	M/S Said Builders	42.728
2	Construction of 14 KMs shingle road in soap stone bearing areas in Kurram. SH: Gandow to Talo Soap Stone via Kharwali 6 KMs.	M/S Haji Inayat Khan	93.597
	Total		**136.325**

Audit observed that the schemes were executed without Technical Sanction of Estimates.

Audit is of the view that execution of work without Technical Sanction of Estimates was irregular and unauthorized.

The management replied that technical sanctions have been accorded.

The reply was not acceptable because the work could not be started without Technical Sanction.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fix for the irregularity besides stopping the irregular practice to obtain technical sanction after execution of work.

9.4.18 Loss to Government due to non-imposition of penalty for abandoned work - Rs. 32.163 million

According to Clause-2(A) of the Contractor Agreement, in the event of the contractor refusing to carry out the work or leaving incomplete, at any time of after the commencement of work, the contractor shall pay as compensation an amount equal to 10% or such smaller amount as the Superintending Engineer may decide, on the amount of the estimated cost of the whole work as shown in the tender and the Divisional Office may, by notice in writing, rescinding the contract in which case the whole of the security deposit of the contractor shall stand forfeited and be absolutely at disposal of the government.

The Executive Engineer Highway Division Kurram awarded the work "Construction of shingle road from Yasta to Surmain and Sparekit 5 Km in Kurram Agency" to M/S Jamil Hussain through nomination for execution at an estimated cost of Rs. 38.561 million.

Audit observed as under:

i. The management paid an amount of Rs. 28.307 million to the contractor for the work which was required to be completed up to 13.11.2009.

ii. The contractor abandoned the work as is evident from progress report.

iii. The management neither recovered the amount paid nor initiated legal proceeding against the contractor for incomplete work.

Audit is of the view that the management failed to recover the amount already paid along with compensation resulting in loss of Rs. 32.163 million.

The management replied that inquiry is under process.

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

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount already paid may be recovered along with compensation.

9.4.19 Irregular expenditure in absence of Technical Sanction - Rs. 18.147 million

Para-56 of CPDW Code states that work on a Scheme may not be started unless it is Technically Sanctioned by the Competent Authority.

The management of Highway Division Kurram Agency paid a total amount of Rs. 18.147 million till 2016-17 to contractor M/S Muhammad Javed and Brothers for the execution of the work Rehabilitation of existing BTR in all Agencies SH: Sadda Bazar to Makhezai village vide their 4th R/Bill in voucher No. 07-LK, dated: 20.06.2016.

Audit observed that the schemes were executed without Technical Sanction of Estimates.

Audit is of the view that execution of work without Technical Sanction of Estimates was irregular and unauthorized.

The management replied that technical sanctions will be obtained.

The reply was not acceptable because the work could not be started without Technical Sanction.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fix for the irregularity besides stopping the irregular practice to obtain technical sanction after execution of work.

9.4.20 Non recovery from the contractors - Rs. 76.197 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.

According to the Inquiry Report issued by FATA Secretariat in November, 2015 a total amount of Rs. 76.197 million was recoverable from the following contractors @ 70% of the total amount of the work:

ADP	Name of Work	Name of Contractor	Amount in million
528/ 2013-14	Construction of shingled road from Ghakhai to Dulas Khakhai in CK 4 KMs.	Mohammad Zaman	6.372
526/ 2013-14	Imp & BT of road from Makhrani to Surpakh via Gogani Ph-III=3 KMs.	Zahir Khan	36.912
349/ 2014-15	Imp & BT of road from Makhrani to Surpakh via GoganaiPh-II=10 KMs	Imran Khan	36.891
520/ 2013-14	Imp, Wid: & BT of road from Taudo Obo to Tabai KhaniKhel 12 KMs in Central Kurram.	Sajid Rahman	28.821
		Total	**108.996**
		Recovery 70%	**76.197**

Audit observed that above recovery was not made from the contractors.

Audit is of the view that non-recovery of Rs.76.197 million was loss to government.

The management replied that these schemes are under inquiry with NAB.

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

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.21 Non recovery of excess payment made to contractor- Rs. 24.155 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 XEN Highway Division, Kurram awarded a work for Development of infrastructure in mineral bearing area in FATA SH: construction of shingled road from Daradar to Zora Top (Soap Stone mines) 3.50 KMs in Kurram to M/s Habib Noor AH of Jamil Hussain.

Audit observed that an amount of Rs. 24.155 million was paid to the contractor in excess of the work done as evident from the letter No. 4558/inquiry, dated 28.07.2015.

Audit is of the view that undue favor was extended to the contractor and extra financial burden was put on the national exchequer.

Audit is of the view that the contractor and concerned staff were extended undue favor at government exchequer cost.

The management replied that matter is under investigation of NAB.

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

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.22 Non-credit of Lapsed Deposits – Rs. 48.042 millions

Para-399 (iii) of CPWA code, states that unclaimed securities for more than three complete account years should be credited to Government as lapsed deposits.

Para 26 of GFR Vol-I states that it is the duty of the departmental controlling officer to see that all sums to Government are regularly and promptly assessed, realized and dully credited in the public Account.

The management of XEN Highway Division Kurram under the control of Additional Chief Secretary, FATA received contactors' securities against various works.

Audit observed that the management retained an amount of Rs. 48.042 million in Deposit-II after lapse of more than three years of completion/termination of the works.

Audit is of the view that the retention of lapse deposit amounting to Rs. 48.042 million was irregular and unauthorized.

The management replied that the record will be checked and the actual position will be intimated.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.23 Irregular expenditure without Technical Sanctions - Rs. 435.924 million

Para-56 of CPDW Code states that work on a Scheme may not be started unless it is Technically Sanctioned by the Competent Authority.

The management of XEN Highway Division, F.R. Bannu awarded contracts of 08 schemes against which expenditure of Rs. 435.924 million was incurred during the year 2016-17.

Audit observed that the schemes were executed without Technical Sanction of Estimates.

Audit is of the view that execution of work without Technical Sanction of Estimates was irregular and unauthorized.

The management replied that the technical sanction of some schemes have been accorded by the competent authority. However, detailed cost estimates for the remaining schemes have been submitted to the competent authority for according technical sanction which will be shown to Audit.

The reply was not acceptable because the work could not be started without Technical Sanction.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fix for the irregularity besides stopping the irregular practice to obtain technical sanction after execution of work.

9.4.24 Non-credit of Lapsed Deposits - Rs.35.122 million

Para-399 (iii) of CPWA code, states that unclaimed securities for more than three complete account years should be credited to Government as lapsed deposits.

Para 26 of GFR Vol-I states that it is the duty of the departmental controlling officer to see that all sums to Government are regularly and promptly assessed, realized and dully credited in the public Account.

The management of C&W, FATA, FR Bannu/Lakki at Bannu under the control of Additional Chief Secretary, FATA received contractor's securities against various works.

Audit observed that the management retained an amount of Rs. 35.122 million in Deposit-II after lapse of more than three years of completion/termination of the works.

Audit is of the view that the retention of lapse deposit amounting to Rs. 35.122 million was irregular and unauthorized.

The management replied that the amounts observed is the security deposit of contractors for the work which are in progress since few years and are affected on deduction of security deposit from the running bill. Therefore it cannot be credited to the receipt as the same are not unclaimed deposit.

The reply is not acceptable as the audit objected the amounts of security deposits for the period 2004 to 2014.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Rs. 35.122 million may be deposited in to the government treausry.

9.4.25 Non-credit of Lapsed Deposits - Rs. 7.963 million

Para-399(iii) of CPWA code requires that balances unclaimed for more than 03 years in PW Deposit should be credited to govt. as lapsed deposits.

The Executive Engineer Irrigation Division Khyber Agency retained an amount of Rs. 7.963 million in Deposit-II till 2016-17.

Audit observed that the management retained an amount of Rs. 7.963 million in Deposit-II after lapse of more than three years of completion/ termination of the works.

Audit observed that the balance was retained for more than 03 years and not credited to govt. as lapsed deposits.

Audit is of the view that balances unclaimed for more than 03 years were required to be credited to govt. as lapsed deposits.

The management replied that the amount will be paid to those contractors who were internally displaced persons. The Political Agent Khyber has already been requested in this regard vide Letter No. 904/Audit, dated. 29-07-2015.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.26 Loss due to non-imposition of penalties - Rs. 1.142 million

According to Clause-2 of the contract agreement, if the contractor failed to complete the work within the stipulated period, penalty up to 10% of the estimated cost should be imposed on him.

The Executive Engineer Irrigation Division Khyber awarded a contract to Mr. Lal Majan contractor on 27.02.2015 and he was allowed a stipulated time of 12 months for completion and expenditure incurred Rs. 11.424 million vide Vr No.17-k dated 12.05.2017 MB No. 430 page No. 36-65 dated 12.05.2017

Audit observed that the contractor failed to fulfill this contractual obligations and the work was not completed till 11.05.2017. Neither extension in time limit was granted to the contractor nor penalties imposed as required under the contract agreement.

Audit is of the view that due to non-imposition of penalty @ 10 % on the contractor the Government was put to a loss of Rs.1.142 million.

The management stated that due to crisis in the area by the militants, most of the people were made IDPs and work was lagged behind to some extent. The work is completed 100% within the approved cost.

The reply is not acceptable as no documentary evidence in support was provided.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed and recovery of the penalty may be made.

9.4.27 Unauthorized payment on account of Unattractive Area Allowance-Rs. 7.201 million

According to Finance Division government of Pakistan O.M No.F.No.27(1)R-5/2012 dated 1st July 2016 “Unattractive Area Allowance was admissible to employees working in District Chitral, Kohistan, District Dir and merged areas of Hazara and Mardan Divisions.

Rule 12(1) of Rules of Business provides that. No Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation.

The Political Administration South Waziristan Agency incurred an amount of Rs. 7.201 million on account of Unattractive Area Allowance to the Khasadar/Levy staff posted at South Waziristan Agency during 2015-17.

Audit observed that Unattractive Area Allowance was paid without the approval of the Finance Division.

Audit is of the view that payment of Unattractive Area Allowance without the approval of the Finance Division was irregular and unauthorized.

The management replied that U.A.A has been allowed by Govt., copy of notification will be furnished with annotated reply.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that relevant record may be produced or responsibility may be fixed.

9.4.28 Loss due to non-imposition of penalty - Rs. 1.557 million

According to the Clause-2 of the contract agreement signed with the contractor "if the contractor fails to complete the work within stipulated time, 10% penalty (maximum) will be imposed on him".

The Executive Engineer, Building Division, Kurram Agency awarded the work for construction of Tube Well Overhead Tank & Distribution Line at Parachinar, Kurram Agency a sub component of Establishment of government Polytechnic Institute at Parachinar Kurram Agency to M/s Niin with a cost of Rs. 15.567 million. The work was started on 07.11.2012 with a completion date of 07.05.2014. The work was neither completed till June, 2018 nor was time extension granted to the contractor.

Audit observed that the management did not impose penalty of Rs. 1.557 million.

Audit is of the view that non-imposition of penalty was irregular and unauthorized.

The management replied that detail record will be provided after scrutiny of relevant record. However, no record was produced till finalization of the report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.29 Irregular drawl of death compensation - Rs. 33.550 million

Para 9 of GFR Vol-I provides that no authority can incur expenditure or enter into any liability involving expenditure from the public, account, until the expenditure has been sanctioned by a general or special order of the President or of any other authority, to which the powers have been delegated. Further the proposed expenditure should have been provided for in the authorized grants and appropriations for the year. No money can be removed from the public account for investment or deposit elsewhere without the prior consent of Ministry of Finance.

The Secretary Law & Order FATA released an amount of Rs. 33.550 million to the Political Agent Mohmand Agency during 2015-17 on account of death and injured compensation.

Audit observed as under:

i. The payment was drawn through DDO instead of crossed cheque.

ii. The fund was re-appropriated against the head-others (A 03970) while there was zero budget in the relevant head.

iii. Arrears were paid without investigation of claims.

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

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the relevant record may be produced to Audit.

9.4.30 Excess drawl on account of pension payments - Rs. 115.159 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 Political Administration of Kurram Agency incurred an amount of Rs. 152.666 million vide Vr. No. 8222 dated 09.06.2017 on account of pension payments to 52 No. retired officials/personnel's in light of orders passed by the Honorable Supreme Court of Pakistan during the financial year 2016-17. Details are as under:

S. No	Name	Father Name	Estimated pension	Pension paid	Difference
1	Nazar Hussain	Umar Khan	2,411,469	696,122	1,715,347
2	Ghulam Abbas	Abbas Ghulam	3,105,671	746,305	2,359,366
3	Muhabat Ali	Muhammad Ali	2,718,892	658,485	2,060,407
4	S. Samin Hussain	Mir HussainGul	2,461,137	679,830	1,781,307
5	Lal Hussain	Noor Hussain	4,286,510	1,215,434	3,071,076
6	Gulab hussain	Muhammad	2,514,037	613,527	1,900,510

		Zaman			
7	Hussain Akbar	Akbar Ali	3,003,914	695,406	2,308,508
8	Liaqat Ali	Ali Mat Khan	2,304,732	814,370	1,490,362
9	Ali Nawaz	Muhammad Jan	4,074,537	922,290	3,152,247
10	Umar Gul	SaleemGul	3,133,828	914,613	2,219,215
11	Hakim Khan	Hameed Khan	3,565,132	692,005	2,873,127
12	Murad Ali	Hussain Ali	3,152,375	751,078	2,401,297
13	Muhammad Azhar	Said Nazeem	3,178,294	785,628	2,392,666
14	Nasir Ali	Ali Nabi	4,441,554	1,167,303	3,274,251
15	Daulat Hussain	Sultan Ali	3,728,688	957,357	2,771,331
16	Ali Afzal	Abbas Khan	2,865,080	764,358	2,100,722
17	Said Ahmad	Dost Muhammad	3,218,353	751,700	2,466,653
18	Aman Ali	Qambar Ali	2,501,870	667,449	1,834,421
19	Yaqoob Ali	Nawab Ali	2,915,365	768,147	2,147,218
20	Jamal Hussain	Muhammad Jan	3,798,619	702,504	3,096,115
21	Syed Ali Afzal	Syed Hussain	3,163,485	663,672	2,499,813
22	Momin Ali	Jan Ali	3,813,652	949,336	2,864,316
23	Safdar Ali	Sultan Ali	2,603,467	681,519	1,921,948
24	Syed Muhammad Ibrahim	Syed Hussain Jan	2,352,761	661,749	1,691,012
25	hakim Khan	Sanjab Khan	2,637,394	505,749	2,131,645
26	Syed Hamid Ali Shah	Syed Muhammad Ali Shah	2,365,963	831,280	1,534,683
27	Mardan Ali	Samand Ali	2,591,936	592,605	1,999,331
28	Sardarhussain	GulBadshah	5,446,323	1,288,049	4,158,274
29	Noor shah gul	FazalHussain	2,432,652	771,706	1,660,946
30	Mir Akbar Jan	Syed Murtaza	3,107,500	723,991	2,383,509
31	Anwar Shah	Akbar Shah	3,366,363	585,950	2,780,413
32	S.Mir Hassan jan	Ali Naki	2,655,505	761,840	1,893,665
33	Qadam Ali	Noor Ali	3,362,406	840,493	2,521,913
34	HussainAzhar	Ali Asghar	2,519,884	667,680	1,852,204
35	Noor Hussain	Ali Muhammad Khan	1,926,438	480,381	1,446,057
36	Hassan Ghulam	Khudai Noor	2,853,108	703,636	2,149,472
37	Hashim Ali	WazirGul	2,425,208	605,302	1,819,906
38	Muhammad Ali	Ghulam Muhammad	2,026,402	540,198	1,486,204
39	Muhammad Kaseer	Muhammad Ameer	3,667,141	723,693	2,943,448
40	Ali Haidar	Mir Haidar	2,370,898	645,473	1,725,425
41	Noor Akbar	Shah Nawaz	3,019,053	689,109	2,329,944
42	Yousuf Hussain	Ghulam Hussain	2,317,059	566,776	1,750,283
43	Shabir Hussain	Gul Hussain	2,266,609	1,090,556	1,176,053
44	Najab Ali	Abbas Khan	2,308,933	670,046	1,638,887
45	Imam Gul	Said Ibrahim	2,630,040	646,113	1,983,927
46	Nawab Khan	Awal Khan	2,532,677		2,532,677
47	Muhammad Nazir	Muhammad Ali	2,206,817	559,548	1,647,269
48	Shabir Hussain	Wazir Hussain	4,218,027	594,941	3,623,086
49	Zawar Ali	Mominali	2,124,944	520,998	1,603,946
50	Muhammad Afzal	Said Ali shah	3,009,452	697,066	2,312,386
51	Khair Ali	Mir Wali	2,253,489	618,542	1,634,947
52	Adin Ali	Muhammad Din	2,710,059	664,356	2,045,703
		Total	**152,665,702**	**37,506,264**	**115,159,438**

Audit observed as under:

i. The entire amount was drawn in cash in the name of DDO.
ii. The pension payment was made without involving concerned accounts office and without PPO Number.
iii. An amount of Rs. 115.159 million was claimed in excess of actual requirement.
iv. The pension payment was transferred in private bank account of Political Agent bank account No. 155-2 (NBP Parachinar Branch).

Audit is of the view that withdrawal of pension in cash without valid PPO number on estimation basis suspected to misappropriation.

The management replied that the unspent balance/excess drawl will be deposited into government treasury after making proper calculation.

The management accepted the audit observation.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that excess drawl may immediately be deposited into Government Treasury besides fixing responsibility against the person(s) at fault for excess drawl and blockage of Government money under intimation to Audit.

Audit also recommends that Agency Accounts Office should be held responsible for making payment in cash.

9.4.31 Expenditure without Technical Sanction - Rs. 280.707 million

Para-56 of CPWD code states that technical sanction must be obtained before the construction of work is commenced.

The Executive Engineer Works and Services Building Division South Waziristan Agency at Tank executed development schemes during 2017-18 and incurred expenditure amounting to Rs. 622.900 million

Audit observed that 17 schemes work was executed and expenditure Rs. 280.707 million was incurred without technical sanction.

Audit is of the view that the expenditure without technical sanctions was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that technical sanctions of the competent authority may be obtained and furnished to audit.

9.4.32 Expenditure excess than technical sanction - Rs. 4.859 million

Para-56 of CPWD code states that technical sanction must be obtained before the construction of work is commenced.

The Works and Services Building Division South Waziristan Tank executed a scheme establishment of primary level education facility in South Waziristan Agency (30 Nos.) with the technical sanction estimate of Rs. 111.140 million.

Audit observed that up to 30.06.18 the total expenditure incurred on the schemes was Rs. 115.999 million.

Audit is of the view that expenditure excess than technical sanction was irregular.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.33 Non recovery of Income Tax - Rs. 24.900 million

Section 153 of Income Tax Ordinance, 2001 states that “every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person on the execution of a contract , that either a contract for the sale of goods or the rendering of services, shall at the time of making the payment , deduct tax from the gross amount payable at a prescribed rate..

According to FBR circular No. 1(3) w/2007. Dated 30.04.11 contractors who are resident off PATA/FATA and are executing contract in Tribal area, but receiving payment in settled area, are not exempted from tax deduction under Section 153 of the Income Tax Ordinance 2001.

The rates provided in the CSR-2012 include 5% income tax as circulated by the Finance Department KP.

The Executive Engineer Works and Services Building Division South Waziristan Agency at Tank made payment to the companies for supply & installation of different equipment. The payment was made against different items of works. The registered offices of the companies were outside FATA as per registration documents of the Pakistan Engineering Council. The total payments were made to the companies were as under:

Sr.#	**Name of contractor**	**Amount Paid Rs.**
1	M/s Muhammad Tariq Mehsud	26,038,000
2	M/s Noor Alam Khan	32,349,792
3	M/s Noor Shahzo Din & Bros.	16,724,269
4	M/s Khushhal Khan Mehsud	43,566,057
5	M/s Haq Nawaz & Bros.	47,831,031
6	M/s ZHA Construction Co.	22,991,229
7	M/s Gulshan Builders	39,668,384
8	M/s Malik Muhammad Akbar	102,839,301
Total		**332,008,063**

Audit observed that Income Tax @ 7.5% was not recovered from the companies.

Audit is of view that as the companies are registered outside FATA, therefore, they are liable to pay income taxes as per government rules/rates.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Income Tax may be recovered.

9.4.34 Excess expenditure without revision of PC-I - Rs. 196.547 million

Para 4.14 (f) of Manual of Development Projects provides that in case a project has been revised for the first time either due to increase in the total cost by more than 15% or due to revision in its scope, it would be treated as a new scheme for obtaining sanction of the competent authority.

The management of XEN Highway Division Khyber incurred Rs. 595.662 million in the work "Construction of BT road from Mastaq to Sandana (21.195KMs)".

Audit observed from the Progress Report of June 2018 that administrative approval was granted for Rs. 399.115 million. However, the management incurred Rs. 196.547 million over and above the administrative approval as tabulated below:

ADP No.	Name of Work	AA Amount	Exp.	Excess	Remarks
2-Non ADP	Construction of BT road from Mastaq to Sandana (21.195KMs)	399.115	595.662	196.547 i.e. 49.24%	Work Completed executed by Pak Army. Pg-06 of Progress Report

Audit also observed that utilization record was not obtained.

Audit is of the view that the expenditure beyond 15% without revision of PC-I was irregular. Furthermore, in absence of utilization record the authenticity of the expenditure could not be ascertained.

The management replied that the works was administratively approved for Rs. 399.115 and payment to Pak Army was made on 22.06.2016. Later on, additional works & balance works of 02 KM PH.II Non-ADP (2016-17) of Rs. 196.547 million approved by the competent Authority i.e Additional Chief Secretary, FATA. The administrative approval of amount and expenditure incurred were wrongly shown in the progress report which has now been corrected. Therefore no excess expenditure was incurred over and above the cost.

The reply is neither relevant nor acceptable because the scope of original scheme was enhanced 49.24% which required revision of PC-I.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.35 Irregular expenditure without obtaining technical sanction - Rs.196.683 million

Para-56 of the CPWA code requires preparation of proper estimate for technical sanction of competent authority for execution of repair/construction work and no work shall be commenced prior to obtaining Technical Sanction.

The management of XEN Highway Division Khyber Tribal District awarded the following work to 11-Corps of Pak Army, Peshawar Cantt. and paid Rs. 196.683 million till June 2018. Details are as under:

ADP No.	Name of Work	Start Date	Cost (Rs. In M)	Exp. (Rs. In M)	Remarks
448 OG	160480 – construction of Kacha Tricks 33KMs roads Tirahmaidan and Bara, Khyber Agency	Nil	171.520	196.683	Pg-17 of Progress Report

Audit observed that estimates of the work were not technically sanctioned from the competent authority.

Audit is of the view that in the absence of the technical sanction, the expenditure so incurred on execution of the project was irregular.

Audit is further of the view that the whole process of the preparation of PC-I, PC-II, open tender system, award of the contracts of the scheme was jeopardized and management incurred expenditure without authentic cost estimates against the spirit of Para 56 of CPWD.

The management replied that as per direction of the higher ups the said work was executed by Pak Army. This office only transferred the funds to 11-Corps of Pak Army, Peshawar Cantt. Therefore, this office had no concern with the Technical Sanction estimate.

The reply is not acceptable. The funds were allocated and released for a public work under the jurisdiction of the XEN Highway Khyber. The transfer of funds does not relieve the management of obtaining of supporting documents of work done from the executing agency. Furthermore, these funds were not declared as un-auditable in the rules.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that all the documentary evidences supporting expenditure including Technical Sanction may be produced.

9.4.36 Irregular withdrawal of funds without supporting documents - Rs. 1,695.200 million

Rule 205 of FTR states that subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The management of Political Agent, Khyber made an expenditure of Rs. 1,695.200 million during 2016-17 on account of Citizen Loss Compensation Program.

Audit observed as under:

i. The claims submitted to Accounts Office were not supported with particulars of the beneficiaries/affecttee

ii. The funds were drawn in the name of DDO and kept in bank accounts opened in NBP, HBL, MCB and Bank of Punjab in the name of Additional Political Agent (DDO) without the approval of the Finance Division and the further payments to the beneficiaries were made from bank accounts.

iii. The entire expenditure was sanctioned by Additional Political Agent on basis of Office Order dated 13.12.2016 issued by Assistant Political Agent Bara

Audit is of the view that withdrawal of funds without following rules was not only irregular but it can lead to misappropriation of funds.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

9.4.37 Irregular withdrawal of funds - Rs. 190.00 million

GFR-287 states that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant.

The management of Political Agent Khyber, withdrew an amount of 190.00 million vide cheque No. 6254468 dated 29.06.2017.

Audit observed that the funds drawn were kept in Habib Bank Ltd. opened in the name of Additional Political Agent without the approval of the Finance Division. The payments were made in subsequent financial year.

Audit is of the view that withdrawal of funds was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.38 Irregular expenditure on account of scholarship to FATA students - Rs. 75.819 million

Rule 157(1) of FTR states that cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed "A/c payee only not negotiable".

Rule 205 of FTR states that subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

The management of Political Agent Khyber withdrew funds of Rs.75.819 million on account of scholarship to FATA students studying in various educational institutions throughout the country.

Audit observed as under:

i. The claim submitted to Area Agency Officer was not supported with detail of students/institutions.

ii. The funds were drawn in name of DDO and deposited into private bank account.

iii. Payments to the institutions were made from bank accounts but the acknowledgement receipts were not obtained.

Audit is of the view that withdrawal of funds was not only violation of rules but in absence of acknowledgment receipts the authenticity of expenditure could not be ascertained.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

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

9.4.39 Irregular and unjustified retention - Rs. 34.373 million

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

Para 23 of GFR states that 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 Political Agent Khyber was maintaining a PLS Saving account at Allied Bank, Bara Road, Peshawar. The compensation to victims of terrorist act was paid from this account.

Audit observed as under:

i. The account was opened without the approval of the Finance Division.
ii. At close of financial year 2016-17 funds amounting to Rs. 63.873 million were available in the account.
iii. After adjusting the amount of Rs. 29.500 million on account of outstanding cheques the management had no record of remaining amount of Rs. 34.373 million.

Audit is of view that in the absence of details of Rs. 34.373 million the withdrawal and retention of funds was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides deposit of unspent balanes into the government treasury.

9.4.40 Fraudulent drawl on account of media publicity - Rs. 1.200 million

Rule 205 of FTR, a Government officer entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear an acknowledgement of the payment signed by the person, by whom the claim is put forward. The acknowledgement shall be taken at the time of payment.

The management of Project Coordinator National Maternal Neonatal & Child Health Program FATA withdrew an amount of Rs. 1,200,000 vide cheque No.5066719 dated 20.04.2015 and shown paid to M/S Haiga Advertisement.

Audit observed that transmission certificate was without any date, time, transmission area and number of spots, etc.

Audit is of the view that in the absence of transmission record the authencity of the expenditure could not be ascertained.

The management replied that detailed reply will be furnished after consulting the relevant record.

The reply was not acceptable being irrelevant.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed and the loss be made good under intimation to Audit.

9.4.41 Irregular and un-economical procurement – Rs. 140.299 million

Rule 4 of the Public Procurement Rules, 2004 states that 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 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Rule 16 (1) and (2) of Public Procurement Rules, 2004 states that the procuring agency engaging in pre-qualification shall announce, in the pre-qualification documents, all information required for pre-qualification including instructions for preparation and submission of the pre-qualification documents, evaluation criteria, list of documentary evidence required by suppliers or contractors to demonstrate their respective qualifications and any other information that the procuring agency deems necessary for pre-qualification'.

The managements of following Agency Agriculture Officers incurred an expenditure of Rs. 140.299 million on different schemes during 2016-17:

Para No of AIR	Name of Office	Amount incurred on A/C of	Amount incurred
09	Agency Agriculture Officer Mohmand Agency	Purchase of pesticides, DAP, seeds and fertilizers	19,927,000
10		Land leveling, purchase of seeds/plants, POL, repair of vehicles etc.	104,390,000
10	Agency Agriculture Officer Bajaur Agency	Purchase of wheat/maize seeds	15,982,000
		Total	**140,299,000**

Audit observed that the procurements were made in violation of Public Procurement Rules, 2004.

Audit is of the view that procurement without open competition deprived the government from the benefit of competitive rates.

The management stated that reply will be submitted after scrutiny of record.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed on the personnel responsible for the violation of the above stated Government rules.

9.4.42 Unauthorized deduction from the salaries of Jawans - Rs. 12.409 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 Political Administration, South Waziristan Agency made monthly deductions @ Rs. 15 and Rs. 150 per Jawan from the salaries of Khasadars force on account of Welfare Fund and Khasadar Regimental Fund (K.R.F) during 2015-17.

Audit observed that a total amount of Rs. 12,408,967 was deducted and retained in welfare fund & Khasadars regimental fund.

Audit is of the view that the establishment of such welfare fund/K.R.F and the deductions are made without any authorization/legislation. It is further added that not a single case relating to Welfare activity of Khasadar/Levy force was forwarded to Law & Order Department which indicates that the amount was deducted and retained by the office of the Political Agent SWA and Law & Order Department FATA, illegally.

The management replied that copy of notification allowing this office for deduction from the Jawans will be produced to Audit

The reply in absence of documentary evidence cannot be considered as acceptable.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the deduction may be stopped forthwith and responsibility may be fixed on person for illegal deduction.

9.4.43 Non-deposit of unspent balance of CLCP - Rs. 447.197 million

Para 95 of GFR Vol-I requires that unspent funds are to be deposited into Government treasury before 30th June of each year.

The Political Administration Orakzai Agency at Hangu received Rs. 1,735.84 million up to June, 2018 as detail below on account of Citizen Loss Compensation Program (CLCP).

Audit observed that an amount of Rs. 1,288.613 million was expanded and Rs. 447,197,908 remains unspent as balance and kept in private designated accounts as detail below:

S No	Bank Name	Account No	Amount
1	National Bank, Hangu Branch	4015253135	445,677,908
2	Khyber bank, Hangu branch	CD 06178-00-8	1,520,000
		Total	**447,197,908**

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

The management stated that reply will be submitted after checking of record.

The reply of the management is not convincing, as retention of huge amount retained without any authorization was violation of the above quoted rule.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed against the dealing hand(s) besides utilization of the objected amount immediately under intimation to audit.

9.4.44 Irregular payment of pay and allowances of Levy/Khasadar Force due to non-maintenance of Sheet Rolls/Service Books - Rs. 207.167 million

According to Clause 10 of Service Rules for Khasadars/Levy in FATA (Amendment) circulated vide Law & Order FATA No. CS (F)/N/4-Khasadars/1039-40 dated: 09.08.2011 “proper service book of all Khasadars/Levy personnel shall be maintained in the relevant office of each Agency. Annual confidential reports of all JCO’s and Havaldars shall also be maintained along with their service books”.

Para 7 of Service Rules for Khasadars/ Levy in FATA provides that:

i. "All Khasadars/ Levy and N.C.O's will retire on attaining the age of 50 Years or completion of 25 years' service whichever is earlier".

ii. "Subedar Major, Subedars and Naib Subedars shall retire on attaining the age of 55 years OR on completion of 30 years' service OR on completion of tenure of rank".

The office of the Political Administration Orakzai Agency had strength of 2,137 Levy/Khasadar force and paid salary of Rs. 207.167 million during 2017-18.

Audit observed that the management did not maintain sheet rolls/service books of the Levy/Khasadar personnel's.

Audit is of the view that due to non-maintenance of sheet rolls/service books of levy/Khasadar force, audit could not ascertain whether the Levies/Khasadar had reached the age of 50 and 55 year as the case may be.

The management stated that audit observation is noted for future compliance.

The management accepted the audit observation.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Sheet Rolls/Service books of Levy/Khasadar force may be maintained under intimation to audit.

9.4.45 Non-deposit of unspent balance of Flood account Rs.15.212 million

Para-95 of GFR Vol-I requires that unspent funds are to be deposited into Government treasury before 30th June of each year.

The Political Administration Orakzai Agency at Hangu received Rs.15.212 million from FDMA on account of flood damages during the year 2017-18.

Audit observed that amount of Rs. 15.212 million remains unspent as balance on 30.06.2018 and kept in designated Account No. 3100836685 of NBP Hangu branch to avoid the lapse of fund.

Audit is of the view that retention of unspent amount of Rs. 15.212 million was irregular and unauthorized.

The management stated that reply will be submitted later on.

The management reply is not convincing, as retention of huge amount retained without any authorization is violation of the above quoted rule.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed against the dealing hand(s) besides utilization of the objected amount immediately under intimation to audit.

9.4.46 Unauthorized transfer of funds from lapsable Assignment Account to commercial bank accounts - Rs. 50.200 million

Para 1(iv) of Revised Procedure for Operation of Assignment Account of Federal Government issued by the Controller General of Accounts vide No. ACII/1-39/08/Volume-V/632 dated 24.09.2008 states that the funds in Assignment Accounts remaining unspent at the close of financial year will appear as saving under the respective budget grant unless surrendered in time. Unspent amounts cannot be carried forward to next financial year.

Para 2(vi) of Revised Procedure for Operation of Assignment Account of Federal Government issued by the Controller General of Accounts vide No. ACII/1-39/08/Volume-V/632 dated 24.09.2008 states that the officers holding Assignment Account 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.

Ministry of Finance vide letter No. F.2(2)-BR-II/2008-695/2017 dated 16.06.2017 circulated that withdrawal of amounts from Assignment Accounts for placement in Commercial Accounts in not only against fundamental of Article 80 of the Constitution but also violation of Para 66,95,96 of GFR Vol-I and Rule 290 of FTR. In case of violation of this rule the Head of organization will be held responsible and a case will be forwarded to be proceeded under E&D rules.

Audit observed that the management of FATA DA transferred Rs. 30 million vide cheque No.A195725 dated 20.06.2017 out of Assignment Accounts to National Bank of Pakistan as payment of civil works of ADP Schemes by preparing suspected voucher and transferred Rs. 20.200 million vide cheque No. A192484 dated 20.06.2016 to bank account No. 1692-52, HBL, Hayatabad Branch Peshawar to avoid lapse of the budget.

Audit is of the view that the amounts were transferred from Assignment Account to private bank accounts in violation of rules.

Audit further observed that funds were released under A03 others instead of civil works head of accounts for the subject civil works. This indicated that executive engineers were not mandated to incur subject expense as well.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 followed by reminders dated 3010.2018 and 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 10

10. MINISTRY OF FEDERAL EDUCATION AND PROFESSIONAL TRAINING

10.1 Introduction

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

10.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Federal Education and Professional Training for the financial year 2017-18 was Rs. 8,421.458 million including Supplementary Grant of Rs. 4,196.096 million out of which the Division utilized Rs. 7,640.425 million. Grant-wise detail of current and development expenditure is as under:

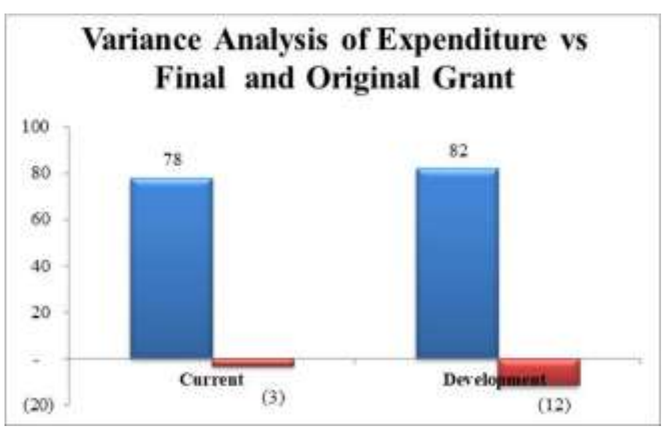
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
28	Current	1,263,436,000	1,062,596,000	2,326,032,000	2,249,666,551	(76,365,449)	(3)
118	Development	2,961,926,000	3,133,500,000	6,095,426,000	5,390,758,895	(704,667,105)	(12)
	Total	4,225,362,000	4,196,096,000	8,421,458,000	7,640,425,446	(781,032,554)	(9)

Audit noted that there were overall savings of Rs. 781.032 million.

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, there was excess expenditure of 78% in current expenditure which changed to savings of 3% when Supplementary Grant was taken while in the development expenditure excess was 82% which changed to savings of 12% when Supplementary Grant was taken.



10.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Federal Education and Professional Training	1988-89	4	4	4	0	0
	1989-90	8	8	3	0	5
	1990-91	6	6	6	0	0
	1991-92	11	11	6	0	5
	1992-93	22	22	22	0	0
	1993-94	18	18	11	0	7
	1994-95	8	8	6	0	2
	1995-96	6	6	5	0	1
	1996-97	3	3	0	0	3
	1998-99	37	37	14	0	23
	2000-01	11	11	0	0	11
	2005-06	17	17	1	0	16
	2006-07	3	3	1	0	2
	2007-08	6	6	3	0	3
	2009-10	4	4	1	0	3
	Total	**164**	**164**	**83**	0	**81**

10.4 AUDIT PARAS

Irregularity & Non Compliance

10.4.1 Non-Framing of Private Educational Institutions (Registration and Fee Determination) Rules

Para 27 of Islamabad High Court Judgment, Islamabad dated 10.02.2018 states that the PEIRA (Registration and Fee Determination) Rules mentioned in paragraph 20 to 26 are struck down and the Authority shall be at liberty to frame rules in furtherance of the provisions of the Act, however, while doing so, shall keep in regard the provisions of the Act, Article of the Constitution and the principles.

The management of PEIRA was required to frame rules for registration and fee determination of private educational institutes as per judgment of the Islamabad High Court.

Audit observed that the Authority did not frame PEIRA (Registration and Fee Determination) Rules in violation of Islamabad High Court Judgment.

The management replied that in pursuance of direction of Honorable Supreme Court a committee to prepare recommendations with regard to determination of fee and other matters of Private Educational Institutions, under the Chairmanship of Federal Ombudsmen has been constituted.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that PEIRA (Registration and Fee Determination) Rules may be framed under intimation to Audit.

10.4.2 Unauthorized investment from receipt account - Rs. 25.00 million

Para 7 of GFR states that unless otherwise expressly authorized by any law or rule or order having the forces 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 management of PEIRA transferred an amount of Rs. 25 million vide Cheque No. 00000006 dated 17.04.2018 from Habib Bank Limited and invested in National Bank of Pakistan, Prime Minister's Secretariat Branch, Islamabad @ 5.96% for one year.

Audit observed that investment was made without the consent of Finance Division.

Audit is of the view that investment without the consent of Finance was irregular and unauthorized.

The management replied that as per Finance Division O.M. No. F.4(1)/2002-BR.II dated 02.07.2003, this amount has been invested in National Bank of Pakistan (NBP) after completing due process of bidding. Furthermore, NBP offered the highest markup for investment. Accordingly, case was processed in line with PPRA Rules, 2004 and guidelines on the subject and vide Serial 6 of already approved Accounting Procedure of this Authority approved by CGA.

The reply was not acceptable because without determining of working balance the amount could not be invested in light of the Finance Diviison O.M. dated 02.07.2003.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.3 Non determination of fee

Section5(b) of PEIRA Act, 2013 states that to register and regulate, private educational institutions in Islamabad Capital Territory including fixation of grade-wise rate of admission fee, security fee, monthly tuition fee and other fees being charged by private educational institutions.

The Private Educational Institute Regulatory Authority (PEIRA) was established through an Act in 2013.

Audit observed that despite lapse of five years PEIRA did not determine the grade-wise rate of admission fee, security fee, monthly tuition fee and other fees being charged by private educational institutions in violation of the Act.

Audit is of the view that the Authority failed to exercise its function.

The management replied that in pursuance of direction of Honorable Supreme Court a committee to prepare recommendations with regard to determination of fee and other matters of Private Educational Institutions, under the Chairmanship of Federal Ombudsmen has been constituted.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the rules may be framed as required under the Act.

10.4.4 Non recovery of outstanding fees on account of renewal of registration fee - Rs 17.775 million

Section 9(2) of the Islamabad Capital Territory - Private Educational Institutions (Registration and Regulation) Act, 2013 states that the Authority shall have a Fund to which shall be credited all income including from inspection fee, registration fee, security fee, fine, other sources and annual grand from the Government, and account therefore shall be maintained in a scheduled bank.

Rule 11(1) of the Private Educational Institutions (Registration and Fee Determination) Rules, 2016 states that Registration shall be renewed of every twelve months of initial registration subject to deposit of the annual renewal fee as per the rates set out in Schedule-II.

The management of the Islamabad Capital Territory – Private Educational Institutions Regulatory Authority (ICT-PEIRA) renews the registration of Private Educational Institutions (PEIs) every year.

Audit observed that management of the ICT-PEIRA have not realized fees amounting to Rs 17,775,000 on account of renewal of registration of 469 PEIs functioning in ICT during the Financial Year 2015-16 and 2016-17 in violation of section 9 (2) of the Islamabad Capital Territory – Private Educational Institutions (Registration and Regulation) Act, 2013 and Rule 11 (1) of the Private Educational Institutions (Registration and Fee Determination) Rules, 2016.

Audit is of the view that non-renewal of registrations of PEIs is serious lapse on the part of management of ICT-PEIRA which resulted in the loss of Rs 17.775 million to the Authority.

The management replied that in pursuance of direction of Honorable Supreme Court a committee to prepare recommendations with regard to determination of fee and other matters of Private Educational Institutions, under the Chairmanship of Federal Ombudsmen has been constituted.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.5 Non observance of fee realization schedule by the Private Educational Institutions in Islamabad Capital Territory

Section 4 (c) of the Islamabad Capital Territory – Private Educational Institutions (Registration and Regulation) Act, 2013 states that the aims and objectives of the authority shall to register and regulate privately managed educational intuitions in the Islamabad Capital Territory to ensure that such institutions follow a uniform policy that includes determination and fixation of rates being charged by the institutions, qualifications of teaching staff, their terms and conditions of service including salaries and mode of their salaries.

The Private Educational Institutions in Islamabad Capital Territory are charging fees over and above prescribed rates of ICT-PEIRA.

Audit observed that management of the ICT-PEIRA has failed to regulate fees of Private Educational Institutions.

Audit is of the view that failure to control the increases in fees by Private Educational Institutions is lapse on the part of management of ICT-PEIRA and resultantly ICT-PEIRA has failed to achieve its aims and objectives as laid down in the Islamabad Capital Territory – Private Educational Institutions (Registration and Regulation) Act, 2013.

The management replied that in pursuance of direction of Honorable Supreme Court a committee to prepare recommendations with regard to determination of fee and other matters of Private Educational Institutions, under the Chairmanship of Federal Ombudsmen has been constituted.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.6 Un-authorized payment on account of Dearness Allowance - Rs. 60.014 million

Section (17)1(ii) of FBISE Act, 1975 states that the board may with the approval of the Federal Government, make regulations for carrying out the purposes of act. The regulation may provide the appointment of the employees of board and condition of their service.

Para 41 of FBISE Employees (Service) Regulations, 2005 states that national pay scales and allowances shall be admissible to the employees of the Board as revised by Government from time to time. The House Rent Allowance @ 65% and Medical Allowance @ 35% of the Basic pay shall however be admissible to the employees as on 30.06.2005. The employees who entered in the service of the Board on or after 01.07.2005 will be entitled to House Rent Allowance @65% and Medical Allowance @ 35% of the minimum of their respective pay scales.

Para 42 of FBISE Employees (Service) Regulations, 2005 states that in all matters not specially provided for in these Regulations, the rules and procedures applicable to Federal Civil Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall there by become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

The management of FBISE made payment of Dearness Allowance @ 20% on running basic pay amounting to Rs. 48.479 million and Eid incentive Rs. 11.535 million during 2015-17.

Audit observed that no such allowances were allowed during the above period in any Federal government department or subordinate office.

Audit is of the view that payment of allowances without the approval of the Finance Division was irregular and unauthorized.

The management replied that in light of High Court decision, Finance Division in O.M. No. F.No.2(20)R-2/2011-684 dated 14.10.2011 & F.No.1(9).R-I/2010-709 dated 01.09.2010 any interference by the Ministry of Finance in the matters of FBISE would tantamount to breach of its independent autonomy.

The reply was not acceptable because as per Para 42 of FBISE Employees (Service) Regulations, 2005 no financial benefits shall there by become admissible automatically unless specifically sanctioned by the Federal Government.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amount may be recovered and further payment may be stopped or position may be clarified otherwise to audit.

10.4.7 Irregular payment of House Rent Ceiling over and above the Government Ceiling Rates - Rs. 1.596 million

Section 17 of NAVTTC Act, 2011 states that the Federal Government may make rules for carrying out the purposes of this Act.

The Federal Government vide O.M No.F.4(8) /92-Policy dated 01.10.2014 Ministry of Housing and Works enhanced rental ceiling for hiring of residential accommodation in Federal Ministries/Divisions/Attached Departments/ Subordinate offices at Islamabad, Rawalpindi, Karachi, Lahore, Quetta and Peshawar.

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 (FGS) or the demanded of the owner shall be paid the FGS direct to the owner and the government shall not be a party to this transaction.

NAVTTC Boards in its 3rd Board meeting held on 16-02-2008 has approved hiring of residential accommodation in respect of entitled officers / officials of NAVTTC. Detail is as under:

Sr No.	BPS	NAVTTC Rental Ceiling
1	19 & Above	30,000
2	17 & 18	25,000

The management of National Vocational & Technical Training Commission (NAVTTC), Islamabad paid an amount of Rs. 1.596 million over and above the government ceiling during 2016-17. Details are as under:

Sr No.	BPS	No. of Persons	Govt. Rental Ceiling	NAVTTC Rental Ceiling	Diff	Total Amount
1	19 & Above	03	25,326	30,000	4,674	168,264
2	17 & 18	20	19,049	25,000	5,951	1,428,240
					Total Rs.	**1,596,504**

Audit observed that the payment was made over and above the hiring rates approved by the Federal Government.

The management replied that relevant forum is being approached for clarification.

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

The DAC in its meeting held on 29.11.2018 directed to refer the case to Law Division for clarification.

Audit recommends that the over payment made may be recovered besides stoppage irregular practice.

10.4.8 Unauthorized payment of honoraria equal to six months basic pay - Rs. 48.427 million

F.R 46(b) states that a local government may grant or permit a government servant to receive an honorarium from general revenues as remuneration for work performed which is occasional in character and either so laborious or of such special merit as to justify a special reward, except when special reasons which should be recorded in writing, exist for a departure from this provision sanction to the grant or acceptance of an honorarium should not be given unless the work has been undertaken with the prior consent for the local government and its amount has been settled in advance.

Para 11(ii) of Annex-B of PC-I provides that for officers/officials of NAVTTC HQs & Regional Offices directly engaged with Prime Minister's Youth Skill Development Program. At least 03 honorariums will be paid to contract/CPS employees/staff of NAVTTC which are directly involved in this project

The management of National Vocational & Technical Training Commission (NAVTTC), Islamabad paid honoraria up to six months basic pay amounting to Rs. 48.427 million. Detail is as under:

Program /Budget	Amount (Rs in million)
Non-Development	22.974
Prime Minister Youth Skill Development Program	25.453
Total	**48.427**

Audit observed as under:

i. Three honoraria were paid to the Commission's employees without the approval of the Finance Division from non-development budget.

ii. Three honorarium were paid from the project funds to all NAVTTC employees in violation of PC-I.

iii. Honorarium paid to officers working in BPS-19 to BPS-22 without obtaining approval from Economic Co-ordination Committee.

iv. The management also paid honorarium to two employees of Ministry of Planning and Development from the project funds.

Audit is of the view that honoraria was paid in violation of rules and PC-I.

The management replied that relevant forum is being approached for clarification.

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

The DAC in its meeting held on 29.11.2018 directed to place the para before PAC.

Audit recommends that inquiry may be held to fix the responsibility and the irregular practice may be discontinued forthwith.

10.4.9 Unauthorized use of vehicles by non-entitled officers - Rs. 1.753 million

Rule 2(X) of Staff Car Rules, 1980 states that 'Entitled Officers' mean officers of BPS-20 to BPS-22 of the Federal Government borne on the sanctioned Establishment of a Division or an Organization under its administrative control.

The management of the National Vocational & Technical Training Commission (HQs), Islamabad (NAVTTC) provided the vehicles to the following officers and incurred an expenditure of Rs. 1.753 million during 2016-17:

S #	Registration #	Name of officer	Make	Exp. On POL & Repair (Rs)
1	GJ-039	Director (Admin)	Suzuki Cultus	222,061
2	GE-059	Director (Coord)	Suzuki Cultus	265,319
3	GH-009	Director (PD&A)	Suzuki Cultus	170,626
4	GT-864	Director (IC)	Suzuki Cultus	251,582
5	GE-040	Director (Certif)	Suzuki Cultus	176,350
6	GT-867	Director (Accr)	Suzuki Cultus	318,706
7	GT-868	Director (M&E)	Suzuki Cultus	194,631
8	GU-774	Director (Res)	Suzuki Cultus	154,078
			Total Rs.	**1,753,353**

Audit observed that vehicles were provided to BS-19 officers who were not entitled as per Staff Car Rules.

Audit is of the view that provision of vehicles to non-entitled officers and incurrance of expenditure was unauthorized.

The management replied that being part of Prime Minister's Office BPS-19 officers are entitled to use staff cars.

The reply was not acceptable because as per Rules of Business, 1973 NAVTTC falls under the jurisdiction of Federal Education and Professional Training Division.

The DAC in its meeting held on 29.11.2018 directed to get clarification from Ministry of Law about the status of NAVTTC.

Audit recommends that vehicles from non-entitled officers may be retrieved forthwith besides fixing the responsibility for the irregularity.

10.4.10 Unauthorized retention/utilization of departmental receipts - Rs. 61.809 million

Rule 7(1) of Federal Treasury Rules(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 or into the Bank. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Rule 7 of General Financial Rules Vol-I(GFR) states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad collected departmental receipt as per the following detail during 2012-13 to 2016-17:

(Rupees)

S. No.	Year	Collection	Expenditure
1	2012-13	8,904,373	9,274,272
2	2013-14	12,065,287	12,324,426

3	2014-15	12,831,186	11,149,567
4	2015-16	12,788,342	13,764,979
5	2016-17	15,219,909	16,113,217
Total		**61,809,097**	**62,626,461**

Audit observed that receipt of rent amounting to Rs. 61.809 million from hostel was retained and utilized by the management of GPIW.

Audit is of the view that collection of receipt and expenditure thereof without the approval of the Finance Division was irregular and unauthorized.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.11 Un-authorized renting out of Hostel to Shifa Tameer-e-Milat University and less recovery of rent – Rs. 10.603 million

Para 11 of GFR Vol-1 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.

Rule 5 (14) of the Rules of Business 1973 states that assessment and fixation of government owned building is the power of Ministry of Housing and Works.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad rented out 3rd and 4th floors of its Hostel building situated at Faiz Ahmed Faiz Road, Sector H-8/1, Islamabad to Shifa Tameer-e-Milat University on 18.08.2014 for three years.

Audit observed as under:

i. Hostel was rented out without the approval of the Ministry of Federal Education and Professional Training and Ministry of Housing and Works.

ii. Area measuring 9,658 Sft was rented out @ Rs. 330,000 per month instead of @ Rs. 579,480 (60 x 9,658) resulted in loss of Rs. 10.603 million over two years.

iii. The premises remained under the use of Shifa Tameer-e-Milat University even after the expiry of the agreement.

Audit is of the view that renting of building without approval and charging of rent at lower rate was unauthorized and irregular.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.12 Irregular expenditure on civil works - Rs. 6.694 million

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

Para 192 of GFR Volume-I states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

Serial No. 9(41) of Finance Division O.M. No. F.3 (2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions had been empowered to incur expenditure up to Rs. 1.000 million in respect of non-development works.

Serial No. 9(46) of Finance Division O.M. No. F.3(2) Exp-III/2006 dated 13.09.2006 states that only Ministries/Divisions were empowered to incur expenditure up to Rs. 0.500 million on works of non-residential buildings and no power had been delegated to the head of department for the said purpose.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad, incurred an expenditure of Rs. 6.694 million during 2012-16 on repair and renovation of hostel building from hostel fund.

Audit observed as under:

i. The management did not frame any regulations as required under Para 192 of GFR.

ii. The management was not empowered to incur expenditure on civil works and repair and maintenance.

iii. The management did not hold technical expertise for preparation of estimates, watching and endorsing the works, preparation of necessary books & records.

Audit is of the view that the expenditure incurred on civil works/ repair and maintenance without delegated powers in the absence of approved regulations was irregular and unauthorized.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that responsibility may be fixed for the irregularity.

10.4.13 Unauthorized retention & utilization of Bus Fee - Rs. 4.938 million

According to Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to government officers on account of the revenue of the Federal Government shall without undue delay be paid in full into Treasury or into the bank. No department of the government may require that any moneys received by it on account of the revenue of the Federal Government be kept out of Federal Consolidated Fund of the Federal Government.

PAC in its meeting dated 05.12.2012 directed to the PAO, Capital Administration and Development Division that Bus Fee should be deposited into Federal Treasury w.e.f 01.01.2013. If the said amount is not deposited in the Federal Treasury the responsibility will be fixed on Principal Accounting Officer. Past irregularity may be regularized as per rules from the Finance Division.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad, collected Rs. 4.938 million as Bus Fee during 2012-17.

Audit observed that instead of depositing the fee into the treasury the management retained and incurred expenditure of Rs. 4.814 million from the Bus Fund Account.

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

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that responsibility may be fixed for the irregularity besides discontinuation of the practice forthwith.

10.4.14 Un-authorized utilization of rental income- Rs.27.996 million

Rule 7(1) of Federal Treasury Rules(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 or into the Bank. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad rented out portion of hostel building to Shifa Tameer-e-Milat University and hostel rooms to student other than the students of GPIW and received an amount of Rs. 27.996 million as rent during 2012-17.

Audit observed that instead of depositing the rent into government treasury the amount was retained in a private bank account.

Audit is of the view that retention of rent was irregular.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that amount collected on this account be deposited in to government treasury.

10.4.15 Less recovery of electricity charges from the occupants of college accommodation - Rs. 1.364 million

Para 11 of General Financial Rules, Vol-1 states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Para 26 of General Financial Rules, Vol-1 states that Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental

Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realized and duly credited in the Public Account.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad installed a bulk supply electric meter for college, hostel and residential colony.

Audit observed that electricity is being supplied through sub-meters and less amount recovered from occupants of college accommodation than due share Rs. 1.364 million.

Audit is of the view that less recovery of electricity charges than actual amount sustained a loss to government exchequer which needs to be recovered from the occupants of college accommodation.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that recovery of electricity charges may be made from occupants of college accommodation under intimation to audit.

10.4.16 Doubtful payments without supporting documents – Rs. 1.290 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 Government Polytechnic Institute for Women (GPIW), Islamabad made payment to different parties/individuals without proper vouchers and supporting documents.

Audit observed that Rs. 1.290 million was paid to different parties and individuals on bills without any date and serial numbers.

Audit is of the view that in absences of proper vouchers and supporting documents the authenticity of the expenditure could not be ascertained.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

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

10.4.17 Source of receipts not known - Rs. 19.617 million

Para 11 of General Financial Rules, Vol-1 states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Para 29 of GFR Vol-1 states that unless specially authorized by any rule or order made by competent authority, no sums may be credited as revenue by debit to a suspense head: the credit must follow and not precede actual realization.

Para 30 of GFR Vol-1 states that heads of departments in charge of important sources of revenue should keep the Ministry of Finance fully informed of the progress of collection of revenue under their control and of all important variations in such collections as compared with the Budget estimates.

The management of Government Polytechnic Institute for Women (GPIW), Islamabad deposited an amount of Rs. 8.777 million as other income and Rs. 10.840 million as utility charges in Hostel Account during 2016-17.

Audit observed that record of source of income was not available with the management.

Audit also observed that reconciliation of receipts and expenditure was not made.

Audit is of the view that non-reconciliation of receipts and expenditure was not only violation of rules but it may also lead to misappropriation of funds.

The DAC in its meeting held on 06.12.2018 directed to strengthen the accounts section by providing two trained officers from NISTE. Further, the DAC also directed to set the record straight as per prevailing rules/instructions within 30 days.

Audit recommends that source of other income may be made known to audit otherwise matter needs inquiry at appropriate level to know the actual facts and figures.

10.4.18 Unauthorized retention/utilization of departmental receipts – Rs 75.114 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 or into the Bank. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

Public Accounts Committee in its directives in respect of Para 3.7 of Special Audit Report 177 for 1992-2000 captioned "Un-authorized payment of Remuneration" directed the PAO not to pay such remuneration to any official(s) in future. PAC directed in Para 3.8 of the report to PAO to get the approval of Finance Division on disbursement of income from IGPs if it is not covered under the rules and report the Committee.

The management of National Institute of Science and Technical Education (NISTE), Islamabad collected departmental receipt as per the following detail during 2014-17:

(Rupees)

S. No.	**Year**	**Collection**	**Expenditure**
1.	2014-15	10,215,017	3,748,034
2.	2015-16	29,551,264	13,938,040
3.	2016-17	35,348,200	35,522,969
	Total	**75,114,481**	**53,209,043**

Audit observed as under:

i) An Amount of Rs. 75.114 million was collected and deposited in Income Generated Program (IGP) account maintained with National Bank of Pakistan.

ii) Out of total receipts, an amount of Rs. 53.209 million was utilized on operational expenditure and remuneration of staff.

Audit is of the views that collection of departmental receipt and expenditures thereof without the approval of the Finance Division was irregular and unauthorized.

The management replied that expenditures were made as per policy of IGP and with the approval of Director General NISTE.

The reply was not acceptable because funds were utilized without the approval of the Finance Division and in violation of the directives of PAC.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that this un-authorized practice may be stopped immediately and amount should be deposited in treasury.

10.4.19 Irregular utilization of utility charges - Rs. 15.386 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 NISTE, Islamabad rented out different portion of building to different organizations and received utility charges on for the consumption electricity and gas.

Audit observed as under:

i) NISTE, Islamabad received share of utility charges from different organizations to which the building was rented-out. Detail of share on the account of utility charges received is as under:

Sl. No.	Name of organization	Amount (Rs.)
1.	360 – Technologies	1,049,961
2.	COMSATS / NTS	14,336,344
	Total	**15,386,305**

ii) Management paid utility bills from government budget and deposited these amount in private bank account namely Income Generated Program (IGP) account.

iii) Amount received from above mentioned organizations was deposited in IGP account which has been utilized for payment of remuneration to the employees and as well as to meet other expenditures.

Audit is of the view that amount received on the account of utility charges and deposited into IGP account and then its utilization for other purposes like payment of remuneration and etc. was mis-utilization.

The management replied that it is the discretion of Director General NISTE and expenditure were made in line with IGP approved policy.

The reply was not acceptable because the utility bills were paid from government budget therefore amount received on account of utility charges from tantents should be deposited into the government treasury.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility beside stopping the irregular practice forthwith.

10.4.20 Irregular/unauthorized promotions and up-gradation - Rs. 12.420 million

Establishment Division O.M. No. 5(1)/6/65-D.V. dated 03.01.1966 states that for the purpose of recruitment up-gradation of a post means the abolition of the existing post and creation of a new post in higher grade. In view of this, method of recruitment and qualifications etc., for such new posts should be decided in consultation with the Establishment Division and the Federal Public Service Commission before such posts are filled unless the upgraded post is covered by some existing recruitment rules. The cases of up gradation/re-designation of the posts in BPS-1 to 19 will be decided by the Finance Division in consultation with the Establishment Division.

The management of NISTE, Islamabad upgraded and willfully included some posts in NIS without any approval from competent forum and against which following officers got promoted.

Name of Officer	Original Scale	Name of post included in NIS / upgraded	Remarks
Qazi Muhammad Shoaib	Assistant Private Secretary (BPS–16)	Special Private Secretary, BPS-19	The management of NISTE included the post of Senior Private Secretary, BPS-19 in NIS by deleting the post of APS (16). Afterward, he was promoted as Senior Private Secretary, BPS-19. Later on the matter was investigated and he was reverted back to original scale vide notification dated 24.07.2017.
Mr. Irsahd Anwar	Assistant (BPS–11)	Office Superintendent	Mr. Irshad Anwar joined NISTE as Assistant (BPS-11). The post of Office Superintendent was included in the NIS by the management without any approval and Mr. Irshad Anwar was promoted as office Superintendent. Later on the matter was investigated and the post of office Superintendent was abolished. Mr. Irshad Anwar was reverted back as junior Instructor vide notification dated 24.07.2017.

Syed Sajjad Hussain	Store Keeper (BPS-11)	Store Officer (BPS-17)	Syed Sajjad Hussain joined NISTE as Store Keeper, BS-11 on 15.09.1990. Then he was posted as Computer Operator (BPS-16) which was re-designated as store Officer (BPS-16) without adopting due procedure i.e. the approval of the Establishment and Finance Division. Later on, the matter was investigated and he was reverted back as plumber (Bs-11).
Mr. Zia ul Hassan	Cashier (BS-11)	Assistant Accounts Officer	Mr. Zia ul Hassan was appointed as cashier, later on posted as junior Instructor (Bs-16) without promotion through DPC against a post purely in technical cadre which was then illegally converted / re-designated as Assistant Accounts Officer (BPS-16). The post was shown as BPS-17 in NIS of 2013 without approval of the Establishment Division / Finance Division as the post of Assistant Accounts Officer does not exist in the Recruitment Rules of NISTE. Later on the matter was investigated and he was reverted as Junior Instructor (BPS-16).
Mr. Ali Muhammad	Accountant	Account Officer	Mr. Ali Muhammad was appointed as Accountant, later on posted as Research Officer (BPS-17) without promotion through DPC. There was only one post of Account Officer (BPS-17). The post of Research Officer was re-designated illegally as Accounts officer and the same was included in NIS. Later on, the matter was investigated and the post was abolished. Consequently, Mr. Ali Muhammad reverted back as Accountant.
Mr. Waheed Ahmed	Cameraman, BPS-14	Incharge-Audio Video	Mr. Waheed Ahmed appointed as Steno-Typist and afterward appointed as Cameraman, BPS-14. Later on, he was allowed to work as Computer Operator (BPS-16) without any DPC and the post was re-designated as Incharge-Audio Video and the post was included in NIS. The matter was investigated and the post was demolished by FA organization in NIS 2017-18. The official was reverted back as computer operator.

Audit observed as under:

i. Posts were created and up-graded without the approval from competent forum.

ii. After inclusion of posts in NIS above named officials were promoted and subsequently others were promoted / appointed against their posts.

iii. On reversion they were given the charge of other posts as plumber, junior Instructor etc. and the person working against their posts were not reverted back to their original positions.

iv. During the period of illegal promotion and up-gradation incumbents were paid irregularly which should be recovered. Total amount which need to be recovered comes to Rs. 12,420,056. The detail of recovery is as under:

(Rupees)

S. No.	Name, Designation and BPS	Overpayment of pay and allowances	Overpayment from IGPs and other Sources	Total
1.	Qazi Muhammad Shoaib, APS (BPS-16)	1,905,712	1,262,181	3,167,893
2.	Mr. Ali Muhammad, Accountant (BPS-15 S/G)	1,311,685	1,715,709	3,027,394
3.	Mr. Zia-ul-Hassan, Cashier (BPS-15 S/G)	1,261,093	1922,356	3,183,449
4.	Mr. Irshad Anwar, Office Assistant (BPS-16)	315,062	333,347	648,409
5.	Syed Sajjad Hussain, Store Keeper (BPS-15 S/G)	584,548	707,346	1,291,894
6.	Mr. Waheed Ahmed, Cameraman (BPS-14)	335,416	765,601	1,101,017
Total				**12,420,056**

v. Officials were not reverted to their original posts and drawing pay and other allowances against other posts which was irregular and un- justified.

vi. Mr. Waheed was appointed as cameraman, BPS-14 but the management allowed him to work as Computer operator without following any rule. Further, it was observed that he has to be reverted to his original scale i.e. cameraman, BPS–14 but he was reverted against the post of Computer operator.

Audit is of the view that promotion and upgradation was made in violation of the rules.

The management replied that the posts were included illegally in the NIS and same have already been demolished by DFA Organization’s and illegal promotions have been cancelled. Officers and officials were reverted in their original posts or against different vacant positions for salary purpose. However, it was noted that case is sub-judice with court.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

10.4.21 Irregular cash payments through DDO - Rs. 58.270 million

Rule 157 of Federal Treasury Rules (FTR) states that cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed “A/C Payee only - Not Negotiable”.

Rule 170B(6) of Federal Treasury Rules (FTR) states that no cash shall be drawn from an assignment account except for imprest and in such limit as will be sanctioned by the Finance Division.

The management of Academy of Educational Planning and Management (AEPAM), Islamabad paid an amount of Rs. 58.270 million during 2013-17.

Audit observed that the expenditure was incurred, and payments were made in cash though DDO instead of cross cheques.

Audit is of the view that payments made though DDO in cash is violation of provisions of Federal Treasury Rules (FTR).

Audit is also of the view that the payments through Drawing and Disbursing Officer could lead to misappropriation of funds.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for the irregularity.

10.4.22 Non-availability of auditable record - Rs. 39.665 million

Section 8(a) of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the Auditor-General shall audit all expenditure from the Consolidated Fund of the Federation and of each Province and to ascertain whether the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it.

Para 4 of the Revised Procedure for Operation of Assignment Accounts of Federal Government issued by the Controller General of Accounts vide No. AC-II/1-39/08-Vol-V/632 dated 24.09.2008 states that the drawing authorities will submit monthly account of expenditure with copies of paid vouchers to the concerned AG/DAO for post audit purpose by 15th of each month who will carry out 100% post audit.

The management of Academy of Educational Planning and Management (AEPAM), Islamabad provided a copy of Inquiry Report on burning of Room No. 30 at AEPAM office, Islamabad which, inter-alia, states that record in support of expenditure amounting to Rs. 39.665 million was burnt, as per following details:

(Rupees)

S. No.	Project/Year	Cross Cheque Payments	DDO Payments
1	FMGG 2013-14	3,924,425	6,345,187
2	FMGG 2014-15	65,867	726,133
3	ELIM 2013-14	2,842,385	5,615,672
4	ELIM 2014-15	3,692,167	6,429,932
5	EMIS Data Project 2013-14	537,475	6,892,070
6	EMIS Data Project 2014-15	45,957	2,547,740
Total		**11,108,276**	**28,556,734**
Grand Total			**39,665,010**

Audit observed as under:

i. As per inquiry report, the Projects' payments' record i.e. files, paid vouchers and copies cheques issued were burnt.

ii. The management did not submit copies of paid vouchers (paid from Assignment Accounts) to the AGPR, Islamabad by 15th of each month.

iii. The management did not take action against the persons at fault and did not finalize the disciplinary actions/cases, in the light of inquiry report.

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

Audit is also of the view that non-submission of copies of paid vouchers to the AGPR, Islamabad is violation of the Revised Procedure for Operation of Assignment Accounts which could provide the opportunity of availability of auditable record that had been burnt.

Audit is also of the view that non-finalization disciplinary proceedings extended undue favor to the persons at fault.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed regarding non-submission of copies of paid vouchers to the AGPR, Islamabad in violation of the Revised Procedure for Operation of Assignment Accounts. Disciplinary proceedings be finalized to fix responsibility on person(s) at fault in the light of inquiry report.

10.4.23 Irregular expenditure - Rs. 16.155 million

Rule 12(1) of Public Procurement Rules 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of Academy of Educational Planning and Management (AEPAM), Islamabad incurred an expenditure of Rs. 16.155 million on serving lunch/refreshment to the participants of trainings/workshops during 2013-18, as per following details:

S. No.	Year	Project 'Use of DATA'	Project 'ELIM'
1	2013-14	519,062	3,307,199
2	2014-15	129,400	3,090,479
3	2016-17	864,065	2,967,329
4	2017-18	3,352,273	1,925,254
Total		**4,864,800**	**11,290,261**
		Grand Total	**16,155,061**

Audit observed that the management incurred expenditure without open competition.

Audit is of the view that procurements without open competition deprived the government of the benefit of competitive rates.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility on the person(s) at fault.

10.4.24 Irregular expenditure on payment of remuneration charges - Rs. 4.941 million

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

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

The management of Academy of Educational Planning and Management (AEPAM), Islamabad incurred an expenditure of Rs. 4,941,000 on payment of remuneration to its employees from PSDP funded projects during 2015-18:

S. No.	Project	Financial Years	Amount (Rs.)
1	ELIM	2016-17 to 2017-18	2,901,000
2	Use of Data	2016-17 to 2017-18	1,400,000
3	FMGG	2015-16	640,000
		Total	**4,941,000**

Audit observed that the expenditure was incurred in violation of provisions of General Financial Rules.

Audit is of the view that payment of remuneration to its employees was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that irregularity be stopped forthwith besides regularization of the expenditure from the Finance Division.

CHAPTER 11

11.MINISTRY OF FINANCE

11.1 Introduction

The Finance Division deals with the subjects pertaining to finance of the Federal Government and financial matters affecting the country as a whole, preparation of Annual Budget Statements and Supplementary/Excess Budget Statements for the consideration of the Parliament, accounts and audits of the Federal Government Organizations, etc. as assigned under the Rules of Business, 1973. The Finance Division also maintains financial discipline through Financial Advisors Organization attached to each Ministry/Division, etc.

The mission of the Finance Division is to pursue sound and equitable economic policies that put Pakistan on the path of sustained economic development and macroeconomic stability with a view to continuously and significantly improve the quality of life of all citizens through prudent and transparent public financial management carried out by dedicated professionals.

The following functions are assigned to the Finance Division under the Rules of Business, 1973:

1. Finances of the Federal Government and financial matters affecting the country as a whole.
2. The Annual Budget Statement and the Supplementary and Excess Budget Statements to be laid before the Parliament, the Schedules of Authorized Expenditure.
3. Accounts and Audit.
4. Allocation of share of each Provincial Government in the proceeds of divisible Federal Taxes; National Finance Commission.
5. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.

6. Loans and advances by the Federal Government.
7. Sanctions of internal and external expenditure requiring concurrence of the Finance Division.
8. Advice on economic and financial policies, promotion of economic research.
9. Proper utilization of the country's foreign exchange resources.
10. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.
11. Banking, investment, financial and other Corporations:
    i) State Bank of Pakistan;
    ii) Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province;
    iii) Incorporation, regulation and winding up of corporations including banking, insurance and financial corporations not confined to or controlled by or carrying on business in one Province.
12. Company Law: Accountancy, Matters relating to the Partnership Act, 1932.
13. Investment policies: Capital Issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.
14. Stock Exchanges and future markets with objects and business not confined to one Province: Securities Regulations.
15. Financial settlement between Pakistan and India and division of assets and liabilities of the Pre-Independence Government of India.
16. Framing of rules on pay and allowances, retirement benefits, leave benefits and other financial terms & conditions of service.
17. Cost Accountancy.
18. International Monetary Fund.
19. State lotteries.
20. Competition Commission of Pakistan and anti-Cartel Laws.

21. Administration of Economic Reforms Order, 1978.
22. Negotiations with international organizations and other countries and implementation of agreements thereof.

The attached wings and departments of Finance Division are:

ATTACHED WINGS

1. Administration
2. Quality Assurance
3. Budget Management
4. Corporate Oversight
5. Expenditure Management
6. Management of Provincial Finance
7. Policy
8. Pay & Pension Reforms
9. Internal Finance Sector
10. Investment
11. Development
12. Prime Minister's Special Program
13. Finance Division (Military)

ATTACHED DEPARTMENTS

1. Although the Office of the Auditor General of Pakistan has been categorized as an attached department, it has been empowered to exercise the administrative and financial powers of a Ministry/Division vide Finance Division's O.M. No. F.5(17)/Exp.II/85-423 dated 14.04.1987.
2. Office of the Controller General of Accounts
3. Central Directorate of National Savings (CDNS)

4. Competition Commission of Pakistan
5. Pakistan Mint
6. Securities & Exchange Commission of Pakistan

11.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2017-18 was Rs. 25,904,214.006 million including Supplementary Grants of Rs. 10,032,544.745 million out of which the Division utilized Rs. 29,088,003.754 million. Grant-wise details of current, development and charged expenditure are as under:

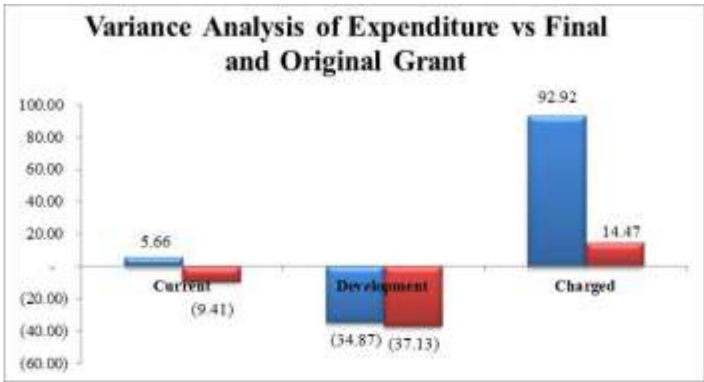
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
29	Current	1,610,708,000	37,636,000	1,648,344,000	1,632,001,689	(16,342,311)	(1)
31	Current	557,861,000	-	557,861,000	536,604,257	(21,256,743)	(4)
32	Current	2,823,710,000	706,885,000	3,530,595,000	3,113,157,798	(417,437,202)	(12)
33	Current	14,851,835,000	10,658,823,000	25,510,658,000	23,598,392,484	(1,912,265,516)	(7)
34	Current	248,000,000,000	85,708,780,000	333,708,780,000	345,817,196,451	12,108,416,451	4
35	Current	93,500,000,000	2,057,986,000	95,557,986,000	93,002,446,000	(2,555,540,000)	(3)
36	Current	457,240,000,000	18,800,001,000	476,040,001,000	389,755,007,907	(86,284,993,093)	(18)
104	Current	19,948,686,000	23,272,079,000	43,220,765,000	28,051,480,865	(15,169,284,135)	(35)
105	Current	28,324,173,000	3,000,574,000	31,324,747,000	30,433,975,932	(890,771,068)	(3)
	Subtotal - Current	**866,856,973,000**	**144,242,764,000**	**1,011,099,737,000**	**915,940,263,383**	**(95,159,473,617)**	**(9)**
119	Development	171,875,259,000	600,022,000	172,475,281,000	22,563,712,116	(149,911,568,884)	(87)
120	Development	17,723,852,000	5,236,386,000	22,960,238,000	15,665,297,000	(7,294,941,000)	(32)
121	Development	152,200,000,000	9,850,004,000	162,050,004,000	137,711,496,726	(24,338,507,274)	(15)
142	Development	329,835,000	-	329,835,000	14,968,526	(314,866,474)	(95)
143	Development	264,273,608,000	6,040,003,000	270,313,611,000	218,979,679,393	(51,333,931,607)	(19)
	Subtotal - Development	**606,402,554,000**	**21,726,415,000**	**628,128,969,000**	**394,935,153,761**	**(233,193,815,239)**	**(37)**
B	Charged	4,193,651,000	270,000,000	4,463,651,000	4,524,080,339	60,429,339	1
C	Charged	1,231,000,000,000	101,001,232,000	1,332,001,232,000	1,363,134,777,919	31,133,545,919	2
D	Charged	13,163,216,083,000	9,765,304,334,000	22,928,520,417,000	26,409,469,478,902	3,480,949,061,902	15
	Subtotal-Charged	**14,398,409,734,000**	**9,866,575,566,000**	**24,264,985,300,000**	**27,777,128,337,160**	**3,512,143,037,160**	**14**
	Total	**15,871,669,261,000**	**10,032,544,745,000**	**25,904,214,006,000**	**29,088,003,754,304**	**3,183,789,748,304**	**(32)**

Audit noted that there was an overall excess of 32% amounting to Rs. 3,183,789.748 million.

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. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, excess in current expenditure was 5.66%, which, after accounting for Supplementary Grants changed to saving of 9.41%. In development expenditure, savings against original budget were 34.87% which increased to 37.13% when Supplementary Grants were taken into account.



11.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Finance	1989-90	4	4	0	0	4
	1990-91	1	1	1	0	0
	1991-92	7	7	6	0	1
	1992-93	12	12	12	0	0
	1993-94	7	7	3	0	4
	1994-95	5	5	0	0	5
	1995-96	1	1	1	0	0
	1996-97	2	2	1	0	0
	2000-01	25	25	21	0	4
	2005-06	6	6	4	0	2
	2006-07	6	6	1	0	5
	2007-08	4	4	2	0	2
	2008-09	5	5	2	0	3
	2009-10	3	3	0	0	3
Total		**88**	**88**	**52**	0	**36**

11.4 AUDIT PARAS

Non Production of Record

11.4.1 Non Production of record

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

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

The audit of Ministry of Finance for the period 2017-18 was started w.e.f. 09.07.2018. Prior to start of audit the Ministry of Finance had been intimated on 03.07.2018.The following record/ information were demanded from the management for scrutiny on 09.07.2018 and subsequently but the same had not been provided up to 23.07.2018. Details are as under:

Sr.#	**Record/ Information**
1.	ID wise function and reconciled statement of expenditure for June 2018
2.	ID wise cash book with paid vouchers and supporting approval file
3.	Monthly consolidated pay roll summary
4.	Demand wise supplementary grant approved during 2017-18
5.	Number of Banks accounts (local/Foreign), maintained along with the consolidated annual bank statement and cash books with receipt and payment vouchers
6.	Employee wise list of honorarium paid with approval files
7.	Detail of all types of investments with approval files
8.	Detail of all types of transfer Payment/Grants/Financial support with approval files
9.	List of officer who are Board member of different Autonomous Bodies/Companies/Corporation along with number of their visit associates organizations with TA/DA and fee/remuneration/honorarium received
10.	Personal File/re-employment record of Mr. Talib Hussain Baloch a retired officer of M/o Finance along with source of payment.
11.	Number of companies constituted and owned by the Ministry of Finance since inception with following informations.
A	Seed money/grants transferred to the Companies
B	Objective/purpose/function of the companies
C	Annual certified/audited accounts of the companies for the last ten years
D	Banks accounts along with bank statement of the companies and cash books of accounts for the last ten years
E	Article/Memorandum of Association
F	Period wise name of chief Executives and Secretaries of the companies

Audit is of the view that in the absence of the relevant record the authenticity of the accounts of the Finance Division could not be ascertained.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed and above record may be produced for scrutiny.

Irregularity & Non Compliance

11.4.2 Irregular issuance of Euro Bonds - Rs. 280,000 million

In Rules of Business 1973, Rule 16 (d) among the Cases to be brought before the Cabinet include: proposals for levy, abolition, remission, alteration or regulation of any tax and floatation of loans.

In April 2014, Government of Pakistan launched $1 billion 10-year Euro Bond at a rate of 8.25% interest per annum and $1 billion 5-year Euro Bond was launched at a rate of 7.25% with the approval of the Prime Minister was obtained on a summary moved by the Ministry of Finance.

Audit observed as under:

i. The Bonds were issued without the approval of the Cabinet in violation of Rule 16 (d) of Rules of Business.
ii. The Bonds were issued at the highest rate of interest as compared to similar economies. Some examples are as under:

Country	**Amount Raised (in millions)**	**Coupon/Interest Rate**
Sri Lanka	1,000	5.875%
Mongolia	500	5.125%
Nigeria	500	6.375%
Zambia	750	5.375%
Vietnam	1,000	6.750%
Mozambique	500	6.305%

Audit is of the view that issuance of Euro Bonds without the approval of the Cabinet and at a higher rate was irregular and unauthorized resulted in extra financial burden on exchequer.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility of loss due to exorbitant interest rates should be fixed.

11.4.3 Wasteful expenditure on OGDCL exchangeable bond - $1 million

Para 10 of GFR Vol-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Further, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

A consortia consisting of Citibank, JP Morgan, Credit Suisse and BMA Capital was selected to raise $500 million against shares of OGDCL. The transaction could not be executed because of adverse market conditions cited by the financial advisors. Consequently, Ministry of Finance proposed two courses of action. First proposal was to revive the OGDCL bond. Second was to start afresh. MoF decided to go with the second proposal notwithstanding the fact that $1 million had already been spent on the working for OGDCL exchangeable bond.

Audit is of the view that it was unfair to waste $1 million on a project then scrapping it and starting afresh. Further, it was poor planning on the part of Finance Division which led to this loss of $1 million.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility of wasteful expenditure may be fixed or position may be clarified otherwise within seven days.

11.4.4 Irregular payment of TA/DA on account of Road shows - Rs. 3.948 million

In the confirmation of appointment given by the Joint Lead Managers Bank of America, Merrill Lynch, Barclays Bank PLC, Citigroup Global Markets Limited and Deutsche Bank AG to Government of Pakistan, it was clearly stated under 'Expenses' pg. 2 that in the event that the securities are issued, the JLMs will be responsible for: (4) Expenses relating to road shows including the boarding, lodging and travel expenses of four of the issuer's representatives for attending the road shows outside Pakistan.

The Finance Division incurred an expenditure of Rs. 3.948 million with the condition that the cost would be recovered from the Joint Lead Managers (JLMs). Details are as under:

GoP Representative	**Estimated Expenditure (Rs.)**
Ex-FM Ishaq Dar	1,275,000
Ex-FS Waqar Masood	1,498,000
Ex-AFS Shahid Mahmood	1,175,000
Total	**3,948,000**

Audit observed that the amount spent on behalf of JLMs was not recovered.

Audit is of the view that due to non-recovery of amount extra financial burden was put on government exchequer.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed besides recovery.

11.4.5 Deduction of collection charges from NFC Payments without certification from the Auditor General of Pakistan - Rs. 204,129.434 million

Section 2(a) of the Presidential Order dated 10.05.2010 states that net proceeds means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection as ascertained and certified by the Auditor General of Pakistan.

Ministry of Finance directed the State Bank of Pakistan to credit into the Non Food Accounts of the provinces their shares of the tax revenues as per NFC after deduction of collection charges during 2013-18 as detail below:

Rs in million

Year	Tax collected	Collection charges	Net taxes	War On Terror	Distributed to Provinces 57.50 %
2013-14	2,254,531	30,591.700	2,176,211.300	21,762.113	1,238,808.282
2014-15	2,589,978	35,495.560	2,507,400.440	25,074.004	1,427,337.699
2015-16	3,112,472	42,681.610	3,026,995.390	30,269.954	1,723,117.125
2016-17	3,367,674	46,548.330	3,284,562.670	32,845.672	1,869,737.299
2017-18	3,578,184	48,812.234	3,494,460.166	34,944.602	1,989,221.449
Total	**14,902,839.5**	**204,129.434**	**14,489,629.966**	**144,896.345**	**8,248,221.854**

Audit observed that collection charges were deducted from the divisible amount without certification from the Department of the Auditor General of Pakistan.

Audit is of the view that due to non-certification by the Auditor General of Pakistan the authenticity of the amount collected could not be ascertained.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amounts distributed after NFC may be got certified from the Auditor General of Pakistan and difference if any may be adjusted.

11.4.6 Less payment to the provinces under NFC due to over deduction of collection charges - Rs. 54,714 million

Section 2(a) of the Presidential orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that net proceeds means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection as ascertained and certified by the Auditor General of Pakistan.

Section 3(2) of the Presidential orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that one percent of the net proceeds of divisible pool taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on war on terror.

Section 3(3) of the Presidential orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states after deducting the amount as prescribed in clause (2), of the balance amount of the net proceeds of divisible pool taxes, fifty-six percent shall be assigned to provinces during the financial year 2010-11 and fifty seven and half percent from the financial year 2011-12 onwards.

Ministry of Finance through fax advices directed the State Bank of Pakistan to credit into the Non Food Accounts of the provinces their shares of the tax revenues as per NFC after deduction of collection charges as detail below:

(Rs in million)

Year	Tax collected	Collection charges deducted	Actual collection charges (expenditure of tax departments /offices)	Over deducted	Less payment to provinces 57.50%
2013-14	2,254,531.00	30,591.700	18,511	12,081	6,946
2014-15	2,589,978.000	35,495.560	19,389	16,107	9,261
2015-16	3,112,472.000	42,681.610	21,336	21,346	12,274
2016-17	3,367,874.000	46,548.330	24,463	22,085	12,699
2017-18	3,578,184.500	48,812.234	25,274	23,538	13,534
Total	**14,903,039.5**	**204,129.434**	**108,973**	**95,157**	**54,714**

Audit observed that actual collection charges i.e. expenditure on the tax department was less than the amount deducted as collection charges.

Audit is of the view that the Ministry of Finance violated Presidential order and deprived the provinces their due shares.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amount may be adjusted.

11.4.7 Un-authorized excess payment to the Balochistan after four years of NFC - Rs. 34,516.766 million

Section 4(3) of the Presidential Order dated 10.05.2010 states that Federal Government shall guarantee that Baluchistan province shall receive the projected sum of eighty three billion rupees from the provincial share in the net proceeds of divisible pool taxes in the first year of the award. Any shortfall in this amount shall be made up by the Federal government form its own resources. This arrangement for Baluchistan shall remain protected throughout the remaining four years of the Award based on annual budgetary projections.

Ministry of Finance directed the State Bank of Pakistan to credit into the Non Food Accounts of the provinces their shares of the tax revenues as per NFC after deduction of collection charges during 2013-18.

Audit observed that ministry of Finance continued additional payments even after five years of NFC.

(Rs in million)

Year	Divisible amount in million	Baluchistan share 9.09%	Additional payment to Baluchistan
2016-17	1,915,228.557	169,959.120	12,645.629
2017-18	2,046,037.189	180,820.230	21,871.137
Total	**3,961,265.746**	**350,779.35**	**34,516.766**

Audit is of the view that the additional payment was un-authorized.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amount may be adjusted.

11.4.8 Non-adjustment of tax refunded to the exporter from NFC payments -Rs. 36,698.14 million

Section 2(a) of the Presidential Orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that net proceeds means, in relation to any tax, duty or levy , the proceeds thereof reduced by the cost of collection as ascertained and certified by the auditor General of Pakistan.

Section 3(2) of the Presidential Orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that one percent of the net proceeds of divisible pool taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on war on terror.

Section 3(3) of the Presidential Orders & Regulation of the Distribution of Revenue and Grant in Aid Order, 2010 states that after deducting the amount as prescribed in clause (2), of the balance amount of the net proceeds of divisible pool taxes, fifty-six percent shall be assigned to provinces during the financial year 2010-11 and fifty seven and half percent from the financial year 2011-12 onwards.

Ministry of Finance placed funds at the disposal of State Bank of Pakistan for disbursement to the exporters of textile and non-textile sector during the year 2015-18 on account of duty drawbacks of local taxes and levies. Detail are as under:

Subject	**Amount Refunded (Rs. in million)**		
	2015-16	**2016-17**	**2017-18**
Duty draw back of local taxes and levies on textile	2,536.323	1,363.380	1,120.213
Duty draw back of local taxes and levies on textile under PM package	0	3,000.000	25,099.247
Duty draw back of local taxes and levies on non-textile	596.871	0	0
Duty draw back of local taxes and levies on non-textile under PM package	0	500.000	2,482.109
Total	3,133.194	4,863.38	28,701.569
Grand Total	**36,698.14**		

Audit observed that the divisible pool was not calculated after all adjustment of tax rebates and refunds.

Audit is of the view that due to non-adjustment of tax rebates and refunds before determination of shares from divisible pool, extra financial burden was borne by the Federal Government.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amount may be adjusted.

11.4.9 Deduction from NFC payment without the concurrence of Provinces Rs. 71,985.312 million

Section 2(a) of the Presidential Orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that net proceeds means, in relation to any tax, duty or levy , the proceeds thereof reduced by the cost of collection as ascertained and certified by the auditor General of Pakistan.

Section 3(2) of the Presidential Orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that one percent of the net proceeds of divisible pool taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on war on terror.

Section 3(3) of the Presidential Orders & Regulation of the Distribution of Revenue and Grant in Aid Order 2010 states that that after deducting the amount as prescribed in clause (2) of the balance amount of the net proceeds of divisible pool taxes, fifty-six percent shall be assigned to provinces during the financial year 2010-11 and fifty seven and half percent from the financial year 2011-12 onwards.

The Ministry of Finance made deduction from the amounts of revenue distributed to the Provinces under NFC during the year 2013-18:

Year	Amount deducted (Rs. in million)				
	Punjab	Sindh	KP	Baluchistan	Total
2013-14	3.032	1,048.658	38.674	368.309	1,458.673
2014-15	1,716.263	1,106.220	1,023.814	613.430	4,459.727
2015-16	11,574.356	983.581	1,164.712	837.013	14,559.662
2016-17	18,813.006	13,833.993	4,213.459	2,646.665	39,507.123
2017-18	5,957.084	2,131.238	2,322.461	1,589.344	12,000.127
Total	**38,063.741**	**19,103.69**	**8,763.12**	**6,054.761**	**71,985.312**

Audit observed that management did not produce any record showing the concurrence of the Provinces to make deduction from their share of revenue as KP Government vide letter dated 13.03.2017 pointed out that Rs.360.192 million were over deducted on account of subsidy on Fertilizer during 2016-17.

Audit is of the view that deduction was made in violation of the Presidential Order.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that adjustments for less payments may be made in future payments.

11.4.10 Provinces deprived of their due share - Rs. 53,158 million

GFR 26 states that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realized and duly credited in the Public Account. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Public Account.

Ministry of Finance directed the State Bank of Pakistan to credit into the Non Food Accounts of the provinces their shares of the tax revenues as per NFC after deduction of collection charges during 2013-18 as detail below:

Rs in million

Year	Tax collected	Collection charges	Net taxes	WOT	Distributed to Provinces 57.50 %
2013-14	2,254,531.00	30,591.700	2,176,211.30	21,762.113	1,238,808.282
2014-15	2,589,978.000	35,495.560	2,507,400.44	25,074.004	1,427,337.699
2015-16	3,112,472.000	42,681.610	3,026,995.39	30,269.954	1,723,117.125
2016-17	3,367,674.000	46,548.330	3,284,562.67	32,845.672	1,869,737.299
2017-18	3,578,184.500	48,812.234	3,494,460.166	34,944.602	1,989,221.449
Total	**14,902,839.5**	**204,129.434**	**14,489,629.966**	**144,896.345**	**8,248,221.854**

Audit observed that management did not prove that the figures of receipts were reconciled with the offices of the AGPR.

Audit is of the view that without reconciliations the actual amount of taxes collected cannot be confirmed.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amounts of taxes collected may be reconciled with the offices of the AGPR and difference if any may be adjusted as per Presidential Order of NFC awards.

11.4.11 Irregular and unauthorized payment of honorarium - Rs. 286.214 million

FTR 157(1) states that cheque drawn in favor of government officer and department in settlement of government dues shall always be crossed, A/c payee only.

Ministry of Finance O.M No F 2(9) R-3/85 dated 18th March, 1987 states that a competent authority may sanction the grant of the honorarium from the general revenues to a Government servant for doing certain work, provided that the following conditions are fulfilled: (i) The work is occasional in character; (ii) Is so laborious or of such special merit as to justify special award; (iii) The competent authority has given prior consent to the undertaking of work; and (iv) The amount of honorarium has been settled in advance. (v) The temporary increase in the work of a Government servant is not a valid justification for grant of honorarium to him. The temporary increase in work arc normal incidents of Government service and form part of legitimate duties of Government servants according to general principle enunciated in F. R.11 and as such have no claim to extra remuneration.

Summary of Grant of Special Incentive to the Officers/Official of the Federal Government states that Honorarium up to three (03) months basic pay may be allowed to employees of Ministry /Divisions by the Ministry/Principal Accounts Officers for the CFY 2017-18.

Finance Division withdrew Rs. 286.215 million in the name of DDO Vide bill No. 200 dated 04.06.2018 on account of honorarium. The net amount after deduction of Income Tax of Rs. 11.476 million was Rs. 274.739 million.

Audit observed as under:

i. Amount of three months basic pay as per expenditure statement for the month of June 2018 was Rs. 121.548 million. Whereas the amount drawn was Rs. 286.214 million.

ii. Payment was made in cash in violation of the Federal Treasury Rules which resulted into less recovery on account of income tax (Rs. 7,125,985) as the payment through AGPR payroll system was avoided to refrain from employee wise exact calculation and deduction of tax.

iii. There was no supporting record justifying that work was occasional in character, laborious the competent authority has given prior consent and the amount of honorarium was settled in advance.

Audit is of the view that payment of honorarium was unjustified and has resulted into excess payment and loss to the government exchequer.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides recovery of additional honoraria and amount of tax.

11.4.12 Un-authorized expenditure of honorarium - Rs. 20.5 million

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

The Secretary, Ministry of Finance approved Supplementary Grant. As per reconciled statement of expenditure for the month of June, 2018 the budget position under the head honorarium is as under:

Head	Amount Rs.
Original Allocation	170,000,000
Supplementary grant	25,500,000
Re-appropriated	92,123,080
Final Grant	287,623,080
Expenditure	287,143,216
Balance	**479,664**

Audit observed that as per supplementary demands for grants and for the appropriation for the year 2017-18 the total supplementary grant presented to the National Assembly under demand No. 29 Finance Division was Rs. 5.00 million.

Audit is of the view that expenditure of Rs. 20.50 million (25,500,000-5,000,000) was without authorized budget allocation.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the responsibility may be fixed for the unauthorized expenditure.

11.4.13 Un authorized payment of honorarium to the employees other than Finance Division - Rs. 22.723 million

The Federal Cabinet on Case No 438/24/2018 dated 31.05.2018 presented by Finance Division decided as under:

a. Honorarium up to three (03) months basic pay may be allowed to employees of Ministries/Divisions by the Ministries /Principal Accounting Officers for the CFY 2017-18.

b. Minister for Finance may approve honorarium to Prime Minister Office, Finance, Revenue and Planning, Development & Reforms Division.

c. Finance Division will provide funds to Ministries /Division for payment of honorariums, if required.

Finance Division withdrew Rs. 286,214,844 (Gross) in the name of DDO Vide bill No. 200 dated 04.06.2018) on account of honorarium for onward payments to the employees. The amount of tax deducted was Rs. 11,475,859 which was 4.5 percent of the amount drawn.

Audit observed as under:

i. Out of the withdrawn amount Rs. 22,722,830 were paid to the employees of other Ministries/Divisions/Departments. Details are as under:

Office	No of Employees	Amount Paid Rs.
Office of the Attorney General of Pakistan	05	220,860
NTC Employees	09	305,810
CDA Operational Staff Q Block	34	664,000
CDA Electric Staff Q Block	27	505,200
CDA Geyser Staff Q Block	04	89,600
CDA Maintenance Division III Q Block	04	95,800

CDA Fire Service	17	357,370
CDA S Block	08	175,500
PWD (FBC) building	06	112,470
CDA Maintenance Div III P-Block	07	123,090
IESCO	21	703,870
AGPR	98	3,527,145
Pakistan Printing Corporation of Pakistan	87	3,133,716
DSP Security Q Block	03	445,560
Other Security Staff	28	1,687,280
Office of the SP(SSG)	09	240,670
Pay fixation party (AGPR)	13	2,051,565
Polyclinic, Q block Dispensary	04	296,880
CDA Lift Staff	08	611,240
AGPR Budget Party	23	2,170,300
Office of the Secretary Establishment	05	471,720
Office of the DG Media	18	3,836,280
Other staff different division posted	18	896,904
Total	**456**	**22,722,830**

ii. There was no detail regarding occasional and odious nature of duty performed by the employees of other departments and recommendations of their management.

Audit is of the view that payment of honoraria to the employees of other department was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the responsibility may be fixed for the irregularity.

11.4.14 Less deduction of income tax from the payment made on account of honorarium to employees of Ministry of Finance - Rs. 7.126 million

First schedule of Income Tax Ordinance part (i) (1A) Where the income of an individual chargeable under the head ―salary exceeds fifty per cent of his taxable income, the rates of tax to be applied shall be as set out in the table as per slabs of income.

Ministry of Finance submitted a bill amounting to Rs. 286,214,844 (Gross) to the pre-Audit counter of the office of AGPR Islamabad on account of payment of honorarium to its employees in June 2018 with the direction to issue the cheque in the name of Drawing and Disbursing Officer (DDO). In response, a pre-Audit cheque amounting to Rs. 274,738,985 in the name of DDO Ministry of Finance was issued on 06.06.2018 after making at source deduction of Rs. 11,475,859 on account of Income Tax. The DDO encashed the cheque from the State Bank of Pakistan Islamabad and made payments to the employees in cash. The percentage of tax deducted was 4.5 % of the amount drawn.

Audit observed that income tax was not deducted from the employees as per their slabs of income (as circulated by the FBR in July, 2017) by adding the amounts of annual salaries and honorariums on individual basis.

Audit is of the view that the public exchequer was put to loss. As per audit working the amount less recovered only from the employees of BPS-19 & above was Rs. 7,125,985

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed and loss may be recovered and deposited into the government treasury.

11.4.15 Irregular Appointment of Mr. Khaqan Hassan Najeeb, Director General Economic Reforms Unit – Rs. 38.980 million

GFR-10 states that 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.

Finance Division established Economic Reform Unit in the M/o Finance in September, 2016 with the following objectives.

i. Promoting private sector development.

ii. Reducing cost of doing business

iii. Improving private sector competiveness for faming the private sector development strategy

iv. Prepared private sector dialog framework and proposed regulatory reforms

The Secretary Finance got approved the appointment of Mr. Khaqan Hassan Najeeb as Director General ERU through a summary moved to the Prime Minister w.e.f 01.06.2009 in MP-I scale for the period of two years.

Audit observed as under:

i. The post was not advertised before getting approval of the Prime Minister.

ii. The initial appointment was made for two years whereas the contract period was extended on yearly basis with new assignments after expiry of original contract and paid salary Rs. 38.980 million for the extended period.

iii. The performance evaluation reports containing measurable performance indicators/deliverables duly approved by the Performance Evaluation Committee were not found in the record.

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

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be investigated, responsibility of irregularity may be fixed and post may be refilled on open merit by adopting the approved procedure.

11.4.16 *Irregular Appointment of Mr. Umar Khalid, Industrial Policy Advisor - Rs. 8.183 million*

GFR-10 states that 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.

Finance Division established Economic Reform Unit in the M/o Finance in September, 2016 with the following objectives.

i. Promoting private sector development.

ii. Reducing cost of doing business

iii. Improving private sector competiveness for faming the private sector development strategy

iv. Prepared private sector dialog framework and proposed regulatory reforms

The Secretary Finance got approved the appointment of Mr. Umar Khalid, Industrial Policy Advisor through a summary moved to the Prime Minister w.e.f 02.07.2012 in MP-III scale for the period of two years on the basis of application submitted by Mr. Umar Khalid.

Audit observed as under:

i. The post was not advertised before getting approval of the Prime Minister.

ii. The initial appointment was made for two years whereas the contract period was extended on yearly basis after expiry of original contract and paid salary Rs. 8.183 million for the extended period.

iii. The performance evaluation reports containing measurable performance indicators/deliverables duly approved by the Performance Evaluation Committee were not found in the record.

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

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be investigated, responsibility of irregularity may be fixed and post may be refilled on open merit by adopting the approved procedure.

11.4.17 Irregular payments without scrutiny under Drawback of Local Taxes and Levies Scheme - Rs. 35,334 million

Para 5(b) of CGA Ordinance 2001 states that it is the duty of the CGA to authorize payment and withdrawals from consolidated fund and public accounts of the federal and provincial government against approved budgetary provisions after pre-audited checks as the Auditor General may from time to time prescribe.

As per amendment made in the above said provision through Finance Bill 2014, in case of exigency Ministry of Finance or Finance Department , as the case may be, may authorize payments directly from the State Bank of Pakistan and submit such information to Controller General of Pakistan to enable him to record the transaction.

Ministry of Textile Industry introduced a scheme Drawback of local taxes and levies in the budget for the year 2014-15, 2015-16 and 2016-17 vide notification No 1(41) TID/14-RDA dated 22.10.2014 and of even numbers dated 26.08.2015 and dated 14.11.2016 respectively. Para 1 of the schemes states that Drawback will be available if exports increase beyond 10% over last year export.

Ministry of Finance placed Rs. 40,241.630 million at the disposal of State Bank of Pakistan for payment of duty drawback of local taxes and levies claims for the years 2015-18. The detail of disbursement made by State Bank of Pakistan is as under:

Textile Sector						
ID	**2015-16**		**2016-17**		**2017-18**	
	Release	**Payment**	**Release**	**Payment**	**Release**	**Payment**
KA-3013 Duty drawback of local taxes and levies 14-15 textile	4,559.630	2,536.323	693.000	364.018	673.000	121.863
KA-3041 drawback of local taxes and levies , 2015-16 textile	0	0	1,000.000	999.362	500.000	498.377
KA-3098 drawback of local taxes and levies, 16-17 textile	0	0	0		500.000	499.980
KA-3042 duty drawback of taxes order, 16-17 textile	0	0	3,000.000	3,000.000	22,500.000	22,499.942
KA-3120 duty drawback of taxes order, 17-18 (revise PM's package)	0	0	0	0	2600.000	2,599.305
Total	4,559.63	2,536.323	4,693.00	3,000.00	26,773.00	26,219.467
Non Textile Sector						
KA-3016 duty drawback of local taxes and levies order, (non textile) 2015	1,089.000	596.871	0	0	0	0
KA-3043 drawback of local taxes and levies (non textile) order, 2017	0	0	500	500	2,627	2482.109
Total	**1,089.00**	**596.871**	**500**	**500**	**2,627**	**2482.109**
Grant Total	**40,241.630**			**35,334.194**		

Audit observed as under:

i. The funds were released without pre-Audit by the accounts office as required under Section 5(b) of the CGA Ordinance 2001.

ii. After July 2014, the management did not submit the information's regarding exigency in violation of provision of Finance Act 2014.

iii. The FA Organization also objected the direct payments with the observation that there was no any exigency for avoiding the scrutiny process of the AGPR.

iv. No documentary proof was provided that payment was made only on increased quantity/amount of beyond 10% increase of exports from previous year.

v. The funds were released without paying due care to the laid down procedure and ensuring the authenticity of the claims as no supporting documents relating to payments i.e. name of payee, record of export and payment of taxes etc. were available with the Ministry.

Audit is of the view that payment made in violation of laid down criteria and CGA Ordinance was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

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

11.4.18 Irregular payments without pre audit under Subsidy to the exporter of Sugar and Wheat - Rs. 8,225 million

Para 5(b) of CGA Ordinance 2001 states that its is the duty of the CGA to authorize payment and withdrawals from consolidated fund and public accounts of the federal and provincial government against approved budgetary provisions after pre-audited checks as the Auditor General may from time to time prescribe.

As per amendment made in the above said provision through Finance Bill 2014, in case of exigency Ministry of Finance or Finance Department , as the case may be, may authorize payments directly from the State Bank of Pakistan and submit such information to Controller General of Pakistan to enable him to record the transaction,

Ministry of Finance placed Rs. 8,254,000,000 at the disposal of State Bank of Pakistan for disbursement of amount of subsidy to the exporters of Sugar and Wheat for the years 2016-18. The State Bank of Pakistan intimated to the Finance Division the actual amount disbursed up to the end of the financial years. Details are as under:

Amount in Rs

Year	Commodity	Released to SBP	Amount disbursed	Surrendered
2016-17	Sugar	3,000,000,000	2,999,317,778	682,222
2017-18		1,625,000,000	1,598,971,100	26,028,900
2016-17	Wheat	2,000,000,000	1,999,828,940	171,060
2017-18		1,629,000,000	1,627,263,800	1,736,200
Total		**8,254,000,000**	**8,225,381,618**	**28,618,382**

Audit observed as under:

i. The funds were released without pre-Audit by the accounts office as required under Section 5(b) of the CGA Ordinance 2001.

ii. After July 2014, the management did not submit the informations regarding exigency in violation of provision of Finance Act 2014.

iii. The funds were released without paying due care to the laid down procedure and ensuring the authenticity of the claims as no supporting documents relating to payments i.e. name of payee, record of export and payment of taxes etc. were available with the Ministry.

Audit is of the view that the expenditure was against the laid down criteria mention polices and without the Supporting documents and also in violation CGA Ordinance.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

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

11.4.19 Irregular withdrawal of meal charges - Rs. 1.457 million

Serial No. 9(38) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 amended from time to time states that Secretaries of Ministries/ Divisions are empowered to sanction expenditure within budget for light refreshment, receptions, lunches/ dinners and serving lunch boxes in meeting which are prolonged beyond office hour.

Rule 28(2) of FTR Volume-I states that a Government Officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Accountant General and of the Audit Officer concerned. He shall also be responsible for seeing that payments are made to persons entitled to receive them.

The management of Finance Division drew Rs.1.457 million in the name of DDO under the head A 06301-Entertainment & Gifts during the year 2017-18 for onward payment to employees (BPS-01 to BPS-20) working in the Federal Minister's Office @ Rs. 150 for BPS-01 to BPS-16 and Rs. 300 BPS-17 & above per head per day in lieu of meal as on a complaint of poor quality meal received from Federal Minister's Office, it was decided that the officer/officials working in the Federal Minister's Office may be paid cash.

Audit observed that an amount of Rs. 1.457 million was drawn in cash from the head A 06301-Entertainment & Gifts and paid to employees working in the Federal Minister's Office as meal charges. This was irregular as

Ministries/ Divisions are not empowered to sanction expenditure from the head Entertainment & Gifts for cash payment of meal charges.

Audit is of the view that incurring of expenditure without delegation of power was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for irregularity.

11.4.20 Non preparation of Annual Procurement Plan - Rs. 13.167 million

Rule 8 and 9 of PPR, 2004 states that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and should proceed accordingly without any splitting of regrouping for the procurements so planned. The annual requirements thus determined should be advertised in advance on the authority website as well as on the website of procuring agency.

The management of Finance Division incurred an expenditure of Rs. 13.167 million on purchase of furniture and repairs during 2017-2018. Details are as under:

(Rupees)

S/No	Description	No. of transactions	Amount
1.	Purchase of Furniture	89	6,105,585
2.	Repairs of Furniture	39	2,641,751
3.	Repairs of Machinery & equipment's	131	4,419,648
	Total	**259**	**13,166,984**

Audit observed that the management did not made annual procurement plan and no annual tenders were advertised to obtain competitive rates. The procurements and repairs works were carried out in such a manner to avoid open tenders.

Audit is of the view that non-obtaining competitive rates through annual tendering is violation of PPRA, 2004 and therefore are held mis-procurements.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for irregularity.

11.4.21 Irregular expenditure on entertainment – Rs. 5.533 million

Rule 10(ii) of General Financial Rules (Volume-I) states that the expenditure should not be prima facie more than the occasion demands.

The Secretary, Ministry of Finance vide its letter No. 2(18)S-II/2017-2018 dated 24.04.2018 certified that award of contract for serving of lunch/dinner and refreshments to Parliamentarians and Journalists etc. during the budget 2018-19 to M/s Monal Caterers, Islamabad by inviting direct quotations in the public interest and under the "Operational Emergency" dispensing with condition for releasing of Tender Notice through print media rule 42(d)(iii) of Public Procurement Rules,2004. M/s Monal Caterers, Islamabad was selected by obtaining quotations from different catering firms and awarded the contract on 25.04.2018. M/s Monal Marquees, Islamabad submitted their claims amounting to Rs. 5.533 million on serving of lunch/dinner and Hi-Tea during the budget 2018-19. All the claims were paid by Finance Division, Islamabad during the year 2017-18.

Audit observed as under:

i. The management was not sure about number of participants present on each day and payment was made only on receipt of vendor's claim.

ii. Rates offered by M/s Islamabad Hotel were lowest but committee did not accept its rates without any logical justification.

iii. Operational Emergency was imposed by the Finance Secretary on 24.04.2018 whereas quotations from different catering firms were obtained on 03.04.2018 and M/s Monal Caterers, Islamabad was selected by a committee in its meeting held on 05.04.2018 i.e. prior to imposition of Operational Emergency.

Audit is of the view that all expenditure was incurred without observing the actual number of participants present and without open competition. Therefore, the expenditure is held irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for irregularity.

11.4.22 Irregular appointments /re-employment on contract and expenditure –Rs. 1.788 million

Section 14(1) of Civil Servants Act, 1973 states that retired civil servants shall not be re-employed under the Federal Government, unless such re-employment is necessary in the public interest and is made with the Prior approval of the authority next above the appointing authority

According to Establishment Division letter No. 7/3/89-OMG-II dated: 28.01.1989. The following criteria are laid down for re-employment of government servants:

i. Non availability of suitably qualified or experienced officers to replace the retiring officer.
ii. The officer is a highly competent person with distinction in his profession/field.
iii. The re-employment does not cause a promotion block; and
iv. Retention of the retiring officer, for a specified period, is in the public interest.

Re-employment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

Ministry of Finance Islamabad re-employed/appointed following 02 ex-officers of the ministry on contract and paid Rs.1.788 million against monthly salaries during the year 2017-18. Details are as under:

S #	Name	Date of Retirement	Designation before retirement	Appointed position	Period	Monthly Salary	Total Salary
1.	Mr. Muhammad Ayub	07.06.16	Deputy Secretary	Jr. Consultant for the parliamentary Affairs	1-1-17 to 30-06-2017	126,741	760,446
2.	Mr. Ghulam Murtaza	31.03.16	DFA	DFA(Water& Power)/Financial matter of Finance Division	1-8-2017 to 31-01-18	123,685	742,110
					01-02-2018 to 31-5-2018	71,280	285,120
Total							1,787,676

Audit observed that both the appointments were made on contract basis without advertisement and prior approval of the prescribed authority. In the instant cases, Prime Minister was the competent authority. Thus the appointments on contract cannot be considered as transparent.

Audit further observed that the appointee at Sr.1 before such appointment was appointed for the period 1.07.16 to 31-12-2016 against monthly salary of Rs. 70,000 in a project titled “Institutional strengthening of Finance Division”. After closure of the project, the appointee was working irregularly in the ministry without extension. The Secretary Finance granted post facto approval on 15.7.2017 to materialize the contract period 01.07.2017 to 30.6.2017 and to pay him the remuneration (lump sum last drawn gross salary i.e. Rs. 126,741) from the head “Payment to others for services rendered”. Similarly, the appointee at Sr.2 retired on 31.3.2016 and served in the Finance Division on contract during the period 1.4.2016 to 31-12-2016 against monthly salary of Rs. 149,011 including house hiring (last pay drawn gross Rs. 123,685). Further extension was not made by Finance Division due to sought of advice of Establishment Division in another case of hiring the services of retired officer. However, the services were again hired w.e.f. 01.08.2017 without any justification and to pay him the remuneration (lump sum last drawn gross salary i.e. Rs. 123,685) from the head “Payment to others for services rendered”.

Audit is of the view that appointments made on contract basis without advertisement and prior approval of the prescribed authority were irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be inquired and responsibility may be fixed and posts may be refilled by adopting the approved procedure.

11.4.23 Non depositing of recoveries of loan and advances made from the employees of Pakistan Nuclear Regulatory Authority - Rs. 34.924 million

Finance Division released Rs. 56.145 million to Pakistan Nuclear Regulatory Authority (PNRA) for grant of loan and advances to its employees during the year 2011-17 out of Demand No. 105- Other Loans and Advances by the Federal Government.

Audit observed that management of PNRA recovered Rs 34.924 million during the year 2011-17 on account of loan and advances made to the employees but were not deposited into Government Account as the funds were released by the Finance Division on yearly basis. An amount of Rs. 14.840 million was released by the Finance Division for grant of loan and advances for to its employees during the year 2017-18 out of Demand No. 105- Other Loans and Advances with the condition that recoveries made against advances granted to the employees of PNRA be deposited monthly basis through Treasury Challans and original copy of challans may be forwarded to Finance Division. Further, details of recoveries of interest and principle amount against various loans given to the employees of PNRA in the past may also be intimated but no response was received from PNRA so far. A detail of amount released and recovered during the year 2011-17 is as under:

Year	Allocation	Recoveries
2011-12	4,400,000	4,921,618
2012-13	4,000,000	4,049,557
2013-14	4,200,000	4,915,628

2014-15	16,000,000	9,911,104
2015-16	10,000,000	5,781,672
2016-17	17,544,550	5,344,214
Total	**56,144,550**	**34,923,793**

Audit further observed that the management of Finance Division failed to show the facts on the basis extraordinary release in the year 2014-15 as Rs.16.000 million for grant of loan and advances was made to PNRA as compared to Rs. 4.200 million in the year 2013-14.

Audit is of the view that realization of recoveries of loan and advances from the employees and non-depositing into Government Account was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 10.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amount advanced may be recovered and matter may be investigated to pinpoint the excess payments.

11.4.24 Non Recovery of fees and charges from regulatory agencies - Rs. 9,428.770 million

Sub Section (2) (f) of Section 20 of the Competition Commission of Pakistan Act, 2010, states that the Fund shall be consist of a percentage of the fees and charges levied by other regulatory agencies in Pakistan as prescribed by the Federal Government in consultation with the Commission and the percentage so prescribed shall not be varied to the disadvantage of the Commission.

Finance Division vide S.R.O No. (1)/2008 dated 23.08.2008 prescribed a charge of 3% on the fees and charges levied by the following authorities during financial year 2008-09 to meet the charges in connection with the function of the Commission namely:

a) The Securities and Exchange Commission of Pakistan
b) The National Electric Power Regulatory Authority
c) The Oil and Gas Regulatory Authority

d) The Pakistan Telecommunication Authority
e) The Pakistan Electronic Media Regulatory Authority

Rule 5(2) of Competition Commission (Collection of fee and Charges) Rules, 2009 states that the percentage prescribed by the Federal Government under Rule 3(1) shall take effect from the financial year 2008-09 and shall not be varied at any stage, to the disadvantage of the Commission.

The management of the Competition Commission of Pakistan was required to receive a charge of 3% on the fees and charges levied from the regularity authorities.

Audit observed that Rs. 9,428.770 million for the period 2008-17 on account of 3% of the fees was outstanding against the Regularity Authorities whereas the outstanding amount of 2017-18 was not produced to Audit. Details are as under:

Sr #	Name of regulatory Agencies	Amount Due
1	The Pakistan Telecommunication Authority	8,763,626,696
2	The Securities and Exchange Commission of Pakistan	236,428,903
3	The National Electronic Power Regulatory Authority	184,578,986
4	The Pakistan Electronic Media Regulatory Authority	155,622,840
5	The Oil and Gas Regulatory Authority	88,512,534
Total		**9,428,769,959**

Audit is of the view that non-collection of share i.e. 3% of on the fee and charges levied by the regularities agencies resulted in loss to the Commission as well as to Government exchequer as CCP received grant in aid from government to meet the operational expenditure of the Commission.

The management stated in its reply that as per the directions of the DAC, dated 13.11.2017, and Senate Standing Committee, the subject matter was taken up with the Cabinet and Finance Division. A meeting in the Cabinet Division under the Chairmanship of Cabinet Secretary was held on 22.12.2017 where it was decided that the Finance Division be given the lead role being the line ministry.

The management has accepted the irregularity.

The DAC held on 11.12.2017 directed the management to pursue the case vigorously for early recovery/finalization of the case and get the relevant record verified by Audit.

Audit recommends that amount outstanding against the regulatory authorities should be recovered besides devising a mechanism to ensure timely recovery.

11.4.25 Non-recovery of long outstanding penalties – Rs. 21,303.830 million

Section 40(8) of Competition Commission of Pakistan Act, 2010 states that all penalties and fines shall be credited to the Public Account of the Federation.

The Competition Commission of Pakistan imposed penalties of Rs. 21,403.580 million on different companies from 2007-08 to 2017-18.

Audit observed that only out of Rs. 21,403.580 million only Rs. 29.750 million have been recovered leaving an outstanding amount of 21,303.830 million till June, 2018.

Audit is of the view that non-collection and non-deposit of penalties was in violation of Competition Commission of Pakistan’s Act, 2010 which deprived the Government to its due receipt.

The management replied that no penalty was received/recovered during 2017-18.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that recovery should be made and deposited into the government treasury.

11.4.26 Non-remittence of surplus fund into the Federal Consolidated Fund - Rs. 510.478 million

Section 24 (3A) of Securities and Exchange Commission of Pakistan Act, 1997 states that any surplus of receipts over the actual expenditure including budgeted capital expenditure in the year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

As per audited Financial Statement of Securities and Exchange Commission of Pakistan (SECP), Islamabad for the financial year 2016-17 an income of Rs 3,048,946,000 was received on account of Fees, Recoveries and Other income and incurred an expenditure of Rs. 2,801,824,000 resulting in savings of Rs. 413,468,000 during 2016-17.

Audit observed that the surplus amount during 2016-17 amounting to Rs. 413.468 million was not deposited into the government treasury.

Audit is of the view that non-deposit of the surplus amount to the Federal Consolidated Fund deprived the government of its due share of receipts.

The management replied that the surplus is payable in Federal Consolidated Fund after meeting all revenue expenditures, capital expenditures and budgeted capital expenditures for next year. The Commission prepares it financial statements as per International Financial Reporting Standards (IFRS) as applicable in Pakistan. As per income and expenditure account the surplus of Rs.415 million which represents only surplus of revenue receipts over revenue expenditures, whereas, the capital expenditures are not accounted for in income and expenditure account. As per note 5 and 6 of audited financial statements for the year 2016-17, the capital expenditures for the year 2016-17 are Rs.318.664 million. According to the approved budget for the financial year 2017-18, total capital expenditure budget is Rs. 1,396 million. After taking into account actual capital expenditures, and approved capital expenditure budget, nothing is payable in Federal Consolidated Fund against surplus for the year 2016-17.

The reply was not acceptable because capital expenditure was already adjusted in previous years, therefore, adjustment of the same in subsequent year double the amount which is not covered under the Act.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the surplus amount may be deposited into Federal Consolidated Fund and responsibility should be fixed for the irregularity.

11.4.27 Irregular payment of Special Allowance - Rs. 54.092 million

Securities and Exchange Policy Board in its 63 meeting held on 05.06.2014 recommended provision of ‘Personal Pay’ to employees on Old Terms and Conditions (OTC) and ‘Special Allowance’ to employees on New Terms and Conditions (NTC) in lieu of the pay exceeding their scales/slabs be not included or calculation of ‘Gratuity’. For permanent settlement of the relevant grievances the Pay Scales/Slabs of cadres revised. The Policy Board approved the Personal Pay/Special Allowance to those employees who have reached or are reaching at the maximum of their Pay Scale/Pay Slabs.

In the light of the Policy Board recommendations, SECP paid Rs. 54.092 million as Special Allowance to the employee.

Audit observed that to remove the anomaly the Pay Scales/Slabs of the cadres were revised in July 2015. Audit further observed that despite revision of the Pay Scales/Slabs, the management continued paying the allowance from 01.07.2015 to 30.04.2018 till completion of the audit.

Audit is of the view that payment of Special Allowance after revision of the Pay Scale/Pay Slabs was irregular and unauthorized and disregard of the Policy Board recommendations.

The management replied that while approving the HR Manual by the Policy Board, the pay scales of SECP Grade Employees (previously termed as “New terms & conditions” employees) were also approved which were made part of HR Manual and were based on traditional number of stages.

Accordingly, the salary of the employees was fixed in accordance with the new pay scales/stages i.e. in the nearest stage whereas special allowance was not merged in new scales. As the merging of special allowance, the financial impact would have increased, therefore special allowance already being paid to the employees prior to implementation of HR Manual was kept same so that the take home salary of the employees is not decreased. As in case of discontinuation of special pay, the take home salary would not have remained the same and may cause of deprivation among such employees. As it is settled principle that on account of any increase in pay and perks, the impact may not be less than the already drawn salary.

The reply was not acceptable because to remove these anomalies the slab of the pay was revised and continuation of the previous allowance despite increase in the pay slab was irregular and unauthorized.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued forthwith and amount already paid may be recovered and deposited into government account.

11.4.28 Overpayment of Leave Encashment - Rs. 5.979 million

Clause 3.7.12 of Securities and Exchange Commission of Pakistan, Human Resource Manual 2015 states that employees in SECP grades, balance accumulated leave up to a maximum of sixty five working days will be en-cashed on separation/resignation/death etc.

The management of Securities and Exchange Commission of Pakistan paid an amount of Rs 4.421 million on account of annual leave encashment on separation during the year 2015-17.

Audit observed that SECP calculated the encashment of the available annual leave in account as (Last pay*12 months*Available leave)/250 days. While as per rule it should be divided by 365 days. The employees of the SECP draws pay and allowances for a month not for only working days. The numerator was taken as 12 months but the denominator was taken only for the working days which are violation of basic rules.

Audit is of the view that application of wrong formula for calculation of leave encashment was undue favor to the leaving employees of the SECP.

The management replied that for calculating the leave encashment for SECP Grade Employees, the same practices is being followed since 2007 when the policy board approved the new terms and conditions for the employees of the Commission (HR Handbook).The Commission has approved/endorsed these formulas. For SECP Grade employees, all matters relating to annual leave are being dealt on working days basis. However, the HR Committee has proposed few amendments to the Commission in the HR Manual which also includes entitlement of leave, Leave Encashment etc.

The reply was not acceptable because leave encashment was paid to the employees in violation of rules.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level and responsibility should be fixed for the loss.

11.4.29 Irregular continuation of performance increment beyond the financial year – Rs. 1,023.830 million

Clause 3.1.8 of the Securities and Exchange Commission of Pakistan Human Resource Manual 2015 states that in order to retain professional employees who are highly skilled and possess advanced technical expertise the Commission may, as additional remuneration to such employees grant special pay or increment in accordance with the criteria determined by the Commission in this regard.

SECP paid performance increment in addition to fixed bonus, performance bonus at the rate of 2, 1.5 and 1 gross pay and allowance for the grading excellent, very good and good rated during the year 2015-16.

Audit observed that the practice of granting performance increment for an employee had multiplier effects, such as increase in Basic Pay, House Rent Allowance, Medical Allowance, Utility Allowance, Leave Fare Assistance, Gratuity etc.

Audit further observed it was not happened in only 2015-16 but it was a continuous process. Audit only calculated impact of performance increment during a year for a limited period of 15 years. If the impact of grant of performance increment for each year it would be in billions and the liabilities are accelerating with the passage of time.

Audit is of the view that combination of guaranteed bonus, performance bonus and performance increments in the same year were not justified. Grant of performance increment on the basis on one financial performance having effect on multiple years, multiple of allowances and other privileges was undue benefit to the employees.

The management replied that salaries or perks (performance increment/ bonuses etc.) paid under HR Manual approved by the Commission with effect from April 13, 2015 (and/or the previous Service Manual-1999 and HR Handbook-2007) are legitimate expense and are not in violation of any rules neither there is any irregularity involved in payment of salaries /remuneration etc. to the employees and Commissioners etc. Performance based increments etc. are part of the terms and conditions of employment.

Reply was not acceptable because continuation of performance bonus for more than one accounting period is not justified.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the practice should be discontinued and its affects in other years should be calculated and recovered from the concerned.

11.4.30 Irregular grant of annual increment and fixed bonus - Rs 3.7 million

Clause 3.1.1 of the Securities and Exchange Commission of Pakistan Human Resource Manual 2015 states that employee against whom disciplinary proceedings are pending will not be paid any annual increment, fixed and performance bonuses. However, if employee is cleared of the charges, he/she will be eligible for increment, fixed and performance bonuses as per rating on retrospective basis.

In exercise of the powers conferred by Section 6 of the SECP Act, 1997 read with Section 16 of the General Clauses Act, 1897, the Federal Government placed Mr. Zafar-ul-Haq Hijazi, Chairman, and Securities and Exchange Commission of Pakistan (SECP) under suspension on 24.07. 2017.

Audit observed that the SECP paid an amount of Rs 2.7 million as fixed bonus and Rs 100,000 annual increment to the suspended Chairman during the year 2016-17.

The management replied that the fixed bonus, in light of the legal opinion and on the advice of the Federal Government (Ministry of Finance), his final settlement has already been cleared and paid to him, except performance bonus.

The Reply was not acceptable because as per SECP manual annual increment and fixed bonus could not be paid till the employee against whom disciplinary proceedings are pending.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit is of the view that despite having under suspension and under trial in court of law grant of fixed bonus and annual increment was irregular and unauthorized.

11.4.31 Irregular grant of one extra fixed bonus- Rs 214.948 million

Clause 3.1.5 of the Securities and Exchange Commission of Pakistan Human Resource Manual 2015 states that one-month gross salary will be paid as fixed bonus to all confirmed regular employees of the Commission as on June 30.

Securities and Exchange Commission of Pakistan paid 2 fixed bonuses in the year 2015-16 and 2.5 fixed bonuses in 2016-17. Detail of extra bonus, in addition to one fixed bonus is given as under:

S. No.	Year	Amount
1	2015-16	81.417
2	2015-16	2.479
3	2016-17	125.528
4	2016-17	5.524
	Total	**214.948**

Audit observed that performance bonus was paid to employees in addition to a fixed bonus in violation of SECP Human Resource Manual.

Audit is of the view that payment of extra bonus was violation of the rules which resulted in decreasing surplus fund to be deposited into government account.

The management replied that achievements were made across all the core functions of the SECP, from corporate sector, capital market to insurance. These achievements have received wide spread coverage in the news media, routinely making headlines in the business sections. They have established SECP as a well-known and respected institution that is delivering upon its mandate.

The reply was not acceptable because there was already a provision of performance bonus besides a fixed bonus. Although the achievements mentioned by SECP were the function of SECP but additional extra fixed bonus was paid in violation of the SECP HR Manual.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that this irregular practice should be stopped and amount already paid should be recovered.

11.4.32 Payment of fixed bonus - Rs 247.597 million

Bonus is defined as an amount of money added to wages on a seasonal basis, especially as a reward for good performance.

Clause 3.1.5 of the Securities and Exchange Commission of Pakistan Human Resource Manual 2015 states that one-month gross salary will be paid as fixed bonus to all confirmed regular employees of the Commission as on June 30th.

Bonus is used to pay on achieving significant goals by the employees. When bonuses are tied to performance it can encourage employees to reach their goals, which in turn helps the organization to achieve their goals.

Audit observed that SECP in its Human Resource Manual inserted provision for guaranteed as well as performance bonuses during a financial year. Details are as under:

S. No	Year	Amount in million
1	2016-17	86,192,013
2	2015-16	161,405,083
	Total	**247,597,096**

Audit is of the view that SECP need to clearly define and communicate about the conditions under which employees are eligible to receive bonus. Bonus pay is discretionary by the employer, it is not considered to be a contract.

The management replied that such incentives are paid in competitor organizations. Even despite grant of such performance and market based remunerations, employees still leave for more better opportunities, such as during the last 3-years i.e. after implementation of new HR Manual 2015 , as many as 69 management cadre employees have resigned, majority of them mentioned the reason of leaving as better prospects. So the Commission has to maintain pay/perks package offered by relative job market. SECP competes with the private sector for its pool of high quality professionals. To attract and retain such professionals, it was essential to provide them compensation that was not significantly less than what was available to them in the private sector.

Reply was not acceptable because SECP is Commission established under Act of the Parliament and the SECP employees are paid from the revenue of the government. Therefore comparison of the SECP with a private companies working on commercial basis are not justified.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that provision for fixed bonus should be eliminated and only performance bonus may be paid who fulfill the conditions under which employees are eligible to receive bonus.

11.4.33 Irregular final settlement of terminal benefits- Rs 7.732 million

Clause 6.21 (iii, iv & v) of the Securities and Exchange Commission of Pakistan Human Resource Manual 2015 states that in case an employee placed under suspension is honorably acquitted of the charges by the Commission, he/she shall be reinstated in service and his period of suspension, will be regularized by treating the period of suspension as duty for all purposes. The employee under suspension for the provisions of this sub- clause shall be entitled to pay, allowances and other benefits as admissible to him on duty. Provided that the Commission may decide to withheld pay to an employee accused of any gross misconduct / criminal offence especially in cases where such an employee is absconder/absent from duty.

In exercise of the powers conferred by Section 6 of the SECP Act, 1997 read with Section 16 of the General Clauses Act, 1897, the Federal Government placed Mr. Zafar-ul-Haq Hijazi, Chairman, and Securities and Exchange Commission of Pakistan (SECP) under suspension on 24.07.2017.

Audit observed that the SECP paid an amount of Rs 7.733 million as terminal benefit to the suspended Chairman as final settlement without acquittal of the charges and reinstating in service. Criminal case against the Chairman was in the court of law but the Commission as per rule did not withhold.

Audit is of the view that payment of terminal benefits without acquittal and reinstatement of the employees was irregular and unauthorized.

The management replied that the Commission in its 82nd meeting held on December 21, 2017 considered the matter regarding completion of tenure of Mr. M. Zafar-ul-Haq Hijazi (in terms of a detailed working paper) and entitlement of his terminal benefits (in view of status/position in his case i.e. suspension during tenure/ongoing court case) and decided that HR department may seek external legal opinion in the matter of payment of terminal benefits to Mr. Hijazi from CKR Zia (legal consultants) and further that on receipt of external opinion the same be shared with Ministry of Finance for information/advice. The Commission in its 11th meeting dated 1st March, 2018 granted approval to release payment of terminal benefits to Mr. Zafar Hijazi, accordingly his final settlement dues were processed and payment of admissible dues was made to him.

The reply was not acceptable because as per SECP HR Manual the Commission may withheld pay to an employees accused of criminal offense. Criminal proceedings are not concluded and the accused is not acquitted from the charges, payment of terminal benefits was irregular and undue benefit.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

11.4.34 Injudicious hiring of Group Life Insurance Companies - Rs 11.011 million

Clause 3.4 of the Securities and Exchange Commission of Pakistan Human Resource Manual 2015 states that the employees of the Commission will be entitled to Group Life Insurance/Group Takaful once they have complied with the necessary formalities. All contributions in such respect will be paid and borne by the Commission.

Securities and Exchange Commission of Pakistan hired the services of M/s Jubilee life Insurance Company Ltd for a period of three years w.e.f.

01.07.2014. According to the agreement 23% was to be paid as insurer's allowance. The claimed incurred during the period is to be less from the total premium paid and in case premium paid is over than 65% of the profit was to be adjusted in the next year premium payable and if claims are over and above the premium paid it would be carried forward for the next year. The following premiums were paid to the insurance company.

S. No	Period	Amount
1	01.07.2013 to 30.06.2014	4,060,372
2	01.07.2014 to 30.06.2015	3,187,753
3	01.07.2015 to 30.06.2016	3,762,450
	Total	**11,010,575**

Audit observed that in any case 35% cost (23% insurer allowance and 12% in case of profit) and in case of losses full amount was to be borned by the SECP. The contribution was to be paid fully by the Commission and the employees had to pay no contribution.

Audit is of the view that there was no benefit of hiring of the insurance company except to pay 35 % extra cost to the insurance company and keeping record and other activities related to this policy.

The management replied that according to the Policy Documents/agreement after adjustment of 23% amount as administrative charges and adjustment of claims, if any, 65% of the remaining amount of premium will be returned to SECP in shape of profit commission adjustment in next premium. However, if claims exceed the profit commission amount then it will be adjusted in next year's profit commission not from premium. This is a standard clause and as per Jubilee Life Insurance Company representative statement, this clause has been endorsed by the SECP being the Regulator.

Reply was not acceptable because this policy is not beneficial in monetary terms as SECP have to pay an additional cost of 23% administrative cost and the other part of the payment is to be shared as profit and loss between the insurer and the insurance company.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired and responsibility should be fixed for hiring the insurance company without any benefit.

11.4.35 Unnecessary provision of subsidy on account of lunch provided in the cafeteria from the Commission fund – Rs. 8.077 million

Clause 3.1.2 of the Human Resource Manual of the Security and Exchange Commission of Pakistan states that all SECP grade employees will be entitled to pay, allowances and benefits as per, schedule of entitlements Annex IV and all CPS grade employees will be entitled to pay, allowances and benefits as per, schedule of entitlements Annex V.

SECP hired the services of Fijji's Grill, Islamabad for provision of cafeteria services at the SECP head office from January 1, 2017 to December 31, 2017.

SECP paid an amount of Rs 7.843 million to M/s Fijji's Grill during the year 2016-17 for supplying cafeteria services. An amount of Rs 4.069 million was paid on account of office refreshment charges i.e. providing tea to all employees during the office timings.

Audit observed that an amount of Rs 4.008 million was also paid from the commission fund as a subsidy for the officers and staff of the SECP and 4.069 million was paid on account of officer refreshment charges.

Audit is of the view that in the presence of market competitive pay package provision of subsidy from Commission fund was not justified. Furthermore it is also violation of the above clause of HR Manual.

The management replied that it is general practice in private and most of the government owned entities to provided subsidized lunch and tea in working hours.

The reply was not acceptable because there was no provision in HR Manual to provide subsidized lunch and tea in working hours.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that provision of subsidy to officers and staff for cafeteria services and office refreshment charges may be discontinued.

11.4.36 Unauthorized/Irregular release - Rs. 30 million

Minutes of the Fourteenth Meeting of SECP held on 17th February, 2017 agenda item No.1 financial assistance for Audit Oversight Board (AOB). Chairman Audit Oversight Board (AOB) requested to provide administrative assistance in terms of Section 36X of the said Act on reimbursable basis for an initial period of six months. The Chairman AOB, has also suggested that the SECP and AOB may enter into a Memorandum of Understanding (MoU) for this purpose.

SECP paid an amount of Rs 30 million vide cheque bearing No.1002829328 dated 17.02.2017 of Rs. 14,980,000 and cheque No.1002829436 dated 13.03.2017 of Rs. 15,000,000 to the Audit Oversight Board (AOB) on reimbursable basis for a period of six months.

Audit observed that neither the fund was refunded as per MoU nor submitted record for audit.

Audit is of the view that SECP was not authorized to grant financial assistance to AOB.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the either the funds may be recovered or the record may be submitted to Audit for scrutiny.

11.4.37 Irregular expenditure from Commission Fund - Rs. 2.297 million

Clause 3.1.2 of the Human Resource Manual of the Security and Exchange Commission of Pakistan states that all SECP grade employees will be entitled to pay, allowances and benefits as per, schedule of entitlements

Annex IV and all CPS grade employees will be entitled to pay, allowances and benefits as per, schedule of entitlements Annex V.

SECP incurred an expenditure of Rs 879,150 on performing Hajj and Rs 1.418 million on purchase of mobile sets for its employees from Commission Fund.

Audit observed that there was no provision for performing Hajj and purchasing mobile sets in the Annex referred in Clause 3.1.2 of the HR Manual. It is also fact that hajj is a religious matter and it could not be performed from the income of others. It only becomes farz to those who have sufficient income. SECP generosity on the income of others is against the principle of financial proprietary.

Audit is of the view that performance of religious matter from SECP fund and purchase of mobile sets to its employees from SECP Fund was irregular and unauthorized.

The management replied that SECP competes with the private sector for its pool of high quality professionals. To attract and retain such professionals, it is essential to provide them compensation that is not significantly less than what was available to them in the private sector including purchase of mobile sets etc.

Reply was not acceptable because there is no competition between private sector organizations with a public sector organization.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that irregular practice should be discontinued.

11.4.38 Non approval of pay packages from Federal Government

Section 39 of SECP Act, 1997 states that (1) Subject to sub-section (2), the Federal Government may, by notification in the official Gazette, make rules for all or any of the matters in respect of which it is required to make rules to carry out the purposes of this Act.

Section 40 of the SECP Act, 1997 states that (i) the Board on the recommendation of the Commission and in consultation with the Federal Government; and (ii) the Commission in consultation with the Board, may make such regulations as may be required to carry out the purposes of this Act or the functions of the Commission specified in sub-section (4) of section 20

Section 23 (3) of the Security and Exchange Commission of Pakistan Act, 1997 states that it shall be the duty of the Commission to conserve the Fund by performing its functions and exercising its powers under this Act or any administered legislation so as to ensure that the total revenues of the Commission are sufficient to meet all sums properly chargeable to its revenue account.

Section 24 (3A) of SECP Act, 1997 states that any surplus of receipts over the actual expenditure including budgeted capital expenditure in a year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

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

SECP approved pay and allowance of its employees from time to time. The last pay package was approved in 2015.

Audit observed that the pay package of the SECP employees was 500% to 1000% higher than the public sector.

Audit is of the view that the pay package was required to be approved from the Federal Government because it has a huge financial impact.

The management replied that Section 39 of the Act is not applicable to SECP Human Resource Manual being an internal document/guideline determining the terms and condition of the employees of the Commission. Furthermore, Part.XI of the Act empowers the Commission and Federal Government to make rules or regulations to carry out the purpose of the Act with reference to functions of the Commission and Section 20 of the Act provides in detail the powers and functions of the Commission.

Reply was not acceptable as the referred section of SECP Act is applicable for handling human resource.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the pay package may be submitted to Federal Government for approval.

11.4.39 Excess burdens on the commission fund by providing buy back of vehicle facility to the resigning employees - Rs. 62.963 million

Section 23 (3) of the Security and Exchange Commission of Pakistan Act, 1997 states that it shall be the duty of the Commission to conserve the Fund by performing its functions and exercising its powers under this Act or any administered legislation so as to ensure that the total revenues of the Commission are sufficient to meet all sums properly chargeable to its revenue account.

Section 24 (3A) of SECP Act, 1997 states that any surplus of receipts over the actual expenditure including budgeted capital expenditure in a year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

Clause 3.1.8 of the Human Resource Manual of the Securities and Exchange Commission of Pakistan states that in order to retain professional employees who are highly skilled and possess advanced technical expertise the Commission may, as additional remuneration to such employees grant special pay or increment in accordance with the criteria determined by the Commission in this regard.

SECP offered buy back facility of vehicle to the employees who resigned from the SECP.

Audit observed that this action of the management resulted in an additional burden of Rs 62.963 million on the Commission budget for purchasing new vehicle and selling the vehicle on nominal rate. Detail of calculation is as under:

Year	Cost of New Purchase	Depreciation expense difference R.s
2013-14	21,050,700	3,987,949
2015-16	20,200,000	2,922,611
2016-17	12,066,000	2,736,100
Total	**53,316,700**	**9,646,660**
Grand Total		**62,963,360**

Audit is of the view that this policy regarding offering buy back facility to the resigned employees are disregard of providing additional benefits to retain the professionals in SECP. Provision of this facility is not only an incentive to the resigning employees but decrease in the due receipt of the government.

The management replied that car buy option is part of terms and conditions of employment contained in the HR Manual. Audit observation regarding this incentive and their suggestion for its withdrawal are not convincing as car buy back option is one such incentive which, amongst other incentives, encourages a candidate to join an organization. For the very purpose and to hire quality professionals and retain their services as along as possible, facility of providing official car and buy back option thereof upon replacement /separation is essential having more benefits vis a vis its disadvantages the audit team has otherwise put forth.

Reply was not acceptable as provision of car buy back facility to the resigning employee is against the justification of SECP to provide the facility to retain the human resource.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that this practice may be discontinued.

11.4.40 Loss due to non-fixation of rational useful life of vehicles- Rs 248.536 million

Section 23 (3) of the Security and Exchange Commission of Pakistan Act, 1997 states that it shall be the duty of the Commission to conserve the Fund by performing its functions and exercising its powers under this Act or any administered legislation so as to ensure that the total revenues of the Commission are sufficient to meet all sums properly chargeable to its revenue account.

Section 24 (3A) of SECP Act, 1997 states that any surplus of receipts over the actual expenditure including budgeted capital expenditure in a year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

SECP offered replacement of car to the entitled officer on expiry of five years period (life) of usage of allotted vehicle. All levels that are entitled to Commission cars was also provided the facility to buy back the car after five years upon full depreciation at the rate 20% on straight line method at 10% of the original price. On promotion the officers were replaced vehicles according to their entitlement and buy back of the vehicle in his use was also available.

Audit observed that determination of useful life to the new vehicle was not rational. A new vehicle remained in use for more than 10 years. Audit calculated the loss to the public exchequer due to this policy. Details are given as under:

Year	Cost of New Purchase	Depreciation expense difference
2013-14	87,876,866	22,162,131
2015-16	80,111,657	2,636,242
2016-17	45,991,689	9,757,488
Total	**213,980,212**	**34,555,861**

Audit also observed that SECP pays repair and maintenance allowance to the entitled officers and major repairs are also carried out by the SECP, Tyers of the vehicle were replaced at the cost of Commission after 40,000 KM travelling.

Audit is of the view that the Commission did not conserve the Fund while exercising its powers and deprived government from its due receipt.

The management replied that The SECP Human Resource Manual clearly states that the entitled employees will have the facility to buy back the car after five year at 10% of the original cost. As per policy the asset is available for use for five years only and as per para of IAS-16 referred above, the useful life will not be more than five years however its economic life may be more than its useful life.

Reply was not acceptable as the policy is not rational and on basis of facts.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the policy may be revisited and useful life of the vehicle may be increase.

11.4.41 Loss due to non-determination of Residual value of vehicle for calculation of depreciation- Rs 23.445 million

Clause 3.10.1(iv) of SECP Human Resource Manual states that all levels that are entitled to Commission cars will have the facility to buy back the car after five years upon full depreciation at the rate 20% on straight line method at 10% of the original price.

Residual value/Scrap value is the estimated cost that a fixed asset can be sold for after factoring in full depreciation.

Audit observed that depreciation of vehicle offered to the officer to buy back was calculated without deducting the residual value. Audit calculated the depreciation of the vehicle by assuming a residual value of 40% of the purchase cost after a useful life of 5 years. Audit noted a loss of Rs 23.445 million on account buy back facility to the entitled officers. Details are as under:

Year	Written down value determined by SECP	Written down value determined by Audit	Difference
2013-14	6,270,907	20,719,126	14,448,219
2015-16	9,690,401	11,826,685	2,136,284
2016-17	9,810,625	16,671,122	6,860,497
Total	**25,771,933**	**49,216,933**	**23,445,000**

Audit is of the view that non-determination of residual value of the vehicle for the purpose of calculation of depreciation was irregular and unauthorized benefit to the officers.

The management replied that The SECP Human Resource Manual clearly states that the entitled employees will have the facility to buy back the car after five year at 10% of the original cost. As per policy the asset is available for use for five years only and as per para of IAS-16 referred above, the useful life will not be more than five years however its economic life may be more than its useful life.

Reply was not acceptable as the policy is not rational and on basis of facts.

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

11.4.42 Non recovery of outstanding penalties- Rs 102.838 million

Section 40 AA of the SECP, Act 1997 states that all fines and penalties recovered by the Commission shall be credited to the Federal Consolidated Fund.

The management of SECP imposed penalties amounting to Rs. 102.838 million on various companies for various violations during 2016-17.

Audit observed that an amount of Rs 102,838,300 was outstanding against the violators.

The management replied that the PLAD has started working to proceed for recovery of penalties of the cases as referred by the operational departments and shortly the cases will be filed in their respective Courts as per Section 40B read with dully approved SOP.

Reply was not acceptable because after approval of the SOP penalties are still outstanding and no legal action was taken against the defaulters.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit is of the view that non-recovery of the penalties and non-taking action against the violators was undue favor and inefficiencies of the regulator

11.4.43 Irregular expenditure on account of legal fee - Rs. 25.671 million

Under Ministry of Law, Justice and Human Rights policy guidelines for nominations/recommendations for appointment of legal advisors and engagement/placement of advocates on the panel of advocates of various department issued vide letter No F.6/1/2013-LA dated 03.06.2015, every Government department or Semi Government or Public Corporate Body shall seek concurrence of the Law, Justice and Human Rights Division for engagement of lawyer where professional exceed Rs 300,000. In such a case, the concerned Department will send a Panel of at least three Advocates for selection of one of them along with proposed professional fee for approval of the Law, Justice and Human Rights Division. Any failure in doing so will render the engagement of Advocate/Counsel etc. void and no ex-post facto approval will be allowed.

SECP incurred an expenditure of Rs 25.671million on account of appointment of legal advisors and engagement of advocates on panel during the year 2016-17

Audit observed that these appointments and engagement of advocates on panel was not approved from the Law, Justice and Human Rights Division.

Audit is of the view that appointment of legal advisor and engagement of advocates on panel without the approval of the Law, Justice and Human Rights Division was irregular and unauthorized.

The management replied that Due to diversified functions of the Commission, every day there are likely to have cases against the regulatory actions taken by the Commission ultimately resulting in voluminous litigation in the Court by the aggrieved parties. Hence, the Commission with the approval of Policy Board has sanctioned the budget of Rs.30.00 million for fiscal year 2016-17 for PLAD for engaging the services of external counsels out of which 25.671 million was utilized.

Nevertheless, the Commission in order to minimize the reliance on external counsel is in process of strengthening its Prosecution and Civil Litigation Department and consequently, as of today, in house Special Public Prosecutors are representing the Commission in more than 70% cases pending adjudication before the various courts. External counsel is hired only in exceptional circumstances where intricate question of interpretation of law is involved or that litigation creating any impediment in functioning of the Commission.

Reply was not acceptable as the huge expenditure on hiring of legal counsels despite having a legal and prosecution department was not justifiable.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice should be discontinued and responsibility should be fixed for conducting irregularity.

CHAPTER 12

12.HIGHER EDUCATION COMMISSION

12.1 Introduction

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.

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2016-17was Rs. 60,008.000 million including Supplementary Grant of Rs. 2,008.000 million out of which the Commission utilized almost all the budget. 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)
37	Current	62,183,456,000	3,355,847,000	65,539,303,000	65,528,200,604	(11,102,396)	(0.02)

12.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
HEC	1991-92	1	1	0	0	1
	1992-93	2	2	0	0	2
	1993-94	4	4	0	0	4
	1996-97	1	1	0	0	1
	1997-98	24	24	9	0	15
	1998-99	43	43	5	0	38
	1999-00	11	11	9	0	2
	2000-01	26	26	0	0	26
	2003-04	24	24	13	0	11
	2005-06	8	8	3	0	5
	2006-07	15	15	7	0	8
	2007-08	8	8	7	0	1
	2009-10	2	2	2	0	0
Total		**169**	**169**	**55**	0	**114**

12.4 AUDIT PARAS

Irregularity and Non Compliance

12.4.1 Less deduction of Income tax on Salary - Rs. 1.225 million

Clause 1A of Division-1 of Part-I of the First Schedule of Income tax Ordinance, 2001 specifies the rate of income tax for the salaried persons.

The management of FUUAST paid an amount of Rs. 69.647 million as salary to 40 Professors/Assistant Professors and deducted an amount of Rs. 1.402 million as Income Tax during 2015-17.

Audit observed that an amount of Rs. 1.225 million was less deducted from the employees as against the total recoverable Income Tax of Rs. 2.627 million.

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

The management did not reply till finalization of the Report.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that recovery on account of non-deduction of income tax from salary may be made and deposited in Govt. Treasury under intimation to audit.

12.4.2 Non adjustment of advances - Rs. 1.251 million

Para 213(5) of the GFR states that advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

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

The management of FUUAST paid Rs. 1.251 million as advance to Mr. Waheed Shoaib during 2015-17.

Audit observed that despite lapse of two years neither the adjustments were submitted nor the advance was recovered.

Audit is of the view non-adjustment of advance is irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

12.4.3 Irregular procurement of stationary items without tenders - Rs. 3.595 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority’s website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media.

The management of Federal Urdu University of Arts, Science and Technology, Islamabad purchased stationery items amounting to Rs. 3.595 million during 2015-17.

Audit observed that purchases were made without open competition.

Audit is of the view that due to purchase of stationery without open competition the University was deprived of competitive rates.

The management did not reply till finalization of the Report.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

12.4.4 Unjustified/ irregular expenditure on hiring of Legal Consultants - Rs. 2.321million

Rule 14(1)(g) of Rules of Business, 1973 states that 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. 2.321 million to Advocates and Law firms during the period 2015-17.

Audit observed that the payment was made without the approval of Law and Justice Division.

Audit is of the view that payment without the approval of Law and Justice Division was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

12.4.5 Irregular selection of Panel Hospitals - Rs. 14.647 million

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

The management of Federal Urdu University of Arts, Science & Technology, Islamabad incurred an expenditure of Rs. 14.647 million as medical charges to panel hospitals during 2015-17. Details are as under:

(Rupees)

Hospitals	Period		Amount Paid
	2015-16	2016-17	
M/s Ahmed Medical Complex, Rawalpindi	7,647,086	2,577,679	10,224,765
M/s Kulsum International Hospital, Islamabad	0	4,422,639	4,422,639
Total Amount	**7,647,086**	**7,000,318**	**14,647,404**

Audit observed the hospitals were selected without open competition.

Audit further observed that the expenditure was incurred without approved medical rules in violation of the Ordinance of the University.

Audit is of the view that selection of hospitals without open competition and in absence of approved Medical Rules was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

12.4.6 Irregular payment of MS Allowance - Rs. 7.737 million

Finance Division O.M. dated 01.07.2016 states that all those who acquires /possesses the degree of M.Phil. recognized by the Higher Education Commission (HEC) will be allowed M. Phil Allowance @ 25% of the existing amount of Ph.D. Allowance @ (i.e. Rs. 2,500 per month) with effect from 1st July, 2016. Other degree or qualification, whether having an HEC equivalence or not, is not admissible for the allowance.

The management of Federal Urdu University of Arts, Science & Technology, Islamabad incurred expenditure of Rs. 7.737 million as qualification allowance for MS qualification during 2015-17.

Audit observed that MS Qualification Allowance was paid in violation of the Finance Division O.M. dated 01.07.2016.

Audit is of the view that payment of qualification allowance to MS or equivalence degree holder instead of M. Phil degree holder was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the practice may be stopped immediately and excess payment may be recovered.

12.4.7 Non-deposit of one third share of services rendered - Rs 2.093 million

Supplementary Rules 12 states that unless the President by special order otherwise directs, one-third of any fee in excess of Rs. 50 or, if a recurring fee of Rs. 50 a year paid to a Government servant for services rendered in Pakistan shall be credited in general revenues.

According to the receipt statement of translation and interpretation an amount of Rs 6.278 million was paid to the various employees of NUML from December, 2016 to June, 2018.

Audit observed that these payments were made in addition to their pay and allowances for the services provided on account of translation and interpretations. One third of the amount was not deducted from the payment and no amount was deposited in government account.

Audit is of the view that non-deposit of one third of the remuneration on account of services was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued forthwith and amount already paid may be recovered and deposited into government account.

12.4.8 Irregular payment of Adhoc Relief Allowance 2017 - Rs. 8.951 million

Clause (b) of the offer of the appointment to the contract employees of NUML states that the consolidated monthly remuneration is fixed. No other allowance, increments or raise of pay will be admissible unless the terms and conditions of contract are revised by the competent authority.

The management of NUML paid an amount of Rs. 8.951 million as Adhoc Allowance, 2017 during 2017-18.

Audit observed that Adhoc Allowance was not admissible under the terms and conditions of the contract.

Audit is of the view that Adhoc Allowance was paid in violation of the contract agreement resulted in overpayment of Rs. 8.951 million.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.9 Non-disclosure of fund balances in bank accounts - Rs 658.898 million

HEC vide letter No F.P.2.1/HEC/2018-19/10 dated 02.09.2017 circulated to all federal funded Universities to submit budget proposal for the year 2018-19 on the profoma 101-114 designed by HEC.

HEC form 111 is designed to provide the consolidated position of funds in all Bank Accounts by the universities. This proforma was required to be filled by providing details of all bank accounts, mentioning the tilted of account, bank and branch, account number etc. NUML submitted budget proposals for the year 2018-19.

Audit observed that the following banks accounts and their balances as on 30.06.2017 were not shown in the proforma HEC-111 and nil balance was shown against Development fund account.

S No.	Account No	Account Title	Bank Name/ Branch	Balance on 30.06.2017
1	PLS 2266-6	Library Fund /Day to day	NBP H-9	107,654,985
2	CD 203-8	PhD / M Phil - Askari Bank	Askari Bank, I-9	12,863,272
3	ASDA 55-0	Fee Deposits - M Phil/PhD students	Askari Bank, I-9	113,197,830
4	ASDA 71-0	Fee Deposits - Graduate courses	Askari Bank, I-9	22,744,438
5	PLS 50501712	Students Financial Aid Office	Askari Bank, I-9	1,081,368
6	14101-0	Provision of Academic and Physical infrastructure (Development)	NBP H-9	161,070,417
7	3715-01	PhD Evaluators	HBL, I-9	22,620,301
8	PLS 4650-6	Japanese Lab	NBP H-9	8,665,852
9	480000006-0	Translation & Interpretation	Askari Bank, I-9	953,841
10	CA 102-7	Grants from Govt/HEC	NBP H-9	84,156
11	ASDA 72-0	Fee Deposits - Functional Courses	Askari Bank, I-9	151,559,554
12	PLS 7401-1	Integrated Studies	NBP H-9	56,402,247
			Total	**658,898,261**

Audit is of the view that non-disclosure of all bank accounts and balances is misstatement and concealment of facts.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.10 Irregular payment of pay and allowances on study leave - Rs 28.808 million

Rule 20 of Study Leave Rules states that during study leave a Government servant will draw half pay.

Rule 5 of Accommodation Rules, 2002 states that a Federal Government Servant may retain accommodation for a maximum period of up to one year during all kinds of leave.

31 employees of NUML, Islamabad proceeded for higher studies to various national and international universities/institutes.

Audit observed that all employees were paid Rs. 20.955 million as full pay and out of 31 employees 18 were paid Rs. 7.853 million as House Rent Allowance beyond one year in violation of rules during 2017-18.

Audit is of the view that payment of full pay and house rent ceiling beyond one year during higher study was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.11 Irregular deposit of recovery of house building and motor car advances in University Fund - Rs. 12.055 million

Section 24 of the NUML Act, 2011 states that the University shall have a fund to which shall be credited all direct donations, trusts, bequests, endowments, grants, proportionate grant from the Federal Government, assistance from international agencies, contributions, shares of fee, and income from any other sources and which shall be under the control of the Board.

According to the statement provided by NUML an amount of Rs 12.055 million was recovered on account of House Building and Car Advances.

Audit observed that NUML retained the recovered amount in the bank account No PLS 2266-6 with NBP H-9.

Audit is of the view that non-inclusion of the recoveries in the estimated annual receipt of NUML and maintenance of separate account for deposit of recoveries was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount may be deposited into university account under intimation to Audit.

12.4.12 Irregular payment of translation fee in addition to pay and allowances- Rs 1.432 million

NUML Service Statutes states that unless in any case it is otherwise distinctly provided the whole time of a University employee shall be at the disposal of the University and he may be employed in any manner required by the competent authority without claim or additional remuneration.

NUML paid an amount of Rs 1.432 million to the employees posted in the translation section as translation charges for the period December, 2016 to June 2018.

Audit observed that these employees were paid pay and allowance on regular basis. In addition to the pay and allowance an amount of Rs 1.432 million was paid to the above mentioned employees as translation charges for the period December, 2016 to June, 2018. Details are as under:

S. No	Name	Amount (Rs)
1	Dr. Lubna	1,068,206
2	Dr. Khalid	292,086
3	Ms. Amina Sadaf	58,825
4	Mr. Ikram-ud-Din	20,530
Total		**1,439,647**

Audit is of the view that additional payment of translation and interpretation charges to the above employees are not covered in their terms of appointment.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued and amount already paid should be recovered and deposited into university fund.

12.4.13 Irregular payment of evening shift allowance during vacation-Rs.12.336 million

According to the NUML summer vacation notification No ML1-17/17/Cor/Acad/ dated 06.06.2017, there will be no classes in the University due to summer vacation from 14.06.2017 to 05.09. 2017. The university will re-open for classes on 06.09.2017.

The management of National University of Modern Languages (NUML) paid an amount of Rs 12.336 million to regular and contractual employees of administration department as evening shift allowance for the month of July and August during 2016-18.

Audit observed that during the month of July and August, University was on summer vacation and evening classes were not functional as evident that faculty was not paid for this period.

Audit is of the view that payment of evening shift allowance during the vacation period was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends immediate stoppage of this practice and recovery of already paid amount under intimation to Audit.

12.4.14 Irregular appointment of Registrar

According to the NUML Statutes for appointment of Registrar, the candidate required to posses Master Degree in the relevant field with at least 13 years teaching or administrative experience at a high level in a University or other educational institutions in BPS 17 and above.

NUML appointed Brig ® Amin Ullah Khan as Registrar NUML vide offer of appoint No ML/1-6/2011-Admn dated 16.01.2015.

Audit observed that the officer did not hold Master Degree in relevant field i.e. in public administration etc. Audit further observed that he had no experience of teaching or administrative experience in a University or educational institution.

Audit is of the view that appointment without having required qualification and experience is held irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be looked into and appointment may be made in accordance with the NUML Statutes.

12.4.15 Irregular appointment of Director General

Section 11 of the NUML Act, 2011 states that a language qualified Brigadier of Army Education Corps shall be appointed by the Chairman of the Board to be the Director General.

Brigadier Muhammad Ibrahim was posted as Director General, NUML vide order dated 29.08.2017.

Audit observed that the officer was not from education corps and language qualified required as per NUML Act, 2011.

Audit is of the view that appointment of Director General other than Army Education Corps is violation of NUML Act, 2011.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the post may be filled as per provision of NUML Act

12.4.16 Irregular appointment as Director QEC

According to the NUML Statutes for appointment of Director QEC, the candidate required to have Master's degree with at least 13 years teaching or administrative experience at a high level in a University or other educational institutions in BPS 17 and above.

NUML appointed Dr. Naveed Akhtar Associate Professor as Director QEC.

Audit observed as under:

i. He was appointed on contract as Assistant Professor in the faculty of Management Sciences vide appointment order No ML-1-6/2010-Admin-709 dated 17.03.2011.

ii. His post was re-designated as Associate Professor on 03.07.2014 and appointed as Acting Dean, Faculty of Management Sciences. The remuneration in respect of Dr. Naveed was enhanced to Rs.106,982 on 17.10.2014.

iii. He was appointed as Assistant Professor BPS 19 on regular basis on 25.06.2015.

iv. He was appointed as Director Quality Enforcement Cell vide notification No ML1-25/2016-Admn dated 02.08.2016.

Audit is of the view that:

i. The re-designation of the officer was not covered under any rule, hence his enhancement in pay was irregular.

ii. His regular appointment as Assistant Professor after re-designation of his post give his non eligibility as Associate Professor

iii. He was posted as Director Quality Enforcement Cell without having required experience.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be looked into and responsibility may be fixed for the irregularity besides recovering excess paid on account of re-designation of the post.

12.4.17 Irregular continuation of service of Staff Officer to Rector

The management of National University of Modern Languages (NUML) floated advertisement for the hiring of post of Private Secretary to Rector on 02.07.2011. As per advertisement the criteria for appointment was Master degree with three years' experience or B.A with five years' experience in BPS-16 as Personal Assistant with speed of 120 words per minutes in short hand and 50 words per minute in typing.

The Selection Committee recommended Lt Col (R) Raja Tariq Mahmood as Private Secretary to Rector NUML on 20.07.2011 out of seven contesting candidates.

It was pointed in the previous audit that the officer did not hold such experience and relevant service record which was required as per advertisement. Audit further observed that the first contract granted to the officer on 21.07.2011 for the six month only which was extended from time to time by the authority till to date. This para was raised in the previous year Audit and Inspection Report and DAC held on 09.11.2017 directed that inquiry may be conducted and fact finding report may be provided to Audit. However the post may be advertised and extension may not be granted to the existing Staff Officer.

Audit is of the view that non compliance of the DAC directives and continuation of the service of the officer was disregard of DAC directives.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends disciplinary action against the responsible for appointment in contravention of prescribed criteria.

12.4.18 Irregular Appointment of Director Administration, NUML

As per advertisement dated 07.03.2015 floated by the management of NUML for the hiring of Director Administration, the criteria for the post was

Master Degree with at least 13 years administrative experience in a university or other educational institution on BPS-17 and above.

The management of National University of Modern Languages (NUML) appointed Director Administration on contract basis for a period of one year on 24.04.2015. As per advertisement dated 07.03.2015, the candidate of the post was required to hold a Master Degree with at least 13 years administrative experience in a university or other educational institution on BPS-17 and above. Thirty candidates appeared in walk in interview on 18-03-2015 and the Selection Board recommended Brig (r) M. Zia ul Hassan at a monthly remuneration of Rs. 100,000/- and the appointment letter was issued on 24.04.2015 by NUML. The contract of Director Administration was further extended from 25.04.2016 to 24.04.2015 vide notification dated 20.04.2016.

This para was also raised in the previous Audit and Inspection Report and stated that the administration of NUML provided CV of the above candidate which shows that the officer had obtained Master Degree in 2011 (the photocopies of educational certificates were neither available in the file nor were produced to audit), hence he could not have minimum 13 years' experience as was advertised for the post. Moreover, the officer was a retired Army Officer and hence had no experience of working in a University or Educational Institution as was required for the post.

DAC held on 09.11.2017 on the same para directed the management that the post may be advertised immediately and appointment may be made as per rules besides fixing responsibility for irregular appointment.

Audit is of the view that continuation of the service of the officer and non-compliance of DAC directives was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixation of responsibility for compliance of DAC directives.

12.4.19 Irregular Appointment as Dean Management Sciences

The criteria for hiring of the post of Dean as per Statutes relating to Scales of Pay, Qualification & Experience, Teaching / Administrative Staff of NUML was as under:

PHD with 25 years teaching /research experience in a recognized university or a post graduate institution or professional or international organization plus 10 research publication in journals of international repute".

This para was raised in the previous Audit and Inspection Report and stated the following facts. The management of National University of Modern Languages (NUML) appointed Dr. Brig (R) Maqsud-ul-Hassan, as Dean of Management Science on contract basis for the period of one year w.e.f 01.07.2015

Audit observed as under:

i. Appointment as Dean was made without competition as no advertisement was available on record.
ii. The relevant teaching /research experience was not in accordance to the above mentioned statutes as per CV of the officer available on record.
iii. 10 research publication in journals of international repute as was required for filling of this post was also not provided to audit.

DAC meeting was held on 09.11.2017 and directed the management that the post may be advertised and appointment may be made as per rules besides fixing responsibility for irregular appointment.

Audit is of the view that continuation of the service of the officer and non-compliance of DAC directives was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixation of responsibility for compliance of DAC directives.

12.4.20 Irregular promotion of Director Finance

According to the NUML Statutes for appointment of Director Finance, the candidate required to posses M. Com/ MBA/M.A. Economics with at least 13 years teaching or administrative experience at a high level in a University or other educational institutions in BPS 17 and above.

Rule 8-A of the Appointment, Promotion and Transfer Rules, 1973 states that no promotion on regular basis shall be made to posts in basic pay scales 17 to 22 and equivalent unless the officer concerned has completed such minimum length of service, attended such training and passed such departmental examination, as may be prescribed from time to time.

In pursuance of rule 8-A of the Civil Servants (Appointment, Promotion and Transfer) Rules, 1973 and in supersession of the instructions laid down in the Establishment Division's O.M.No.1/9/80 R.II(A), dated the 12th January, 1981, the minimum length of service for promotion to various grades shall be as follows:

For BS 18, 5 years' service in BS 17
For BS 19, 12 years in BS 17 and above
For BS 20, 17 years in BS 17 and above

Where first appointment of a person was made to government service in BPS 16 or below, one-half of the service in BPS 16 and one fourth in BPS 15 and below may be counted as service in BPS 17 for computing length of service for the purpose of promotion only.

Audit observed as under:

i. He was appointed as Accountant (BPS-16) on 12.04.1995

ii. He was appointed as Assistant Director (BPS-17) on 01.01.2002

iii. He was promoted as Deputy Director (BPS-18) on 27.10.2005

iv. He was promoted as Additional Director (BPS-19) on 07.11.2008 without fulfilling the required criteria, i.e. 12 years' service in BPS 17 and above and one half of service in BPS 16.

v. He was promoted as Director (BPS-20) on 12.05.2016

Audit is of the view that promotion without fulfilling the required criteria for promotion was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.21 Irregular absorption and promotion of Director (Exam)

Rule 9 of Appointment, Promotion and Transfer Rules 1973 states that appointments by transfer shall be made from amongst the persons holding appointment on a regular basis in posts in the same basic pay scale or equivalent to or identical with the posts to be filled.

According to the NUML Statutes for appointment of Director (Exam) the candidate required to have Master's degree with at least 13 years teaching or administrative experience at a high level in a University or other educational institutions in BPS 17 and above.

Rule 11 A of the Civil Servants Act, 1973 states that the rules, agreement, contract or the terms and conditions of service a civil servant who is rendered surplus as a result of re-organization or abolition of a Division, department, office or abolition of a post in pursuance of any Government decision may be appointed to a post, carrying basic pay scale equal to the post held by him before such appointment, if he possesses the qualifications and fulfils other conditions applicable to that post:

In terms of Establishment Division O.M. No.1/28/75-D.II(CV), dated 4-11-1980, in case a deputationist is proposed to be absorbed permanently in the borrowing office (either a government organization or a corporation etc.), such a proposal shall be initiated by the borrowing office at least six months before the expiry of the deputation period of the deputationist concerned. Such a proposal, with the written consent or request of the deputationist, shall be made by the borrowing office to the lending office (or parent office of the deputationist) which shall convey its decision (if necessary, in consultation with the Establishment Division) to the borrowing office as well as the deputationist, by the expiry of the term of his deputation.

The management of NUML hired the services of Mr. Muhammad Bashir, Superintendent (BPS-16) of AIOU.

Audit observed that the employee was absorbed in NUML as Assistant Director (BPS-17) on 01.04.2003. Later on, promoted as Deputy Director (BPS-18) on 27.10.2005. The officer was further promoted as Additional Director (BPS 19) on 07.11.2008 and as Director (BPS-20) on 12.05.2016.

Audit is of the view that absorption and subsequent promotions was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for irregular absorption and subsequent promotions.

12.4.22 Irregular appointment of Assistant Professor (Education)

According to the NUML Service Statutes for appointment of Assistant Professor (Education) the candidate should posses PhD in the relevant field from a HEC recognized University with no experience. 18 years Master Degree (foreign) or M. Phil (Pakistan) or equivalent and 4 years' experience in the relevant subject.

NUML placed an advertisement for appointment of Assistant Professor (Education) during the audit period.

Audit observed that the management appointed Ms Aisha Bibi. She possesses PhD in Mathematics Education from Malaysia. Advertisement was placed on 10.06.2017 closing date for submission of application was 11.07.2017 while she was awarded PhD Degree on 17.10.2017. She was M. Sc. in Mathematics from Hazara University and all experience in teaching Mathematics.

Audit is of the view that appointment without fulfilling the required qualification for the post was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for appointing non-eligible candidate.

12.4.23 Irregular appointment of Assistant Professor (Education)

According to the NUML Service Statutes for appointment of Assistant Professor (Education) the candidate should posses PhD in the relevant field from a HEC recognized University with no experience. 18 years Master Degree (foreign) or M. Phil (Pakistan) or equivalent and 4 years' experience in the relevant subject.

NUML placed an advertisement for appointment of Assistant Professor (Education) during the audit period.

Audit observed that the management appointed Dr. Sajid Ali Yousef Zai. He was awarded PhD Degree in the subject of Educational Statistics and Research Methods.

Audit is of the view that appointment without fulfilling the required qualification for the post was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for appointing non-eligible candidate.

12.4.24 Irregular appointment of Assistant Professor (Electrical Engineering)

According to the NUML Service Statutes for appointment of Assistant Professor (Electrical) the candidate should posses PhD in relevant field from HEC recognized University Institution in consultation with PEC. Publication in impact factor Journal and Teaching

NUML placed an advertisement for appointment of Assistant Professor (Education) during the audit period.

Audit observed that the management appointed Dr. Sajid Saleem as Assistant Professor in the department of engineering while he was awarded degree in PhD in Computer Science.

Audit is of the view that appointment without fulfilling the required qualification for the post was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for appointing non-eligible candidate.

12.4.25 Irregular appointment of Lecturer

According to the HEC criteria for appointment of Lecturer the candidate having First Class MS/M Phil/equivalent degree awarded after 18 years of education in the relevant field from an HEC recognized University/Institution with no 3rd division in the academic career. Condition of no 3rd division shall not be applicable in the qualification of appointment as lecturer in Universities or Degree Awarding Institutions provided that the candidate holds a higher degree viz PhD or equivalent degree with not more than one 3rd division in entire academic career.

NUML placed an advertisement for appointment of Lecturer (Management Sciences) during the audit period.

Audit observed that the management appointed Ms. Javeria Shabbir as Lecturer in the department of Management Sciences. She is MBA (IT) form Mohi-ud-Din Islamic University. She had 3rd Division in BA from university of the Punjab.. Her name in Matriculation certificate, CNIC and master degree are not matched. In SSC her name is Ms. Javaria Shabbir Ahmad Khan and in CNIC and Bachelor and Master Degree as M/s Javaria Shabbir.

Audit is of the view that appointment without fulfilling the required criteria for the post was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for appointing non-eligible candidate.

12.4.26 Irregular appointment beyond the maximum age limit

According to the NUML Service Statutes, University employee who has retired under the provisions of Statutes, a retired teacher of any other University, Government Department or Organization set up by the Federal or Provincial Government and who is mentally, physically fit may be re-employed in the interest of the University subject to the period of re-employment shall not exceed two years at a time and shall not exceed beyond the age of 65 years.

The following employees were re-employed by NUML:

S. No.	Name	Designation	DOJ	DOB	Age on 30.09.18
1	Col (R) M Kamal ud Din	Professor	01.08.2010	01.10.1948	70
2	Dr. Syed Bashir Hussain (Head)	Professor	27.03.2017	09.04.1941	78
3	Mr. Mufti Jamiluddin Ahmad (Head)	Professor	01.08.2003	01.01.1942	77
4	Lt Col (R) Syed Munnawar Ali	Professor	01.11.2006	11.06.1948	71
5	Brig (R) Dr Maqsood ul Hassan	Dean	01.07.2015	06.11.1946	72
6	Mr Zafar Mahmood	Lecturer	31.03.2016	01.12.1952	66
7	Mrs. Imtiaz Begum	Lecturer	05.11.2012	25-10-1952	66
8	Brig (R) Muhammad Asif (Head)	Professor	04.02.2014	15.06.1953	66
9	Mr. Faiq Hussain Jafri	Assistant Professor	03.06.2013	27.02.1953	66
10	Mr Muhammad Idris	Lecturer	03.02.2014	23.03.1953	66

Audit observed that all these employees had exceeded the age of 65 years but they were still employed in the University in violation of rules.

Audit is of the view that retention of re-employed after the age of 65 years was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be dealt in accordance with the University Statutes besides fixing responsibility for the irregularity.

12.4.27 Irregular payment of evening shift allowance - Rs. 30.807 million

Clause 1 (b) of the officer of appointment of Director Administration No ML.1-6/2011-Admin dated 26.04.2015 states that the appointee will draw consolidated monthly remuneration of Rs. 100,000 including evening remuneration. No other allowance, increments or raise of pay will be admissible unless the terms of contract are revised by the competent Authority.

NUML paid an amount of Rs. 30.807 million on account of evening shift allowance to the contract employees and employees appointed on standard terms and conditions.

Audit observed that payment of evening shift allowance to the contract employees in violation to their terms and conditions of appointment.

Audit is of the view that payment of allowance beyond the terms and conditions of the appointment was unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued and amount already paid may be recovered and deposited into government account.

12.4.28 Irregular retention of public money - Rs. 160.00 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.

The management of International Islamic University Islamabad received an amount of Rs. 160 million for project titled “Expansion and Up-gradation of International Islamic University Islamabad” from Higher Education Commission vide Assignment Account cheque No. 060208 dated 28.12.2017

Audit observed that the amount was deposited in Bank A/C No. 414704437 being maintained with National Bank of Pakistan, I-10 Markaz, Islamabad but no expenditure was incurred till 30th June, 2018.

Audit is of the view that retention of funds after closure of financial year was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

12.4.29 Non-adjustment of temporary advances - Rs. 28.649 million

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

The management of International Islamic University paid Rs. 121.698 million as advances to its employees and suppliers during 2016-18.

Audit observed that an amount of Rs. 28.649 million was neither adjusted nor refunded by the employees/suppliers to the University.

Audit is of the view that non-adjustment of advances is a violation of rules.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.30 Recovery of conveyance allowance from employees availing pick and drop facility - Rs. 21.874 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 International Islamic University, Islamabad paid an amount of Rs. 21.874 million as Conveyance Allowance to its employees during 2016-18.

Audit observed that Conveyance Allowance was paid to the employees who were provided pick and drop facility through buses/cars.

Audit is of the view that payment of Conveyance Allowance to the employees availing pick and drop facility was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.31 Loss due to award of contract to third lowest bidder - Rs. 6.350 million

Rule 38 of Public Procurement Rules, 2004 states that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity".

The management of International Islamic University, Islamabad paid Rs. 18.941 million to M/S Askari Guard Ltd for providing security services. The firm was selected vide open tender dated 31.07.2016.

Audit observed that as per comparative statement M/S Monarch Security Services offered lowest rates but the management selected M/s Askari Guard in violation of rules.

Audit is of the view that award of contract to the third lowest bidder resulted in loss of Rs. 6.350 million.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

12.4.32 Irregular appointment of two Assistant Professors

According to IIU Statutes-2006 provision under Section"8.1) Selection Board shall consider application of eligible candidates for teaching, research and other posts in BPS-17 and above received in response to an advertisement in case of direct appointments and shall recommend to BOG the names of suitable candidates for appointment to such posts 8.2) Selection Board may recommend to BOG the grant of a higher initial pay in a suitable case for reasons to be recorded (8.3) Selection Board may recommend to BOG the appointment of an eminently qualified person which may differ in any particular case from those prescribed. 8.4) In selecting the candidates for the post of Professor and Associate Professor, the Chairman of selection board shall seek written report from three experts in the case of Professors and two in the case of Associate Professors from a panel of experts to be approved by selection board".

The management of IIU appointed the following two Assistant Professors on contract basis:

S. No.	Name	Date of appointment	Lump sum salary package per month
1	Dr. Wajahatullah Khan Tareen, Engineering Assistant Professor Department of Electrical Engineering, (Faculty of Engineering & technology IIU)	06.10.2017	Rs. 200,000
2	Dr. Afaq Khattak, Assistant Professor Department of Civil Engineering	06.10.2017	Rs.200,000

Audit observed that the appointments were made without open competition.

Audit is of the view that appointments without open competition were irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

12.4.33 Non appointment of resident Audit Officer

According to Section-34 of IIU Ordinance 1985 all payments shall be made after pre-audit by a resident Audit Officer to be appointed by the Board of Governors.

The HEC vide letter No.2-287/HEC/audit/DAC-PAC/08/493 dated 06.06.2017 circulated a copy of office of the Auditor General of Pakistan letter No. 609/Estt-C/67-2003 dated 23.05.2017 containing instructions that the Resident Auditor shall be taken from the Department of the Auditor General of Pakistan on deputation on such terms and conditions as the syndicate may determine. All cases of posting of Resident Auditor in Government/Public Universities and their allied colleges may be taken with office of the Auditor General of Pakistan as required under their statuary provisions and these may be encadered accordingly.

Audit observed that IIU has not appointed Resident Audit Officer to conduct pre-audit of expenditure of the IIU.

Audit is of the view that non-appointment of Resident Audit Officer was violation of the provision of IIU Ordinance, 1985 as well as the instructions issued by the HEC were followed by the IIU.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity besides appointment of Resident Auditor from the department of the Auditor General of Pakistan.

12.4.34 Unauthorized retention of unspent balances by Sub-Campuses - Rs. 565.757 million

Para 85 of GFR Vol-I states that an appropriation is intended to cover all the charges including the liabilities of any past years, to be paid during the year or to be adjusted in the accounts of it. It can be authorized by competent authority at any time before but not after the expiry of the financial year. Any unspent balance lapses and is not available for utilization in the following year.

A project titled Establishment of Sub-Campuses of Public Sector Universities at District Level under Higher Education Commission, Islamabad was approved by CDWP on 04.08.2016 at a cost of Rs. 5,206.280 million. The Administrative Approval was issued on 17.02.2017. Under this project 21 sub-campuses were to be established.

The management of Higher Education Commission released an amount of Rs. 1,334.054 million for establishment of 20 sub-campuses of Public Sector Universities at district level during 2017-18.

Audit observed as under:

i. Out of Rs. 1,334.054 million the campuses only utilized Rs. 823.813 million.
ii. The management released Rs. 1,249.054 million to eighteen sub-campuses during 2016-17 and 2017-18 and incurred an expenditure of Rs. 683.297 million (54.7%) leaving an unutilized balances of Rs. 565.757 million (45.3%) in their bank accounts till June, 2018.

Audit is of the view that retention of unutilized balances in bank accounts was violation of financial rules.

The management replied that no violation of financial rules was committed. Higher Education Commission is strictly adhering to the financial mechanism agreed in 2008 by the Ministry of Finance regarding operation for the Assignment Account with HEC endorsed by the Controller General of Accounts and Ministry of Finance.

The reply was not acceptable because Audit did not object release of funds to universities. Audit objected excess release of budget merely because funds were available which resulted in huge savings in each university. A large amount was laying unspent.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility be fixed for the irregularity besides surrendering unspent balances retained by universities.

12.4.35 Unauthorized retention of amount recovered from defaulting scholars – Rs. 9.542 million

Rule 7 of FTR 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.

The management of HEC recovered an amount of Rs. 5.670 million from 11 persons who were not able to complete their studies under Human Resource Development Initiative-HRDI MS and MS leading to PHD Programme of Faculty Development for Universities of Engineering Science and Technology Phase-I and an amount of Rs. 3.872 million from the beneficiaries of the project Overseas Scholarships for MS/M.Phil. leading to PhD in Selected Fields Phase-II.

Audit observed that instead of depositing the recovered amount in the treasury the management retained the amount in private bank account.

Audit is of the view that retention of recovered amount in a private bank account was unauthorized.

The management replied the said amounts were being deposited in HEC Project account and were being re-utilized for the same purpose under the respective project. Accordingly fewer amounts were being demanded in the PSDP/Cash Plan of the respective year. It is pertinent to mention that the remaining amount (if any) will definitely be surrendered by the PMU to Federal Treasury at the time of submission of PC-IV.

The reply indicates that the management has accepted that the funds were retained in private bank accounts for further utilization in violation of rules.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed besides depositing the recovered amount into the government treasury.

12.4.36 Unauthorized transfer of penalty deducted from M/s Mobilink to income account of HEC - 17.120 million

Clause 8 of Agreement dated 18.05.2017 executed by Higher Education Commission, Islamabad with Pakistan Mobile Communication Ltd Mobilink, Islamabad provides that in case of delay in delivery of dongle Devices/MSM services as per contract as defined in the scope of work in this request for proposal and this contract, the Executive Director, HEC reserves the right to impose a penalty not exceeding 10% of the total amount of the contract at the rate of 1% each week of delay in handing over segments.

A project titled Prime Minister’s Laptops Scheme Phase-II under Higher Education Commission, Islamabad was approved by ECNEC on 10.04.2015 at a cost of Rs. 21,335.498 million including FEC of Rs. 16,918.944 million.

The management of HEC imposed penalty of Rs. 17.120 million on Pakistan Mobile Communication Ltd (Mobilink) against late supply of dongle devices as per contract agreement.

Audit observed that instead of depositing the amount in treasury the adjusted amount of penalty was retained in HEC Income Account.

Audit is of the view that retention of penalty in Income Account of HEC was unauthorized.

The management replied that the matter is still in dispute between the vender and HEC. After resolution of matter the penalty would be treated as per rules.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed besides depositing the recovered amount into the government treasury.

12.4.37 Irregular payment of Medical Allowance over and above prescribed rates - Rs. 38.327 million

Finance Division O.M. No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil servants in BPS-1 to BPS-15 @ Rs. 1,000 per month and from BPS-16 to BPS-22 @ 15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f. 01.07.2010.

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

Islamabad High Court in W.P. No. 768/2011 gave its verdict on 11.11.2016 that Rule 12 of the Rules of Business, 1973, inter-alia requires that every order made by a Division, autonomous or otherwise, functioning under the control of Federal government; varying terms and conditions of service of government servants having financial implications would be subject to previous consultation with the Finance Division.

The Public Accounts Committee, while discussing the similar Audit Paras printed in the Audit Report 2016-17 on the accounts of Higher Education Commission, in its meeting held on 17.04.2018 directed the PAO to send the cases to the Finance Division for clarification and its outcome be shared with PAC.

The management of Karakoram International University, Gilgit vide Notification No. KIU-Senate 1(2)/2011/19283 granted Medical w.e.f. 01.07.2011 to married staff @ 60% of the Basic Pay and 30% for un-married within the maximum ceiling defined as under:

BPS	Minimum for all employees	Maximum for Married	Maximum for Un-Married
1 to 10	3,000	5,000	4,000
11 to 16	3,500	6,000	5,000
17 and above	4,000	7,000	6,000

The management of Karakoram International University, Gilgit paid Rs. 38.327 million as Medical Allowance during 2017-18.

Audit observed that the KIU management, Gilgit did not obtain the approval of the Finance Division for the grant of Medical Allowance over and above the prescribed rates.

Audit is of the view that the grant of Medical Allowance in excess of the rates approved by the Finance Division was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that payment of Medical Allowance in excess of approved rates may only be made after getting approval of the Finance Division.

12.4.38 Irregular payment of M. Phil Allowance - Rs. 8.513 million

Finance Division O.M. F.No.3(6)Imp/2016-336 dated 01.07.2016 states that the President has been pleased to decide that all those who acquires/possesses the degree of M. Phil recognized by the HEC shall be allowed M. Phil Allowance @ Rs. 25% of the existing amount of PhD Allowance (i.e. Rs. 2,500 per month) with effect from 01.07.2016 subject to the following conditions:

a) M. Phil Allowance will not be admissible to those who are getting Ph.D. Allowance @ Rs. 10,000 per month.

b) M. Phil Allowance will not be admissible to those who have already got the benefit of advance increments possessing on/acquiring M.Phil. degree prior to 01.12.2001.

Finance Division vide O.M. F.No.3(6)Imp/2016-Vol-II-4 dated 04.01.2017 clarified that other degree or qualification, whether having an HEC equivalence or not, is not admissible for the said allowance.

The management of Karakoram International University, Gilgit paid Rs. 9,650,000 as M. Phil Allowance to its employees during 2004-2018.

Audit observed as under:

i. Finance Division allowed M. Phil Allowance @ Rs. 2,500 w.e.f. 01.07.2016 whereas the University had been paying the same prior to the admissibility allowed by the Finance Division. Thus, an amount of Rs. 1,597,500 (Rs. 2,737,500 - Rs. 1,140,000) was paid in excess of the admissibility of Allowance allowed by the Finance Division.

ii. M. Phil Allowance amounting to Rs. 6,915,500 has been paid to the employees who do not possess M. Phil degree and even prior to the admissibility by the Finance Division.

iii. Total amount of Rs. 8,513,000 as M. Phil Allowance has been paid irregularly and unauthorized.

Audit is of the view that payment of M. Phil Allowance prior to the admissibility by the Finance Division and to the persons not acquiring M. Phil degree is irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends recovery of irregularly paid amount of M. Phil Allowance.

12.4.39 Irregular hiring of security services - Rs. 2.856 million

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

The management of Karakoram International University, Gilgit incurred an expenditure of Rs. 2.856 million on hiring of security services @ Rs. 168,000 per month from December, 2016 to June, 2018.

Audit observed that security services were hired without competition in violation of Public Procurement Rules, 2004.

Audit further observed that security services were hired whereas 32 Security Guards were performing duties on regular basis supervised by the Chief Security Officer, Security Officer and Security Assistant.

Audit is of the view that hiring of security services without competition was irregular which deprived the University of the benefit of competitive rates. Furthermore, hiring of security services in presence of University's own security staff is not justified.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for the irregularity.

12.4.40 Non-recovery of House Rent - Rs. 2.242 million

Serial No. 9 of the Offer of Appointment dated 06.07.2011 accepted by Dr. Haleem Zaman Magsi, Assistant Professor (Fixed Package) states that accommodation was to be arranged by the officer at his own resources.

The management of Karakoram International University, Gilgit allotted House No. 7-A (covered area 2,888 sft) to Dr. Haleem Zaman Magsi, Assistant Professor who was appointed on a fixed package on 23.09.2011. The package did not included allotment of house by the University.

Audit observed that house measuring 2,888 sft (entitled to BPS-22 officer) was allotted to the officer and House Rent Allowance @ Rs. 8,865 p.m. was deducted from the officer which resulted into less deduction of standard rent of the house occupied amounting to Rs. 2,242,485 as under:

S. No.	Period	HRC Recovered per month	HRC Recoverable per month	Difference per month	Months	HRC less recovered
01.	01.10.2011 to 30.09.2014	8,865	30,600	21,735	36	782,460
02.	01.10.2014 to 30.06.208	8,865	41,310	32,445	45	1,460,025
					Total	**2,242,485**

Audit is of the view that less deduction of standard rent of the house from the officer resulted into loss to the University.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that house rent may be recovered and deposited into the treasury.

12.4.41 *Irregular appointments of staff on contract/fixed pay basis without adopting open competition*

Establishment Division Notification No. 773(I)/2003 dated 28.07.2003 states that initial appointment to the All-Pakistan Services, the Civil Services of the Federation and posts in connection with the affairs of the Federation in basic pay scales 16 & above or equivalent, except those which under the Federal Public Service Commission (Functions) Rules, 1978, do not fall within the purview of the Commission, shall be made on the basis of tests and examinations to be conducted by the commission.

Establishment Division Notification No. 773(I)/2003 dated 28.07.2003 states that initial appointments to posts in basic pay scales 1 to 15 and equivalent, shall be made on the recommendations of the Departmental Selection Committee after the vacancies have been advertised in newspapers.

Establishment Division Notification No. 970(I)/98 dated 09.09.1998 states that a candidate for initial appointment to a post must possess the educational qualifications and experience and, except as provided in the rules framed for the purpose of relaxation of age limit, must be within the age limit as laid down for the post.

The management of Karakoram International University, Gilgit made 123 appointments on different posts during 2012-18, as under:

i. Seventy-three (73) non-gazetted (B-1 to B-16) and thirty-three (33) gazetted (B-17 to B-19) employees were appointed on contract basis without advertisement.

ii. Seventeen (17) employees were appointed on fixed-pay basis.

iii. The contracts of the employees were extended on yearly or six-monthly basis.

Audit observed as under:

i. Appointments were made on contract / fixed pay basis instead of on regular basis.

ii. Appointments were made without framing recruitment rules and without observing due process i.e. advertisement and competitive/merit process.

iii. Regional/Provincial quotas were neither maintained nor observed.

Audit is of the view that appointments made on contract/fixed pay basis without framing the recruitment rules and without adopting open competition/merit were irregular and unauthorized.

Audit is also of the view that filling of vacancies on contract basis instead of on regular basis is not justified.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that vacancies should be filled on regular basis after framing the recruitment rules and on the merit basis.

12.4.42 Non formulation of Statutes, Regulations and Rules by the University

Section 25(1) of the Karakoram International University Order, 2008 states that subject to the provisions of this Order, Statutes, to be published in the official gazette may be made to regulate or prescribe all or any of the matters given in Section 25 of the University Order.

Section 26(1) of the Karakoram International University Order, 2008 states that subject the provisions of this Order and Statutes, Academic Council may make Regulations to be published in the official gazette for all or any of the matters given in Section 26 of the University Order.

Section (28) of the Karakoram International University Order, 2008 states that the Authorities and other bodies of the University may make rules to be published in the official gazette consistent with this order, Statutes or the Regulations to regulate any matter relating to affairs of the University which has not been provided in the Order or that is not regulated by Statutes or Regulations, including rule to regulate the conduct business and the time and place of meetings and related matters.

The Karakoram International University, Gilgit was established vide Karakoram International University Order, 2002 dated 27.08.2002.

Audit observed that:

i. The management of Karakoram International University, Gilgit did not formulate the Statutes, Regulations and Rules in violation of Karakoram International University Order, 2008.
ii. The irregularity has time and again been pointed out by Audit but the management has not action(s), so far despite assurance made in the DAC meeting held on 27.12.2017.

Audit is of the view that running of the University affairs without approved and notified Statutes, Regulations and Rules in violation of University Order, 2008 is irregular.

Audit is also of the view that non-compliance of DAC's decision is not justified.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends early formulating of Statutes, Regulations and Rules of the University.

12.4.43 Unauthorized maintenance of fifty-one bank accounts - Rs. 631.973 million

Section 29 of the Karakoram International University Order, 2008 states that the University shall have a Fund to which shall be credited its income from fees, charges donations, trusts, bequests, endowments, contributions, grants and all other sources.

Section 30(1) of the Karakoram International University Order, 2008 states that accounts of the University shall be maintained in such form and in such manner as may be prescribed.

The management of Karakoram International University (KIU), Gilgit maintained fifty-one (51) bank accounts during 2017-18 which had closing balances of Rs. 631,972,540 on 30.06.2018.

Audit observed as under:

i. Although there was provision for University Fund but there was no mention in the KIU Order, 2008 about number of bank accounts.
ii. Accounting procedures and Fund Rules/Regulations were not framed.
iii. The irregularity was also pointed during audit of previous years, but not remedial action has been taken, so far.

Audit is of the view that the maintaining the bank accounts without framing Accounting Procedures and Fund Rules/Regulations was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Accounting Procedures and Fund Rules/Regulations should be framed without any further delay.

12.4.44 Irregular and unauthorized expenditure on visit abroad – Rs. 11.976 million

Cabinet Division U.O. No. 9-148/2002-Min II dated 19.02.2003 states that where Government funds or funds of the concerned Autonomous Bodies/Corporations are involved, approval of the Minister Incharge will be necessary subject to the availability of funds in the relevant budget and prior clearance by the Ministry of Finance.

The management of the COMSATS Institute of Information Technology, Islamabad made payment of Rs. 11.976 million for visit abroad of university's employees.

Audit observed that visit abroad were not approved by Minister Incharge and Ministry of Finance.

Audit is of the view that expenditure on visit abroad without obtaining prior approval of Minister Incharge and Ministry of Finance was irregular and unauthorized.

The management replied that international tours are made with the approval of the competent authority i.e. Rector, CIIT, for official purpose to strengthen the Research and Development experience in the best interest of CIIT to cater the core academic objective of the institute for betterment of the students.

The reply of the management is not acceptable because approval of Minister Incharge and prior clearance by Ministry of Finance was not obtained.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the responsibility may be fixed for the irregularity besides obtaining ex-facto approval from competent forum.

12.4.45 Irregular appointment of Staff without advertisement

Clause 8(a) of COMSATS Institute of Information Technology Employees Service Statutes, 2009, states that appointments of all posts shall be made by initial recruitment on the basis of merit and fitness, after due publicity of the vacancies in the national press, in accordance with the conditions of educational/professional qualifications and experience.

The management of CIIT, Principal Seat and CIIT, Islamabad appointed 64 officials without advertisement and no competition was made to fill the post.

Audit observed that the employees were appointed without advertisement and open competition.

Audit further observed that the officers and staff were appointed on the similar post with different pay.

The management replied that all the appointments were made by initial recruitment on basis of merit and fitness, as per the eligibility criteria mentioned in CIIT Statues, 2009. Rector, COMSATS has been delegated the powers to appoint SG level employees. However, the OG level employees are subject to the approval of the Senate then BOG. All these appointments were need based and made after evaluation of their profiles which included the basic criteria, qualification, experience etc. Appointment of the faculty/staff mentioned at serial # 3, 14, 24, 25 were made through Adhoc Selection Committee of CIIT Islamabad and accordingly presented in the Selection Board for further endorsement by the then Board of Governors. The case of Dr. Muhammadi Sabra Nadeem was also presented in Adhoc Selection Committee (ASC). During the process her husband died during his service as Additional Registrar at CIIT Islamabad, due to which she was considered for appointment. It is further to clarify that faculty mentioned at serial 26 & 30 were appointed as International Faculty after through a separate process/ system to appoint an international faculty at CIIT, Islamabad including endorsement from Board of Investment and Ministry of Interior.

Reply of the management is not tenable because the appointments were made without advertisement and open competition. The pay of appointees were also fixed on case to case basis without taking into consideration uniformity in nature of post.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that responsibility may be fixed for the irregularity besides obtaining regularization from competent forum.

12.4.46 Irregular and unauthorized deduction of Pension Fund from salary of contract employees - Rs. 45.673 million

Clause 21(a) of COMSATS Institute of Information Technology Employees Service Statutes, 2009, states that after successful completion of the probationary period, the appointment shall become regular.

The Board of Governors of COMSATS Institute of Information Technology in its 27th meeting held on 13.03.2015 approved the CIIT Revised Pension/Retirement Benefits Statutes, 2014.

The Board of Governors of COMSATS Institute of Information Technology in its 18th meeting held on 16.03.2010 approved Staff Grade for Staff from SG-1 to SG-IV; similarly for the officers OG grades from OG-1 to OG-IV are approved.

The management of CIIT, Islamabad Campus contributed pension fund at the rate of 15% of the running pay on monthly basis. The management deducted an amount of Rs 45,672,708 on account of pension during the year 2016-17. Details are as under:

S. No.	Pension Contribution	Amount
1.	Principal Seat	8,780,270
2.	CIIT Campus	36,892,438
Total Rs.		**45,672,708**

Audit observed that all employees in Officer Grade (OG) and Staff Grade (SG) are appointed on contract basis in respective grades and the contracts of the employees are renewed after a specified period mentioned in their offer of appointment.

Audit is of the view that provision of pension to employees appointed on contract basis subject to renewal of his/her appointment are not justified and also inconsistent with provision of the Employees Service Statutes, 2009.

The management replied that COMSATS, Islamabad offers two types of employment structures e.g. (i) Employees governed under Pension Statutes 2010 and (ii) employees governed under CPF statutes 2009. Employees working in accordance with these statues and their service structures are protected according these statutes.

Further, clause 22 of the service statutes confirms the status of all employees who had completed the service of two years in the University. In addition to that COMSATS offers term-based employment service structure for all its employees either it is Staff Grade employees or Officer Grade employees. In addition to that, service contracts of all employees renewed after the expiry without any break. Further, retirement benefits will not be affected due to term-based employment service structure.

The reply of the management is not acceptable as the determination of status of the employees was not made.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the status of the employees should be determined first after than the facility may be provided to the eligible employees in accordance with provisions of the Employees Service Statutes, 2009.

12.4.47 Irregular deposit of CPF for TTS employees – Rs. 12.124 million

Serial No 2.10 (b) of the Model Tenure Track Process Statutes states that the salary scales are all inclusive and no other allowance (PhD. allowance, medical allowance, orderly allowance etc.), or benefit will be admissible to the concerned faculty members, except gratuity equal to one month's pay for each completed year of service. For this purpose the pay would mean the last pay drawn after each completed year of service. However, medical facility will be provided by the University as per BPS scales.

The management of COMSATS Institute of Information Technology (CIIT), Islamabad paid an amount of Rs.242.483 million on account of salary of Tenure Track pay during the year 2016-17.

Audit observed that the management deposited an amount of Rs 12.124 million (Rs. 242.483 million × 5%) from the Institute Fund in the CP Fund account of TTS employees. As per TTS Model Statute TTS employees were not entitled for CPF.

Audit is of the view that deposit of 5% of gross salary of TTS employees from the CIIT account was irregular and unauthorized benefit to the TTS employees.

The management replied that it is a general policy for the entire COMSATS, Islamabad System and accordingly implemented. However, it is pertinent to mention here that on the observations made by the Audit, CPF facility provided to TTS faculty has been withdrawn, and now vide Notification No. CIIT-Reg/Notif-1376/18/1796 dated 11.05.2018, TTS faculty will be paid 13th Salary and they will have no claim for CPF and Gratuity benefits at the time of leaving CIIT. This will be commencing w.e.f. 01.07.2018.

The reply was not acceptable because no documentary evidence was provided by the management in support of the reply.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the amount deposited under CP Fund may be recovered and deposited into the government treasury.

12.4.48 Irregular payment of Ad-hoc Relief Allowance - Rs. 232.996 million

Section 26(1)(b) of the COMSATS Institute of Information Technology Ordinance, 2000, states that Statutes may be made to regulate or prescribe all or any of the matters, namely creation of Faculties, terms and conditions of service of employees the Institute including pension, insurance, gratuity, provident fund, benevolent fund and other fringe benefits. Efficiency and discipline of the employees of the institute and all matters required to be regulated under the Statutes.

The Board of Governors of COMSATS Institute of Information Technology in its 18th meeting held on 16.03.2010 approved the COMSATS Institute of Information Technology Employees Service Statutes, 2009.

COMSATS Institute of Information Technology Islamabad paid an amount of Rs 232.996 million on account of Ad-hoc Relief Allowances during the period 2016-17.

Audit observed that there was no provision for Ad-hoc Relief Allowances in the CIIT Employees Service Statutes, 2009. Audit further observed that a Compensatory Allowance at the rate of 40% of the running basic pay of the CIIT employees was already provided in addition to Ad-hoc relief allowance.

Audit is of the view that payment of Ad-hoc Relief Allowances without provision in the Service Statutes was irregular and unauthorized.

The management replied that for the period from 01.07.2010 to 30.06.2017, the Federal Government granted Adhoc Allowances to its employees. According to the notifications the employees at autonomous bodies are also entitled for the Adhoc Allowances, granted from time to time with the approval of Board of Governors. Accordingly, the adhoc allowances were granted to CIIT employees with the approval of Board of Governors.

The reply of the management is not acceptable as the allowance was granted to employees without approval of Finance Division.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the approval of the Finance Division may be obtained under intimation to Audit.

12.4.49 Irregular promotions of contract employees

Para 8 (a) COMSATS Institute of Information Technology Employees Service Statues, 2009 states that all posts shall be appointed by initial recruitment on the basis of merit and fitness, after due publicity of the vacancies in the national press, in accordance with the conditions of educational/professional qualifications and experience, as shown in the Schedules appended with these statutes.

Para 8 (b) COMSATS Institute of Information Technology Employees Service Statues, 2009 stated that appointments to the posts may also be made through transfer or on deputation, or by promotion (in the case of non-faculty appointments), subject to fulfillment of the conditions of educational/ professional qualification and experience, as shown in the Schedules appended with these Statutes.

The management of COMSATS Institute of Information Technology promoted 38 officers / staff during the year 2016-17.

Sr. No.	Promoted from	Promoted to	Number of Posts
1	OG-I	OG-II	22
2	Fixed OG-I /RA Scale	OG-I	04
3	SG-IV	OG-I	12
Total Rs.			**38**

Audit observed that these promoted officers / staff were appointed on contract basis/ fixed term contract governed by the employer and renewed on annual basis.

Audit is of the view that the promotion of these employees were irregular and unauthorized as they are not entitled for any type of promotion as per contract agreement.

The management replied that promotions were made on the basis of eligibility criteria available in CIIT Statutes under Employees Services Statutes including qualification, experience, length of service at CIIT, Islamabad along with their last 05 years ACRs. The recommendations of Contract Review Committee were then presented to the Selection Board for onward submission to the then Board of Governors. It is also to clarify that formulation of Promotion Rules for COMSATS, Islamabad is under process and shall be implemented as and when approved by the concerned quarters.

Reply of the management is not acceptable as terms and conditions of employees are governed by contract and are extended on annual basis.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the promoted employees may be reverted back and the higher grades must be filled through advertisement under intimation to Audit.

12.4.50 Irregular collection and utilization of Taleem Fund - Rs. 5.540 million

CIIT, Principal Seat, Islamabad vide notification No CIIT-PS/Notif-30/2079 dated 19.04.2005 approved the deduction of Taleem Fund @ 1% of the gross pay of all the employees of CIIT, with 2% contribution by the CIIT. The Fund shall effect from 01.11.2003.

CIIT, Principal Seat, Islamabad collected an amount of Rs 5.540 million on account of Taleem Fund during the year 2016-17.

Audit observed that no rules and regulation for operations of the fund was approved and the collection was continued since 2013.

Audit is of the view that collection of the fund without any approved rules and regulations and expenditure from the fund was irregular and unauthorized.

The management replied that Taleem Fund was established for the welfare for those who needed partial assistance towards the semester fee.

The reply of the management is not acceptable as the rules and regulations of the funds were neither framed nor approved.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the rules for subject fund may be framed and approved under intimation to Audit.

12.4.51 Irregular fixation of pay and appointment as advisor after retirement - Rs. 7.863 million

Sl. No. 207 of ESTA Code states that the instructions issued in the Establishment Division O.M No. 1(28)/71-D.II, dated 28.03.1972, if the officer had been allowed to proceed on deputation for a specific period, he/she should be requested to revert to the parent department on expiry of that period. In case no period was specified, the parent department should examine the propriety of re-calling the officer to the parent cadre as it is not administratively desirable that officers and staff should remain away from their parent cadre for unduly long period, say more than 3 years in the case of gazetted officers and 5 years in the case of non-gazetted staff.

As per Chapter-IV Part-1 (iv) of ESTA Code Deputation Allowance/ Special Allowance on Additional Charge/Special Pay on Current Charge @ 20% of Basic Pay/Basic Pay subject to maximum of Rs.12,000 p.m.

As per Pakistan Atomic Energy Commission letter No. Estt-II-4(1388)/86, Office Order No. 551/2008 dated 03.04.2008 Dr. Fouzia Hafeez Yusuf, Deputy Chief Scientist, PIEAS, Islamabad was allowed to join (CIIT) COMSATS, Islamabad on deputation initially for a period of three years from the date of relieving on standard terms & conditions.

The management of CIIT appointed Dr. Fauzia Yousuf Hafeez as Professor in Department of Bioscience on 28.02.2008 under Tenure Track System on the monthly salary of Rs. 197,600 per month.

The Pakistan Atomic Energy Commission O.M. No. Estt-II-4(1388)/86, dated 06.05.2008 states that the terms and conditions of deputation of Dr. Fouzia Hafeez Yusuf, Deputy Chief Scientist, PAEC about “Pay and Deputation Allowance” issued by CIIT COMSATS, Islamabad are not in consonance with the standard terms and conditions, especially the terms “contract appointment” which is different from deputation.

Further Pakistan Atomic Energy Commission requested CIIT COMSATS, Islamabad that the terms and conditions of deputation of Dr. Fouzia Hafeez Yusuf, Deputy Chief Scientist, PAEC may be agreed as already settled in another case of Dr. Abdul Rashid, Pr. Engineer, PEAC posted in CIIT, Abbottabad as per Pakistan Atomic Energy Commission letter No. Estt-II-4 (2710)/94, Office Order No. 702/2007 dated 03.05.2007 i.e. will be entitled to draw pay as per PAEC pay package.

Audit observed the following:

i. Dr. Fouzia Hafeez Yusuf, Deputy Chief Scientist, PIEAS, Islamabad was appointed on deputation basis in CIIT, Islamabad and joined as Professor in the Department of Biosciences, CIIT, Islamabad on 04.04.2008. The appointment on contract basis was against the rules as the officer was posted on deputation basis.

ii. At the time of joining the officer was drawing Basic Pay amounting to Rs. 37,095 and Gross Pay of Rs. 85,833 and joined CIIT, Islamabad at a fixed pay of Rs. 197,600 and increased to Rs. 302,640 on 01.07.2012 and Rs. 314,808 on 01.07.2013 which was inconsistence to the pay & allowances of the lending department i.e. Pakistan Atomic Energy Commission.

iii. The terms of her appointment and fixation of pay & allowances were never shared and did not agreed with the lending department i.e. Pakistan Atomic Energy Commission.

iv. Dr. Fouzia Hafeez Yusuf was reappointed as Advisor on 19.07.2013 on fixed pay of Rs. 140,000 without advertisement the day after her retirement.

The management replied that Dr. Fauzia Yousuf Hafeez was allowed to join COMSATS, Islamabad on deputation from Pakistan Atomic Energy Commission vide letter No. Estt-II-4(1388)/86 dated 03.04.2008 for a period of 03 years and she was relieved from PAEC w.e.f., 04.04.2008. It is to mention that Dr. Fauzia could not join COMSATS, Islamabad as Deputy Chief Scientist therefore, she was given the contract as Professor on Tenure Track System with a salary according to her profile and protecting her salary and allowances she was drawing at PAEC. All the parameters e.g., pension contribution/GP fund, leave salary, disability leave, and encashment of leave was included in the lump sum salary package offered to Prof. Dr. Fauzia as per CIIT Rules. During her deputation period, her salary was re-fixed as per CIIT Islamabad Rules based on Annual Evaluation Reports. Her period of deputation was extended by Pakistan Atomic Energy Commission vide No. Estt-II-4(1388)/86 dated 13.04.2011, for a period of 02 years and further for a period 04.04.2013 to 19.07.2013 vide letter No. 26.03.2013. Contract was also extended further at CIIT Islamabad till her superannuation and was relieved from the services of CIIT w.e.f. 18.07.2013. Based on her performance, and requirement of CIIT Islamabad, she was reappointed as Advisor w.e.f. 20.07.2013.

The management accepted the view point of the Audit.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the recovery may be made from the concerned and the irregular appointment may be justified to the Audit.

12.4.52 Irregular payment of Vice Chancellor Allowance to Rector – Rs. 1.115 million

As per Finance Division (Regulation Wing) letter No. F.4(10)R-4/2002-Vol II dated 25.08.2011 conveyed the concurrence of the Finance Division to the salary Package of Vice-Chancellor/Rectors, appointed through Search Committee, of Federally Chartered Public Universities, Vice Chancellor Allowance @ 20% of the basic pay.

The Board in its 40th (Emergency) Meeting held on 13.03.2017 decided to assign Professor Dr. Raheel Qamar, T.I, Tenure Professor/Dean of Research, Innovation and Commercialization/Incharge, Islamabad Campus, the interim charge of Rector, CIIT, until the appointment of Rector.

Professor Dr. Raheel Qamar, T.I, assumed the charge of the position of Rector CIIT w.e.f. 20.03.2017 on the salary package equivalent to TTS salary paid to the Professor under TTS plus Vice Chancellor Allowance of 20%.

Audit observed that the Interim Vice Chancellor drawn Rs. 1,115,400 i.e. (Rs.101,400 x 11) under Vice Chancellor/Rector Allowance w.e.f. June 2017 besides less deduction of Income Tax from the salary.

Audit is of the view that the allowance was not admissible to the Interim Rector as he was not appointed through Search Committee as per instructions of Finance Division.

The management replied that Professor Dr. Raheel Qamar, T.I, was appointed as a Rector, CIIT by the BoG in its 40th (Emergency) meeting held on 17.03.2017. Similarly, ToRs of his appointment approved by the BoG including his pay package.

The reply of the management is not acceptable as the Rector was not appointed through Search Committee, of Federally Chartered Public Universities and constitution of such committee and its decision was also not provided to Audit.

Audit recommended that the irregular practice should be discontinued and the amount may be recovered. Further, all allowances paid to the incumbent may be made as per rules and overpayment already made may be recovered.

12.4.53 Unjustified payment of rent of building - Rs. 4.620 million

Para 12 of General Financial Rules Volume-1 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.

The Principal Seat of the CIIT, Islamabad incurred an expenditure of Rs. 4.620 million on account of rent of double story bungalow at Clifton Karachi during the year 2015-16 and 2016-17. Details are as under:

S. No	Monthly Rent	Time Period	Amount
01	200,000	01.01.2016 to 30.11.2016	2,200,000
02	220,000	01.12.2016 to 31.10.2017	2,420,000
Total Rs.			**4,620,000**

Audit observed that the purpose for hiring of the double story bungalow at Karachi was not available. Audit further observed that the operational expenditure and details of employees posted at Karachi were also not provided to audit.

The management replied that the Project Director of the Karachi office along with his team of three to four employees has continuously been striving for the last 3 to 4 years to secure land for the Karachi campus. In this respect official letters have been sent to the relevant officials in the Government of Sindh, and been follow up activities for the responses from Government of Sindh for the land for Karachi Campus.

The reply of the management is not acceptable as no approval for opening new campus at Karachi was provided to Audit along with details of staff and expenditure.

The PAO was informed on 05.10.2018 but DAC was not convened till finalization of the Report.

Audit recommended that the irregular practice may be discontinued and responsibility may be fixed.

12.4.54 Mis-procurement of Security Cameras, DVRs, LEDs and other items without competition - Rs. 2.410 million

Rule 9 of the Public Procurement Rules 2004 states that Save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurement for each financial year and shall proceed accordingly without any splitting or regroup of the procurement so planned. The annual requirement thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

Rule 12(1) Procurement over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Rule 12(2) of the Public Procurement Rules 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspaper 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 the Quaid-i-Azam University, Islamabad incurred an expenditure of Rs. 2,410,491 on procurement of Security Cameras, DVRs, LEDs and other equipment during financial year 2016-17.

Audit observed that procurement of Security Cameras; DVRs, LEDs and other equipment were split to avoid the necessity of calling open tender in print media as required with reference to the total amount of orders in violation of rules-9 and 12(2) of the Public Procurement Rules 2004. Audit further observed that in each case of procurement, the amount was over one hundred thousand and required to be advertised on PPRA website.

Audit is of the view that procurement of Security Cameras, DVRs, LEDs and other equipment without competition and in non-transparent manner in violation Rule 12(1) and 12(2) of PPRA was irregular and unauthorized which deprived off the government from the benefit of competitive rates as well.

DAC in its meeting held on 16.05.2018 & 30.05.2018 directed that an inquiry may be conducted within two weeks and responsibility may be fixed and warning letter to be issued to the responsible persons.

Audit recommends that DAC directive may be implemented.

CHAPTER 13

13. NATIONAL FOOD SECURITY AND RESEARCH DIVISION

13.1 Introduction

Following departments/offices and functions were assigned to National Food Security and Research Division vide SRO 1088(I)/2011(F.No.4-14/2011-Min-I) dated 09.12.2011:

i. Economic coordination and planning in respect of food, economic planning and policy making in respect of agriculture.

ii. Imports and exports control on food grains and foodstuffs, inspection, grading analysis of food grains and foodstuffs, maintenance of standards of quality for import and export and inspection, handling, storage and shipment of rice exports.

iii. Collection of statistics regarding production, consumption, prices, imports and exports of food grains.

iv. Coordination with aid and assistance agencies in respect of food sector.

v. Pakistan Agricultural Research Council and other Federal agriculture research organizations.

vi. Food and Agriculture Organization (FAO) of United Nations in respect of food.

vii. Plant protection, pesticide import and standardization, aerial spray, plant quarantine and locust control in its international aspect and maintenance of locusts warning organizations.

viii. Federal seed certification and registration.

ix. Standardization and import of fertilizer.

x. Procurement of food grains, including sugar:

    a. from abroad;

b. for Federal requirement;

c. for inter-provincial supplies; and

d. for export and storage at ports.

xi. Grading of agricultural commodities, other than food grains, for exports.

xii. Administrative control of PASSCO.

xiii. Preparation of basic plan for bulk allocation of food grains and foodstuffs.

xiv. Price stabilization by fixing procurement and issue prices, including keeping a watch over the price of food grains and foodstuffs imported from abroad or required for export and those required for inter-provincial supplies.

xv. Agricultural Policy Institute.

xvi. Animal quarantine departments, stations and facilities located anywhere in Pakistan.

xvii. National Veterinary Laboratory, Islamabad.

xviii. Laboratory for Detection of Drugs Residues in Animal Products, Karachi.

xix. Veterinary drugs, vaccines and animal feed additives:

a. import and export; and

b. procurement from abroad for Federal requirements and for inter-provincial supplies.

xx. Livestock, poultry and livestock products:

a. import and export; and

b. laying down national grades.

xxi. Pakistan Dairy Development Company.

xxii. Livestock and Dairy Development Board

xxiii. Fisheries Development Board.

xxiv. Pakistan Oil-Seed Development Board (for Federal areas only) added vide SRO No. 128(I)2013 dated 22.02.2013 (F.No. 4-2/2012-Min-I).

xxv. International cooperation matters relating to agriculture and livestock added vide SRO No. 622(I)/2013 (F.No. 4-8/2013-Min-I) dated 28.06.2013.

xxvi. Administrative control of the Agricultural Counselor's Office at Rome, Italy added vide SRO 622(I)/2013 (F.No. 4-8/2013-Min-I) dated 28.06.2013.

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Division for the financial year 2017-18 was Rs. 19,182.761 million including Supplementary Grant of Rs. 13,702.665 million out of which the Division utilized Rs. 17,843.226 million. Grant-wise detail of current and development expenditure is as under:

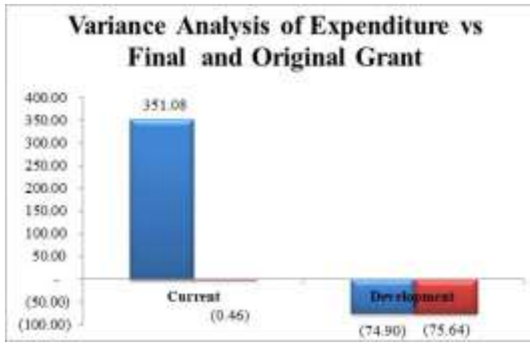
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
83	Current	3,865,830,000	13,653,581,000	17,519,411,000	17,437,980,824	(81,430,176)	(0)
134	Development	1,614,266,000	49,084,000	1,663,350,000	405,245,851	(1,258,104,149)	(76)
	Total	**5,480,096,000**	**13,702,665,000**	**19,182,761,000**	**17,843,226,675**	**(1,339,534,325)**	**(7)**

Audit noted that there were savings of Rs.1,339.534 million, which was mainly due to savings of Rs. 1,258.104 million in development expenditure.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, in development expenditure, savings was 75.64%.



13.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
National Food Security and Research (Devolved M/o Food and Agriculture)	1987-88	17	17	15	0	2
	1988-89	11	11	7	0	4
	1989-90	9	9	5	0	4
	1990-91	6	6	4	0	2
	1991-92	19	19	2	0	17
	1992-93	22	22	6	0	16
	1993-94	31	31	4	0	27
	1994-95	6	6	0	0	6
	1995-96	14	14	0	0	14
	1996-97	90	90	12	0	78
	1997-98	7	7	3	0	4
	1998-99	38	38	0	0	38
	1999-00	64	64	5	0	59
	2000-01	45	45	2	0	43
	2001-02	20	20	6	0	14
	2003-04	28	28	8	0	20
	2005-06	9	9	5	0	4
	2006-07	3	3	2	0	1
	2007-08	5	5	4	0	1
	2008-09	2	2	0	0	2
	2009-10	4	4	1	0	3
	Total	**450**	**450**	**91**	0	**359**

13.4 AUDIT PARAS

Irregularity and Non Compliance

13.4.1 Less deduction of Income tax from the salaries - Rs.1.969 million

Clause 1A of Part III of 2nd Schedule to the Income Tax Ordinance 2001 provides that a taxpayer (an individual) is entitled to a further 40% reduction in tax liability subject to the following conditions: He/she should be a full time teacher or researcher; and He/she should be employed in: - A non-profit education or research institution duly recognized by: Higher Education Commission; A Board of Education recognized by Higher Education Commission; or A University recognized by Higher Education Commission; or - Government training and research institutions.

The management of PARC paid salaries and deducted tax at source amounting to Rs. 2.953 million.

Audit observed that the management deducted less tax amounting to Rs. 1.969 million by granting rebate @ 40% on taxable income from the salaries of the income of Researcher/Scientist working at PARC Headquarter whereas they were not full time researcher, they are holding administrative posts at headquarter.

Audit is of the view that management of PARC irregularly allowed tax rebate to the employees who were not full time researcher.

The management replied that the scientists of PARC enjoy tax rebate of 40% as elaborated in clause 2 of 2nd schedule part-III (Reduction in Tax liability) of Ammended Income Tax ordinance 2017.The said Income tax rule was implemented in true spirit at PARC being a research organization established under Federal Government.

The reply was not acceptable because the employees were holding administrative posts at headquarters hence they were not full time researcher.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that tax rebate be discontinued and already granted be recovered under intimation to audit.

13.4.2 Non-deposit of recoveries into government treasury - Rs. 5.078 million

Section 18 (2) of PARC Ordinance 1981 states that the funds of the Council shall consist of (a) grants made by the Federal Government and the Provincial Governments; (b) grants, donations, endowments, contributions, aid and assistance given by other organizations: (c) foreign aid and loans obtained or raised with the approval of the Federal Government; and (d) receipts from other sources.

The management of PARC collected an amount of Rs. 108,863 on account of private use of official vehicles and deducted an amount of Rs. 4.970 million as over payment of SRA/ASRA from the employees of PARC during 2016-17.

Audit observed that instead of depositing the amount in government treasury the same was retained in a private bank account.

Audit is of the view that due to irregular retention of recovered amount the government was deprived of its due share of receipts.

The Management replied that case for regularization of payment of allowance on account of SRA/ASRA and admissibility of these allowances on the minimum of corresponding time scale has already been forwarded to M/o Finance. Therefore, recovery on account of SRA/ASRA is being withheld till the response from Ministry of Finance.

The reply was not acceptable because the Minstry of Finance already clarified that the payment of allowances on SPS 2011 was unauthorized.

The PAO was informed on 04.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount may be deposited into the government treasury forthwith and responsibility be fixed for irregular retention.

CHAPTER 14

14.PRIME MINISTER’S OFFICE

14.1 Introduction

The office of Prime Minister was created immediately after the establishment and the creation of Pakistan in 1947. Originally, the Prime Minister was given central executive powers, which were later reduced as the powers of the Governor General. Liaquat Ali Khan was the first Prime Minister appointed in 1947, but was assassinated in 1951. From 1951 till 1957, the country saw the tenures of seven different Prime Ministers. In 1956, Parliament of Pakistan adopted the 1956 Constitution, replacing the Governor General with President of Pakistan. However, the office was disbanded by President Iskandar Mirza and, in a coup led by his successor General Ayub Khan in 1958, the 1956 Parliamentary Constitution was replaced with the 1962 Presidential system, completely dissolving the Prime Minister’s Office. From 1958 until 1970, there was no Prime Minister as the country had the Presidential system. Following the imposition of the Constitution of Pakistan, 1973 the office of Prime Minister was revived and Mr. Zulfikar Ali Bhutto became the elected Prime Minister of Pakistan. The 1973 Constitution provided the parliamentary system to Pakistan and President of Pakistan as a figurehead.

The Prime Minister is elected by the National Assembly, members of which are elected by popular vote. The Prime Minister is responsible for appointing a Cabinet, as well as running the government, and taking executive decisions.

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Prime Minister’s Office for the financial year 2017-18 was Rs.1,028.910 million including Supplementary Grant of Rs. 112.188 million against which the Office utilized Rs. 912.899 million. Details are as under:

(Rupees)

Grant No	Grant type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
47	Current	916,722,000	112,188,000	1,028,910,000	912,899,453	(116,010,547)	-11.2750918

There was saving of Rs. 116.010 million.

14.3 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Prime Minister's Office	1996-97	6	6	3	3	50%
	2005-06	1	1	0	1	0%
Total		**7**	**7**	**3**	**4**	43%

14.4 AUDIT PARAS

Irregularity & Non Compliance

14.4.1 Unauthorized payment of PM House Allowance to the employees of Punjab Government out of Contingent Grant – Rs. 2.060 million

Finance Division's O.M. No. 5(4)-F&A/2000 dated 27-07-2000 states that the following will be the purpose for Contingent Grant :

i. Ex-gratia payment to private citizens and organizations which are normally not financed from public money;
ii. Grant to public and private organization like bar councils which are the responsibility of the Provincial Governments;
iii. Grant which fall within the financial jurisdiction of the Federal Government or public sector organizations under their control for which full or adequate budgetary provision does not exist;
iv. Donations to school, clubs, charitable institutions similar bodies and financial assistant to indigent individuals and public servants;
v. Donations to the needy and disadvantaged groups/individuals in cases determined at the level of the President/Chief Executive.
vi. Payment of ex-gratia/honoraria to the employees (Added vide Finance Division O.M. No. F.Dy. No. 1817-DS(R-1) dated 16-11-2015).

The management of Prime Minister's Office (Internal) acquired the services of Mr. Abdul Rashid, Chief Comptroller (BPS-20) employee of Chief

Minister’s Secretariat, Government of the Punjab on attachment basis w.e.f. 01.07.2013.

Audit observed that the employee of the Punjab Government was paid monthly PM’s House Allowance equal to one basic pay for the period from 01.07.2013 to 30.06.2016 (03 years) amounting to Rs. 2,060,000 as ex-gratia out of the Contingent Grant.

Audit is of the view that payment of PM’s House Allowance equal to 36 Basic Pay as ex-gratia out of Contingent Grant to the employees of Punjab Government was irregular and un-authorized as it was not covered under the Purpose of Contingent Grant which resulted in the loss of Rs. 2.060 million to the Government.

The management replied that the payment of ex-gratia is fully covered under Finance Division’s OM dated 16.11.2015 as the said Division has put no embargo on payment of ex-gratia to the employees of the other departments working in the this Office on attachment/ loan basis.

The reply was not acceptable because payment of ex-gratia to the employee of other department was not covered under the rules.

The DAC meeting held on 16.11.2018 directed to recover the amount paid as ex-gratia and deposit into the government treasury.

Audit recommends that the decision of the DAC may be implemented under intimation to Audit.

14.4.2 Non-deduction of income tax on payment of honorarium – Rs. 1.561 million

Section 149(1) of the Income Tax Ordinance, 2001 states that every employer paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee’s average rate of tax computed at the rates specified in Division 1of part 1 of the First Schedule on the estimated income of the employee chargeable under the head “Salary” for the tax year in which the payment is made.

The first Schedule, Part 1, Division 1 to section 12 of Income Tax Ordinance, 2001 provides the rate of income tax individual, including salaried persons.

The management of Prime Minister's Office (Public) paid honoraria amounting to Rs. 31.227 million to the employees from the contingent grant of the Prime Minister during 2014-15 and 2015-16.

Audit observed that the payment was made without deduction of Income Tax amounting to Rs. 1.561 million.

Audit is of the view that failure to deduct the income tax deprived the Government from its due receipts which resulted in the loss of Rs. 1.561 million to the Government.

The management replied that Prime Minister granted Eidee to low paid employees (BS 1-16) out of Contingent Grant which is not covered under definition of "Salary".

The reply was not acceptable because income tax was required to be deducted on payment of Honoraria.

The DAC meeting held on 16.11.2018 directed to take up the matter with FBR for clarification.

Audit recommends that recovery of income tax may be affected and deposited into Government treasury.

14.4.3 Irregular payment out of contingent grant - Rs. 3.800 million

Finance Division's O.M. No. 5(4)F&A/2000 dated 27.07.2000 states that the Contingent Grant will be used for following purposes.

i. Ex-gratia payment to private citizens and organizations which are normally not financed from public money;
ii. Grant to public and private organization like bar councils which are the responsibility of the Provincial Governments;
iii. Grant which fall within the financial jurisdiction of the Federal

Government or public sector organizations under their control for which full or adequate budgetary provision does not exist;

iv. Donations to school, clubs, charitable institutions similar bodies and financial assistant to indigent individuals and public servants;

v. Donations to the needy and disadvantaged groups/individuals in cases determined at the level of the President/Chief Executive.

vi. Payment of ex-gratia/honoraria to the employees (Added vide Finance Division O.M. No. F.Dy. No. 1817-DS(R-1) dated 16-11-2015).

The Prime Minister's Office (Public) paid an amount 3.800 million out of Contingent Grant as per following details:

S. No.	Beneficiary	Purpose	Amount
1	Ms.Raheela Isa Consultant Current Affairs	Medical Charges	900,000
2	Ms.Raheela Isa Consultant Current Affairs	Honorarium equal to two month pay	800,000
3	Mr. Qamar- uz- Zaman Consultant Public	Honorarium equal to two month pay	400,000
4	Abdul Rashid, chief Comptroller(BPS-20)	Ex-gratia	700,000
5	Brigadier (Retired) Muhammad Asif	Grant-in-aid for welfare of soldiers of 19-FF.	1,000,000
Total			**3,800,000**

Audit observed the payments made out of contingent grants were not fall under as under the approved purpose of contingent grant.

Audit is of the view that payment of honoraria and medical charges to consultants was not only violation of approved terms and conditions but also not a legitimate expenditure out of contingent grant and therefore, held irregular and unauthorized.

The management replied that Ms. Rahila Isa is working as Consultant on fixed salary without any benefit of reimbursement of medical claims. Keeping in view her financial constraints, the payment was approved which is covered under sub-para-v of "Purpose of Contingent Grant" issued by Finance

Division. As regards payment of ex-gratia to consultants and the employees posted on attachment covered under (sub para-1(vi) of Finance Division's OM Dated 16.11.2015 as the said consultants are on the pay roll of this office. The grant-in-aid of Rs. 1.00 million was required to be distributed by applicant at his own to the retired soldiers of 19-FF and not through any welfare society therefore, the cheque was issued in favor of applicant as no welfare society existed in this case.

The reply was not acceptable because the consultants neither fall under the category of indigent individuals nor disadvantaged individuals.

The DAC meeting held on 16.11.2018 directed to recover the amount from the Consultants and deposit into the government account. Regarding payment of Rs. 1.000 million DAC directed to obtain evidence of disbursement of funds to soldiers of 19FF.

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

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 2017-19 was Rs. 4,117.982 million including Supplementary Grant of Rs. 248.569 million out of which the Division utilized Rs. 1,796.215 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

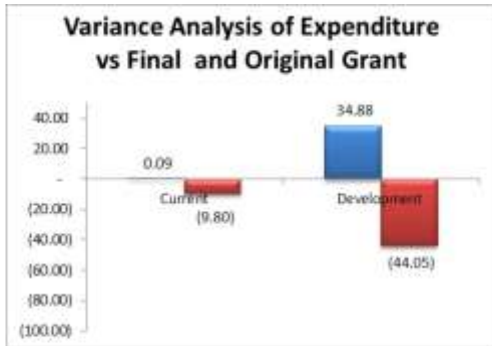
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
53	Current	306,787,000	22,606,000	329,393,000	282,160,045	(47,232,955)	(14)
54	Current	15,230,000	1,000	15,231,000	2,106,022	(13,124,978)	(86)
55	Current	810,126,000	225,962,000	1,036,088,000	975,679,312	(60,408,688)	(6)
	Subtotal	**1,132,143,000**	**248,569,000**	**1,380,712,000**	**1,259,945,379**	**(120,766,621)**	**(9)**
147	Development	2,737,270,000	-	2,737,270,000	536,269,422	(2,201,000,578)	(80)
	Total	**3,869,413,000**	**248,569,000**	**4,117,982,000**	**1,796,214,801**	**(2,321,767,199)**	**(56)**

Audit noted that there was an overall saving of Rs. 2,321.767 million that was mainly due to saving of Rs. 2,201.001 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

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Industries and Production	1987-88	2	2	0	0	2
	1988-89	1	1	0	0	1
	1989-90	8	8	2	0	6
	1990-91	4	4	0	0	4
	1991-92	4	4	4	0	0
	1992-93	2	2	0	0	2
	1993-94	20	20	11	0	9
	1994-95	4	4	1	0	3
	1995-96	2	2	0	0	2
	1996-97	1	1	1	0	0
	1998-99	18	18	4	0	14
	1999-00	14	14	13	0	1
	2000-01	4	4	4	0	0
	2001-02	5	5	3	0	2
	2003-04	10	10	4	0	6
	2006-07	1	1	1	0	0
	Total	**100**	**100**	**48**	0	**52**

15.4 AUDIT PARAS

Irregularity & Non Compliance

15.4.1 Irregular appointment of CEO NPO in MP-I Scale - Rs 9.113 million

Para 2 (06) of Finance Division O.M No F.3(2)/R-4/2011 dated 14.07.2017 states that period of contract of MP Scale will be as determined by the appointing authority but cannot exceed beyond two years.

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.

Prime Minister vide letter No. 1/25/2014-E.6 dated 20.10.2015 appointed Mr. Abdul Ghaffar Khattak as Chief Executive Officer, National Productivity Organization on contract basis for a period of three years.

Audit observed as under:

i. The contract was awarded for three years in violation of the instructions of the Establishment Division.
ii. The pay package of MP-I Scale for CEO NPO was not approved by the Finance Division.
iii. An amount of Rs 9,112,920 (Rs 729160*1 + Rs 762,160* 11) was paid in violation of the rules.
iv. Ministry of Industries and Production vide Office Order No 06/2009-Admin III (NPO) dated 27.10.2015 granted the Chief Executive Officer Scale of MP-I without the approval of the Prime Minister.
v. The CEO held the post after the contract period unauthorizedly.

Audit is of the view that payment of pay and allowances in MP-I Scale beyond the permissible contract period and without approval of Finance Division was irregular and unauthorized.

The management replied that The CEO was appointed as per Public Sector Companies (Appointment of Chief Executive) Guidelines, 2015 and subject to Schedule-II "Fit and Proper Criteria for Appointment as Chief Executive of a Public Sector Company." However, this objection related to Establishment Division for its notification.

The reply was not acceptable because the appointment beyond two years in the MP Scale was violation of the Finance Division above referred O.M

The DAC meeting was held on 14.11.2018. The DAC directed the management to seek approval/concurrence of appointment notification from Finance Division.

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

15.4.2 Irregular appointments - Rs 1.475 million

Rule 6.3 of the National Productivity Organization, Services Rules, 2013 states that appointment against the vacant posts may be made by initial recruitment, promotion, transfer and deputation.

NPO executed a project titled "Made in Gilgit" under USAID Small Grants and Ambassador's Fund Program (SGAFP) in February, 2017 and it was closed in May, 2017.

The following were employed for the project but on the closing of the project these employees were placed on the strength of NPO. These employees joined NPO on 01.05.2017:

S. No	Name	Designation	Salary paid 01.05.2017 to 30.09.2018 (Rs)
1.	Miss Iqra	Assistant Program Officer	428,750
2.	Mr. Rehmatullah	Assistant IT Officer	364,000
3.	Mr. Danish Ali	Assistant	364,000
4.	Mr. Haq Nawaz	Driver	318,600
	Total		1,475,350

Audit observed that the following employees were hired by NPO for a project titled "Made in Gilgit" for a fixed period of 5 months, but later NPO inducted these employees in head office.

Audit is of the view that transfer of the employees of project in the main office was irregular and unauthorized.

The management replied that Instead of hiring for each individual projects, NPO makes use of the already available employees who are paid from self-generation revenue. Moreover, the employees get experienced.

The reply was not acceptable because these employees were appointed for a specific project which had already closed and continuation of their employment in NPO is not justifiable.

The DAC meeting was held on 14.11.2018. The DAC directed to hold a fact finding inquiry regarding irregular appointments for fixing responsibility and re-advertise the posts and make appointments as per rules.

Audit recommends that the post may be filled after fulfilling the rules and regulations regarding appointments.

15.4.3 Unauthorized appointments of management trainees- Rs 3.320 million

Rule 6.4 of the NPO, Service Rules, 2013 states that all such vacant posts which the competent authority may decide to fill in through direct recruitment shall be advertised giving necessary details about eligibility, qualifications and experience required for the vacant post.

Rule 6.3 of the National Productivity Organization, Services Rules, 2013 states that appointment against the vacant posts may be made by initial recruitment, promotion, transfer and deputation.

According Service Rule, 2013 for the post of Management Trainee the candidate required to posses Minimum Bachelor’s Degree and Master Degree is preferable.

NPO appointed the following Management Trainee in NPO. Details are as under:

S. No	Name	Date of Joining	Qualification	Total Salary for the year 2016-2018
1.	Mr. M. Moughis Farooq	15-05-2014	DAE	567,000
2.	Mr. Faisal Shabbir	15-01-2012	DAE (Electrical)	630,000
3.	Mr. Wasiullah	01-06-2011	B. Tech (Electrical)	693,000
4.	Miss. Sidra Safdar	16-09-2017	M. Phil Finance	300,000
5.	Mr. Awais Anwar	18-06-2010	ACCA advance Diploma	576,298
6.	Mr. Asif Iqbal	23-01-2013	B.Com	554,400

	Total			3,320,698

Audit observed that all the employees were appointed without advertisement and competition. Employees at serial No 1, 2 and 3 had not possessed Bachelor degree.

Audit is of the view that appointment without advertisement and without having required qualification was irregular and unauthorized.

The management replied that we noted the observation. A comprehensive list of all those appointed without advertisement or with the lapsed time period of after publishing advertisement goes to more than 50% over years. Board Human Resource Committee in April, 2016 had discussed this issue and concluded to evaluate employees. A final decision will be made once the services rules are approved by the MoF.

The reply was not acceptable because these appointments were made in violation of rules and without competition and giving opportunity to all qualified candidates.

The DAC meeting was held on 14.11.2018. DAC directed to fill the posts through open competition.

Audit recommends that that responsibility may be fixed for the irregularity

15.4.4 Irregular appointment of Assistant Manager

Rule 6.4 of the NPO, Service Rules, 2013 states that all such vacant posts which the competent authority may decide to fill in through direct recruitment shall be advertised giving necessary details about eligibility, qualifications and experience required for the vacant post.

According to the serial 10 of the method of appoint of the NPO Service Rules, 2013 states that for Assistant Manager, 18 Years Master's degree with 5-7 years' experience or 16 years Bachelor degree with minimum 8 years experience. Good administrative /organizational /leadership skills, Team Player.

NPO appointed Mr. Muhammad Faisal Shazad as Assistant Manager for /Regional Office Peshawar with effect from 01.03.2017 with a monthly salary of Rs 40,000.

Audit observed that the appointment was made without advertisement in the press and without competition.

Audit is of the view that appointment without advertisement and giving equal opportunities to all citizens of the country was irregular and undue benefit.

The management replied that 12 NPO employees resigned due to which NPO face shortage of manpower. NPO hired the services of Mr. Faisal Shahzad, Assistant Manager against Disable Quota, along with the following two employees:

1. Mr. KaleemUllah, Management Associate, Baluchistan Quota
2. Ms. Sidra Safdar, Management Trainee, Woman Quota.

The management accepted audit observation and provided detail of two other employees appointed without advertisement and competition.

The DAC meeting was held on 14.11.2018. DAC directed to fill the posts through open competition.

Audit recommends that the matter may be looked into and responsibility may be fixed for this undue benefit.

CHAPTER 16

16. MINISTRY OF INFORMATION, BROADCASTING AND NATIONAL HERITAGE

16.1 Introduction

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. It 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 2017-18 was Rs. 10,720.093 million including Supplementary Grant of Rs. 2,500.170 million out of which the Division utilized Rs. 10,184.348 million. Grant-wise detail of current and development expenditure is as under:

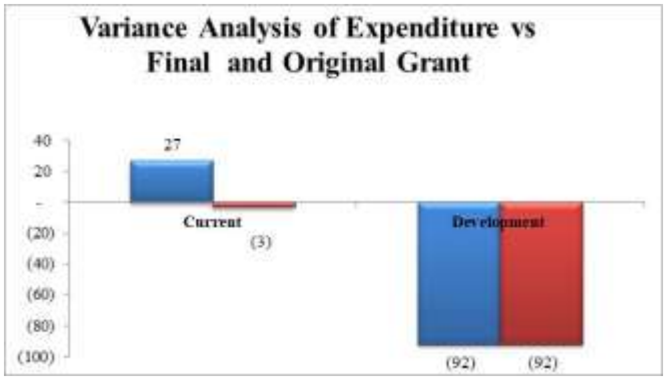
(Rupees)

Grant No	Type of Grant	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
56	current	640,860,000	74,618,000	715,478,000	694,109,311	(21,368,689)	(3)
57	current	288,395,000	15,010,000	303,405,000	274,292,159	(29,112,841)	(10)
58	current	619,343,000	1,575,028,000	2,194,371,000	2,154,761,377	(39,609,623)	(2)
59	current	806,631,000	1,000	806,632,000	637,790,572	(168,841,428)	(21)
60	current	5,649,741,000	835,513,000	6,485,254,000	6,407,078,443	(78,175,557)	(1)
	sub-total	**8,004,970,000**	**2,500,170,000**	**10,505,140,000**	**10,168,031,862**	**(337,108,138)**	**(3)**
126	Development	214,953,000	-	214,953,000	16,315,816	(198,637,184)	(92)
	Total	**8,219,923,000**	**2,500,170,000**	**10,720,093,000**	**10,184,347,678**	**(535,745,322)**	**(5)**

Audit noted that there was an overall saving of Rs. 535.745 million, which was due to saving of Rs. 337.108 million in current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. 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 27%, which, after accounting for supplementary grant changed to savings of 3%. In development expenditure, savings against original budget was 92% which remains same when Supplementary Grant was taken into account.



16.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Information Broadcasting Division	1987-88	1	1	1	0	0
	1988-89	1	1	0	0	1
	1989-90	3	3	2	0	1
	1990-91	2	2	2	0	0
	1991-92	1	1	1	0	0
	1992-93	3	3	0	0	3
	1993-94	8	8	2	0	6
	1994-95	2	2	1	0	1
	1995-96	3	3	1	0	2
	1997-98	15	15	0	0	15
	1996-97	16	16	0	0	16
	1999-00	25	25	0	0	25
	2005-06	9	9	1	0	8
	2006-07	3	3	2	0	1
	2008-09	2	2	1	0	1
	2009-10	1	1	1	0	0
	Total	**95**	**95**	**15**	0	**80**
National Heritage Division	1992-93	1	1	1	0	0
	1997-98	17	17	13	0	4
	1998-99	5	5	5	0	0
	1999-00	16	16	0	0	16
	2001-02	8	8	7	0	1
	2005-06	6	6	5	0	1
	2006-07	2	2	2	0	0
	2007-08	7	7	1	0	6
	2008-09	2	2	1	0	1
	2009-10	2	2	0	0	2
Total		**66**	**66**	**35**	**0**	**31**

16.4 AUDIT PARAS

Non-Production of Record

16.4.1 Non-production of record of Private Bank Account

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of 26 accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The management of Information Services Academy, Islamabad was requested to provide the record relating to trainings to other than Information Group Probationers.

Despite repeated requests the management did not provide the record

i. Management failed to produce the income and expenditure detail from this account.
ii. Approval of the Finance Division was not provided.
iii. Other related record was also not provided.

Audit is of the view that management failed to produce the record to audit in violation of rules.

The management did not reply till finalization of the Report.

The DAC meeting was held on 02.10.2018. DAC directed to fill the posts through open competition.

Audit recommends that inquiry may be held for non-production of record and responsibility may be fixed.

Irregularity & Non Compliance

16.4.2 Non-recovery of outstanding dues from licensees - Rs. 85.342 million

Rule-5(3) of the Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the fee relating to the grant of a licence, renewal thereof, late payment surcharge and fine, if any, shall be deposited in the account of the Authority.

The management of PEMRA prepared its annual budget on the basis of receipts realized from licensees.

Audit observed that an amount of Rs. 85,342,057 was outstanding against Annual and License revalidation Fee as on 30.06.2018. Details are as under:

S No.	Description	Outstanding (Rs.)
1	STV (Satellite Television)	1,475,000
2	FM Radio	5,195,500
3	Cable TV	75,186,557
4	LRP (Landing Right Permission)	3,485,000
	Total	**85,342,057**

Audit is of the view that non-receipt of outstanding dues deprived the Authority from its due receipts, as well as to the Government, as the surplus funds were required to be surrendered to the Federal Treasury.

The management did not reply till finalization of the Report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that outstanding fees may be recovered from the licensees besides devising a mechanism for timely recovery.

16.4.3 Irregular promotion of an officer appointed on transfer basis

Regulation 19 of the PEMRA (Employees Service) Regulations 2011 states that for appointment by promotion, the Departmental Selection Board/ Committee, shall function as Departmental Promotion Board / Committee.

Mr. Muhammad Farooq, Assistant Manager of Bankers Equity Limited, Karachi was appointed in PEMRA as Assistant General Manager (BPS-17) on transfer basis w.e.f 04.11.2002 vide PEMRA's Memorandum No.F-4(7)/2002.P.Admn Dated 23.10.2002.

Audit observed as under:

i. The posts of Deputy General Manager / General Manager (IT) were advertised on 18.07.2002. The officer applied for the posts of Deputy General Manager (IT) and General Manager (IT) but he was not selected for these posts.

ii. He was offered appointment against post of Assistant General Manager (IT) on transfer basis which was neither advertised nor did he apply for it.

iii. The officer was promoted to the post of Deputy General Manager (IT) on 02.06.2004 after a period of 1&1/2 year without holding meeting of Departmental Promotion Committee. The officer was a deputationist / person appointed on transfer basis and cannot be promoted to higher scale.

iv. The officer was further promoted as Director General (BPS-20) on 02.05.2017 despite the fact that the required length of service, i.e. 15 years in BPS-17 and above for promotion was not completed in violation of PEMRA (Employees Service) Regulations, 2011.

Audit is of the view that appointment and promotion of Mr. Muhammad Farooq without post and advertisement was irregular and un-authorized.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility for irregular appointment and promotion may be fixed.

16.4.4 Unauthorized payment of honoraria to the Chairman and Members of the Authority – Rs. 8.619 million

Section 9(1) of Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2007 states that the Chairman and members shall be paid such emoluments as the President of Pakistan may determine and shall not be varied to their disadvantage during their term of office.

The management of the Pakistan Electronic Media Regulatory Authority paid an amount of Rs. 8.619 million on account of Honoraria/Meeting Attendance Fee to the Chairman and Members of the Authority @ Rs. 40,000 per meeting, during 2015-18.

Audit observed that the honoraria/meeting attendance fee was not approved by the President of Pakistan as required under Section 9(1) of Pakistan Electronic Media Regulatory Authority Ordinance, 2002 as amended by the PEMRA (Amendment) Act, 2007.

Audit further observed that PEMRA was directed by the Ministry of Information, Broadcasting, National History and Literary Heritage being controlling Ministry vide letter NO. F&B Division U.O. No. 2(17)/2015-PEMRA dated 25.06.2018 to draft rules and incorporate delegation of powers for determination and enhancement of fee/ emoluments / remuneration with the Authority. The proposed Financial Rules will be approved by the Authority and subsequently to be approved by the Finance Division and the President.

Audit is of the view that payment of Honoraria/Meeting Attendance Fee without approval of the President of Pakistan was irregular and unauthorized which resulted in the loss of Rs 8.619 million to the Authority.

The management replied that rules/regulations in the matter are being drafted and will be placed before the Authority at the earliest.

The reply indicates that the management has accepted the Audit observation. However the proposed financial rules may also be got approved from the President as directed by the Controlling Ministry.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for irregular payment of meeting attendance fee without Financial Rules duly approved by the President.

16.4.5 Non receipt of Annual Gross Advertisement Revenue from licensees of Satellite TV Channels

Rule 5(2) of the Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the licence shall be valid for the term for which it is granted subject to the payment of annual fee or any other charges as set out in the Schedule-B.

Rule 17 of the Pakistan Electronic Media Regulatory Authority Rules, 2009 states that the licensee shall maintain proper accounts, as required by the applicable laws, and shall cause to be carried out the audit of his accounts by one or more auditors who are chartered accountants within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961) and shall submit the audited financial statement to the Authority not later than three months of the closing date of its financial year.

Schedule-B of the Pakistan Electronic Media Regulatory Authority Rules, 2009 states that annual gross advertisement revenue (ranging from 5% to 7.5% of the Annual Gross Advertisement Revenue) shall be realized from the licensees of Satellite TV stations.

PEMRA is required to receive 5% to 7.5% of Annual Gross Advertisement Revenue from the licensees of Satellite TV Stations.

Audit observed that the management of PEMRA did not receive 5% to 7.5% of the Annual Gross Advertisement Revenue from the total licensees of Satellite TV Channel which are 90 in number.

Audit further observed that Annual Financial Statements for the period from 2015-16 to 2017-18 were not submitted to PEMRA by the licensees in violation of Rule 17 of the Pakistan Electronic Media Regulatory Authority Rules, 2009.

Audit is of the view that PEMRA was deprived from its due receipts due to non-realization of 5% to 7.5% of the Annual Gross Advertisement Revenue from the licensees of Satellite TV Stations during financial year 2015-16 to 2017-18.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.6 Irregular and un-authorized expenditure on Operation and maintenance of HVAC system without competition - Rs. 2.396 million

Rule 12(2) of the Public Procurement Rules, 2004 provides 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 the PEMRA, Islamabad paid Rs. 2.396 milling @ Rs. 199,650 per month to M/s Orient Engineers (Pvt) Limited for operation and maintenance of Heating, Ventilation and Air Conditioning (HVAC) system during 2017-18.

Audit observed that the work was awarded without open competition.

Audit is of the view that expenditure on operation and maintenance of HVAC system without open competition was irregular and un-authorized which deprived the Authority from the benefit of competitive rates.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.7 Hiring of Postal services without competition – Rs. 5.450 million

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

The management of Pakistan Electronic Media Regularity Authority, Islamabad hired the services of M/S TCS (Pvt) Limited for postal services and paid Rs. 5.450 million during 2015-18.

Audit observed that the services were hired without open competition.

Audit is of the view that procurement of the services of the M/s TCS without completion was irregular and un-authorized which deprived the Authority from the benefit of competitive rates.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

16.4.8 Irregular Payment of Mobile Phone Allowance - Rs. 6.144 million

Cabinet Division's Notification No. 3(30)/T&M/2015-RA-IV dated 15.04.2016 regarding revision of mobile phone policy states that an allowance through salary is admissible to all entitled regular employees working in the Ministries/Divisions in BPS-17-22 w.e.f 01.04.2016.

Finance Division's O.M. No. F.1(1)Imp/94 dated 26.06.1999 states that revision of salaries, allowances & perquisites of the supervisory and executive staff of public sector corporations, autonomous/semi-autonomous bodies should be cleared from Finance Division to ensure a rational basis and a degree of uniformity in such revisions.

The management of PEMRA Islamabad paid mobile allowance to employees in BPS-17 and above amounting to Rs. 6.144 million during 2017-18.

Audit observed that Mobile Phone Allowance was paid without the approval of the Finance Division in violation of Finance Division's O.M. No. F.1(1)Imp/94 dated 26.06.1999.

Audit is of the view that payment of Mobile Phone Allowance without the concurrence of the Finance Division was irregular.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that payment of mobile phone allowance may be stopped forthwith besides recovering previous payment.

16.4.9 Un-authorized use of official vehicle by Ex-Chairman - Rs. 1.096 million

Establishment Division vide Notification dated 11.11.2015 appointed Mr. Absar Alam as Chairman, PEMRA w.e.f 01.12.2015. Remuneration and terms & conditions of the appointment included salary & allowances (monthly Rs.1.5 million), leave, TA/DA, medical and entertainment.

Mr. Absar Alam remained Chairman, PEMRA from 01.12.2015 to 17.12.2017. He was in exclusive use of an official vehicle bearing No. GJ-786 (Honda Civic, 2013). POL amounting to Rs. 0.496 million was issued to this vehicle from 01.01.2016 to 17.12.2017 and salary of the Driver @ average rate of Rs. 25,000 per month is worked out to Rs. 0.600 million.

Audit observed that provision of official vehicle for the exclusive use of Chairman, PEMRA was irregular and unauthorized as this facility was not included in remuneration and terms & conditions of his appointment.

Audit is of the view that use of official vehicle by the former Chairman was irregular which resulted in the loss of Rs. 1.096 million to the Authority.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed besides affecting recovery involved.

16.4.10 Irregular appointment of Consultant (Operations) on Contract Basis – Rs. 6.024 million

Ministry of Defence's U.O No. F.3/36/D-24/98 dated 20.08.1999 states that under the existing re-employment policy re-employment of retired Armed Forces Officers is made through the Defence Services Officer's Selection Board (DSOSB) and on the recommendation of the Services HQs Officers are required to approach the concerned Services HQs for the purpose.

The management of PEMRA, Islamabad appointed Col ® Ahmad Mohsin Saeed as consultant (Operations) at PEMRA Regional Office Karachi on 03.10.2016 for a period of two years at monthly lump sum package of Rs. 251,000 on contract basis.

Audit observed that appointment of Col ® Ahmad Mohsin Saeed as Consultant (operations) without NOC form Ministry of Defence was irregular and un-authorized.

Audit is of the view that appointment of a retired Armed Forces officer without obtaining NOC from Ministry of Defence was irregular.

The management replied that NOC was obtained from GHQ by Col ® Ahmed Mohsin Saeed and copy of which has been attached.

The reply was not acceptable as copy of the NOC stated to be enclosed has not been found attached.

The PAO was informed on 29.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that copy of NOC obtained from GHQ / Ministry of Defence may be furnished to audit.

CHAPTER 17

17.MINISTRY OF INFORMATION TECHNOLOGY

17.1 Introduction

Following functions were assigned to Information Technology and Telecommunications Division vide SRO No. 226(I)/2010 (F.No.4-4/2007-Min-I) dated 02.04.2010:

i. Preparation of an overall integrated plan as well as formulation of policy for the development and improvement of Information Technology and Telecommunications, including related infrastructure, in Pakistan.

ii. Co-ordination with the Provincial Governments, autonomous bodies, private sector, international organizations and foreign countries in respect of information technology and telecommunications.

iii. Human resource development in the field of information technology and telecommunications.

iv. Promotion of information technology applications.

v. Providing guidelines for the standardization of software for use within the Government.

vi. Planning, policy making and legislation covering all aspects of telecommunications excluding radio and television and issuance of policy directives.

vii. Matters relating to Pakistan Computer Bureau, Pakistan Software Export Board and the Electronic Government Directorate.

viii. All matters relating to National Telecommunication Corporation (NTC), Telecommunications Foundation (TF), Special Communications Organization (SCO), Virtual University (V.U) and Electronic Certification Accreditation Council.

ix. The administration of the Prevention of Electronic Crimes

Ordinance 2007, and the rules made there under.

x. Safeguard interest of Government of Pakistan in entities having public shares or government equity like PTCL, USF Co & ICT R&D Co.

17.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Information Technology and Telecommunications Division for the financial year 2017-18 was Rs. 5,646.616 million including Supplementary Grant of Rs. 407.204 million out of which the Division utilized Rs. 4,615.200 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

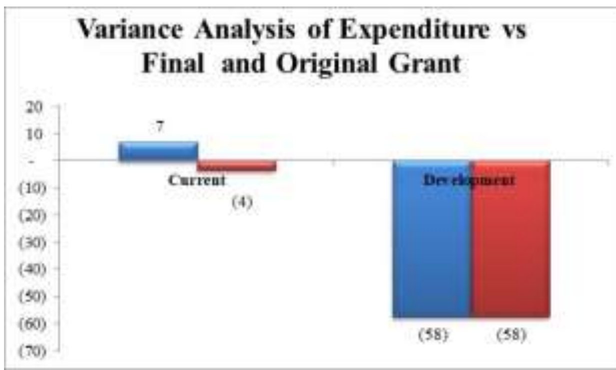
Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
62	Current	3,701,412,000	407,201,000	4,108,613,000	3,962,732,537	(145,880,463)	(4)
128	Development	1,538,000,000	3,000	1,538,003,000	652,467,564	(885,535,436)	(58)
	Total	**5,239,412,000**	**407,204,000**	**5,646,616,000**	**4,615,200,101**	**(1,031,415,899)**	**(18)**

Audit noted that there was an overall saving of Rs. 1,031.416 million that was mainly due to saving of Rs. 885.535 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. 6,262.502 million were obtained, which was 149.00% of the Original Budget.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, the excess in current expenditure was 7%, which, after accounting for Supplementary Grants changed to saving of 4%. In development expenditure, savings against original budget were 58% which remains same when Supplementary Grants were taken into account.



17.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
IT & T	2006-07	1	1	1	0	0
	2003-04	28	28	7	0	21
	2009-10	4	4	1	0	3
	Total	**33**	**33**	**9**	0	**24**

17.4 AUDIT PARAS

Irregularity and Non Compliance

17.4.1 Irregular appointment of consultants/advisors - Rs. 21.954 million

Clause 27(2) of Virtual University of Pakistan, Lahore ordinance 2002 states that the Executive Council shall propose draft of the statutes for approval by the Board, which may approve them or refer them back for reconsideration. No statutes shall be valid until the Board has approved them.

The management of Virtual University of Pakistan, Lahore appointed consultants/advisors and paid Rs. 21.954 million as remuneration, leave encashment, gratuity, etc. during 2016-17.

Audit observed that the consultants/advisors were hired by relaxing the criteria of open competition and age limit on the proposal of Executive Council without the approval of the Board.

Audit is of the view that appointment of consultant/advisors without advertisement and payment of leave encashment and gratuity was irregular and unauthorized.

The department replied that University is a statutory body established under an ordinance and governed by Board of governors (BOG) that is empowered to frame statutes, rules and regulations.

The reply was not acceptable because the appointments were made on the basis Statues framed by the Executive Council which were not approved by the Board.

The PAO was informed on 27.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the responsibility may be fixed for the irregularity.

17.4.2 Irregular expenditure on hiring of security services - Rs.13.40 million

The contract agreement signed between Virtual University and M/s Monarch Security Services (Pvt) Ltd provides that all security guards should be healthy & medically fit and their age should be between 18 to 50 years at ratio of 60% ex-servicemen and 40% trained civilian security guards.

The management of Virtual University of Pakistan, Lahore paid Rs. 13.400 million to M/s Monarch Security Services (Pvt) Ltd for providing security services at head office as well as VU campuses throughout the country during 2016-17.

Audit observed that M/s Monarch Security Services (Pvt) Ltd neither maintain the ratio of 60% for ex-servicemen and 40% trained civilian nor the quality of service as few campuses complaint about the services rendered by the security company.

Audit is of the view that the security company was failed to provide the services as per terms of the agreement.

The management replied that the company was instructed to maintain the ratio of 60% ex-servicemen and 40% trained civilian security guards as per contract agreement.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 27.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be probed into for fixing responsibility.

17.4.3 Irregular hiring of transporation company - Rs. 5.049 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 Virtual University of Pakistan, Lahore hired the services of M/s Ali Tour and Rent a Car for providing pick and drop facility to the university's employees and paid Rs.5.049 million during 2016-17.

Audit observed that the services were hired without open competition.

Audit is of the view that hiring of services without open competition was irregular and unauthorized.

The management replied that the services were hired after floating a tender in national press.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 27.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

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 2017-18 was Rs. 12,014.900 million including Supplementary Grant of Rs. 7,185.546 million out of which the Division utilized Rs. 9,027.189 million. Grant-wise detail of current and development expenditure is as under:

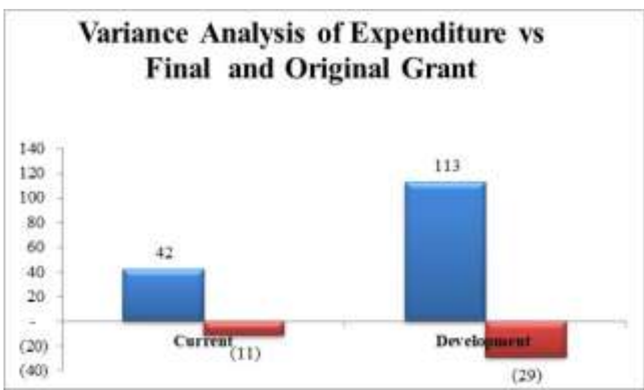
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
63	Current	1,785,197,000	1,080,469,000	2,865,666,000	2,542,663,134	(323,002,866)	(11)
129	Development	3,044,157,000	6,105,077,000	9,149,234,000	6,484,526,131	(2,664,707,869)	(29)
	Total	**4,829,354,000**	**7,185,546,000**	**12,014,900,000**	**9,027,189,265**	**(2,987,710,735)**	**(25)**

Audit noted that there was an overall saving of Rs. 2,987.711 million.

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. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, excess in current expenditure was 42%, which, after accounting for Supplementary Grants changed to saving of 11%. In development expenditure, excess against original budget was 113% which changed to saving of 29% when supplementary grant is taken into account.



18.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
M/o Inter Provincial Coordination (Devolved M/o Sports)	1988-89	6	6	0	0	6
	1990-91	1	1	0	0	1
	1992-93	10	10	7	0	3
	1994-95	1	1	1	0	0
	1996-97	1	1	0	0	1
	1997-98	15	15	6	0	9

	2001-02	5	5	4	0	1
	2003-04	9	9	3	0	6
	2005-06	4	4	2	0	2
	2006-07	29	29	0	0	29
	2007-08	2	2	0	0	2
	2008-09	5	5	0	0	5
	Total	**88**	**88**	**23**	0	**65**

18.4 AUDIT PARAS

Irregularity & Non Compliance

18.4.1 Irregular payment of honoraria - Rs. 24.278 million

Under Finance Division O.M. dated 13.09.2006 (The System of Financial Control and Budgeting), the Secretary of a Ministry has full powers up to the level of Section Officers (BS-18) and equivalent to sanction honorarium equivalent to one month's pay.

The Federal Cabinet in its meeting dated 31.05.2018 on Case No. 438/24/2018 decided that honorarium up to three (03) month's basic pay may be allowed to employees of Ministries/ Divisions by the Ministries/Principal Accounting Officers for the CFY 2017-18.

Rule 157 of Federal Treasury Rules (FTR) states that cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed "A/C Payee only - Not Negotiable".

The Ministry of Inter-Provincial Coordination incurred an expenditure of Rs. 36,999,001 on payment of honoraria during 2015-16 to 2017-18, as under:

S. No.	Year	Amount (Rs.)
1.	2015-16	5,080,785
2.	2016-17	9,623,070
3.	2017-18	22,295,146
	Total	**36,999,001**

Audit observed as under:

i. During 2015-16, honoraria amounting to Rs. 3,594,050 was sanctioned in favour of employees (B-1 to B-18) on 02.09.2015 whereas the payment has already been made to the employees with salary paid through the payroll for the month of Aug, 2015 i.e. prior to sanction by the competent authority. Furthermore, honoraria was also paid to eleven (11) persons who did not fulfil the criteria for grant of honoraria, whereas the PAO approved the honoraria in favour of officials of the Ministry with 'clear' record. An amount of Rs. 1,395,485 was paid as honoraria to the nineteen (19) officers of B-19 and above without the approval of the ECC.

ii. During 2016-17, an amount of Rs. 5,668,005 was paid as honoraria equal to one month's basic pay to nineteen (19) officers of BS-19 and above and one basic pay to one hundred ninety nine (199) officers/officers (BS-1 to BS-18) as second honoraria without approval of the ECC.

iii. During 2017-18, payment of honoraria amounting to Rs. 17,214,186 was made to employees (B-1 to B-22) in cash through DDO in violation of provisions of Federal Treasury Rules. Furthermore, an amount of Rs. 500,000 was paid to the persons who were not on the payroll of the Ministry and the same was paid to the persons different than mentioned in the sanction letter.

Audit is of the view that payment of honoraria during 2015-16 and 2016-17 to the officers of BS-19 and above, and to the officials/officers (BS-1 to BS-18) as second honoraria without approval of the ECC was irregular and unauthorized.

Audit is also of the view that payments made in cash (during 2017-18) and grant of honoraria to the persons other than the Ministry's employees was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that irregularly disbursed amount may be recovered besides discontinuation of the practice in future. Regularization of the cash payments from Finance Division be obtained and responsibility for disbursement of honoraria to the persons different than mentioned in the sanction letter.

18.4.2 Unauthorized payment of rent to persons other than the owners - Rs. 2.982 million

Para 2(iv) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that each Ministry/Division/Department will constituted an Assessment Committee comprising three officers headed by a BPS-19 officer (in the case of Departments, Chairman of the Committee will be a representative of the administrative Ministry/Division) to assess the rent of the house and submit Assessment Report keeping in view the rental ceiling of the allottee and the covered area according to specification as prescribed in the Accommodation Allocations Rules, 2002.

Para 2(xxi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that hiring in the rural areas of Islamabad/Rawalpindi may be allowed. Moreover, assessment of such houses may be calculated one step below for the purpose of rent.

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 Ministry of Inter-Provincial Coordination incurred an expenditure of Rs. 7,513,364 on payment of rent for residential buildings during 2011-12 to 2017-18.

Audit observed as under:

i. The rent of nine (09) houses was not paid keeping in view the covered area according to specification as prescribed in the Accommodation Allocations Rules, 2002, as the area assessment of the houses located in rural areas was not calculated one step below for the purpose of rent and rent was paid corresponding to rates applicable to normal/urban areas. Thus, an overpayment of Rs. 921,218 on account of rent was made by the management.

ii. An amount of Rs. 2,982,091 on account of rent of a house was paid to the person other than the owners without having legal authority.

Audis is of the view that due to overpayments, the pubic exchequer had to sustain loss of Rs. 921,218.

Audit is also of the view that payment of rent to the person other than the owner without having a legal authority is unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends recovery of overpayment and payments made to persons other than the owners.

18.4.3 Irregular payment of Fuel Allowance and PM/Presidency Allowance - Rs. 2.499 million

In terms of Fundamental Rule 17(2) (Audit Instruction No. 1) a government servant will begin to draw the pay and allowances attached to his tenure of a post with effect from the date on which he assumes the duties of that post.

The Ministry of Inter-Provincial Coordination paid an amount of Rs. 2.499 million on account of Fuel Allowance and PM/Presidency Allowance during 2011-18, as under:

S. No.	Name / Designation	From	To	Months	Fuel Allowance Rate	Fuel Allowance Amount	Presidency / PM Allowance Rate	Presidency / PM Allowance Amount	Total
1	Farhan Ahmad	19.10.2011	30.06.2018	80	966		966	77,280	154,560

	Chaudhary, Assistant					77,280			
2	Zafar Iqbal, Assistant	19.10.2011 08.07.2014	23.12.2012 30.06.2018	62	1365	84,630	1365	84,630	169,260
3	S. Nisar Ali, SG	19.10.2011	30.06.2018	80	1035	82,800	1035	82,800	165,600
4	Ch. Khalil Ahmad, APS	13.12.2013	30.06.2018	54.5	7375	401,938	29500	1,607,750	2,009,688
								Total	**2,499,108**

Audit observed that Fuel Allowance and PM/Presidency Allowance were paid to the officials posted in and on the payroll of Ministry of Inter-Provincial Coordination.

Audit is of the view that payment of allowances which are inadmissible in Ministry of Inter-Provincial Coordination is irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends recovery of the irregularly paid amount of allowances.

18.4.4 Irregular retention of twenty-seven (27) vehicles of closed projects

Rule 3(4) of Rules for the Use of Staff Cars, 1980 states that the Cabinet Division will arrange for the upkeep and maintenance of a staff cars which becomes surplus to the requirements of Minister, Minister of State, Advisors or any other dignitary or office holder or on completion of project.

The Ministry of Inter-Provincial Coordination retained a fleet of twenty-seven (27) vehicles in addition to five (05) vehicles authorized by the Cabinet Division.

Audit observed that the management retained vehicles of the closed projects/programs.

Audit also observed that Internal Audit Report of the Ministry for the period 2015-17 highlighted the issue, too, but no action has been reported by the management in this regard.

Audit is of the view that retention of vehicles of closed projects/programs is irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that vehicles of closed projects/programs be handed over to the Cabinet Division.

18.4.5 Non creation of Sports Endowment Fund and deposit of excess amount – Rs.252.928 million

Section 8 of the Gun Club Resolution, 2002 states the income of the Club, howsoever, derived shall be applied to discharge all its liabilities and applied towards maintenance up keep and improving the quality of service the general ambiance and facilities extended by the Club to its members and the excess amount, if any, shall be deposited in Sports Endowment Fund.

The management of the Gun and Country Club made contribution of Endowment Fund to Pakistan Sports Trust (PST) @ Rs. 150,000 per month. The Executive Committee in the meeting held on 14.11.2009, the Administrator decided to stop the monthly payment of endowment fund to PST and directed to open a separate bank account as a sports fund for depositing the same amount which is being paid to the PST. This amount will be utilized for sponsoring the sports events.

Audit observed that:

i. As per the Gun Club Resolution, 2002 all the excess amount after upkeep and improvement expenditures was meant to be deposited into Sports Endowment Fund.

ii. Monthly contribution rate was fixed by the management contrary to the Gun Club Resolution, 2002.

iii. The management did not make rules of Endowment Fund to be presented by the Administrator to the Federal Government for approval.

iv. The excess amounts as per financial statements 2017 the Club had Rs.252.928 million surplus i.e. excess amount which was required to be deposited in Sports Endowment Fund.

Audit is of the view that limiting the amount of contribution towards Endowment Fund is not in line with the Resolution. Further, as per the Gun Club Resolution the management was required to create a Sports Endowment Fund thus maintaining a bank account without approval of the Finance Division and maintaining of Endowment Fund without approved rules and procedures from the Federal Government is irregular and unauthorized.

The management replied that the objectives given in the preamble of Resolution 2002 have not been achieved, so far, by the club. The objectives which as yet have to be achieved fully or partially are as under:

- Construction of Residential Facilities;
- Construction of Convenience Facilities;
- Construction of Social & Entertainment Facilities.

The amounts as mentioned by the audit can only be considered "surplus" after achieving all said objectives.

i. The monthly contribution made by the Club till November 2009 was a discretionary step of Administrator (as vested upon him under the Resolution 2002) and was not made from the surplus amounts.

ii. The "Endowment Fund" could only be created under "directives of Government" and not by the Club on its own motion. It may be pointed out here that no such directives had ever been issued by the Federal Government.

iii. Notwithstanding anything narrated above, the Audit has totally ignored that following sporting events had been funded by the Club from the funds kept by the Club for this purpose in a separate Account (emphasis supplied to the fact that the separate endowment fund was to be created only under directive of Federal Government:

1. Tennis Championship, 2012 Rs. 482,784.00
2. Youth Shooting Championship, 2013 Rs. 488,000.00

The reply is not acceptable as if annual contribution to the Endowment Fund of PSB was in practice up to November, 2009 then all the surplus amount could be deposited into the same.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization.

Audit recommends that the decision of DAC may be implemented.

18.4.6 Irregular allocation of space to a private party for SPA and Saloon

Section 2 of the agreement signed between the Gun Club and Mrs. Falak Ara Khattak, Sole Proprietor states that this contract shall take effect when the same is duly signed by the Parties and shall terminate on the lapse of Ten (10) years from the date of its signing. However the concession may be renewed for a further term on mutually acceptable terms.

The Proprietor shall commence the performance of its obligations hereunder as soon as is reasonable possible after the signing of this contract.

Time shall be the essence of this Contract. On the lapse of Ten (10) years from the date of the signing of this contract, all the fixed assets, equipment etc. shall vest absolutely in the Club on payment of Rs.1 only.

The management of the Gun Club entered into an agreement on 01.07.2006 with Mrs. Falak Ara Khattak, Sole Proprietor to construct & operate Spa & Saloon for ladies and gents on a Build, Operate & Transfer (BOT) basis for the convenience and relaxation of, inter alia, Club members.

Audit observed that:

i. The idea for opening a SPA & Saloon was floated by the private party and no open competition was made before renting out the space on BOT basis as required under PPRA Rules.

ii. Proof for investment of Rs.7 million by the private party on construction and equipment of the facility was not available in the file nor provided to the audit team.

iii. The fixed assets, equipment etc. was not transferred to the Club as the agreement was signed on BOT basis and signed by both parties.

iv. The facility was being run on commercial basis while the Club was meant to facilitate to members.

v. No sub-meters for actual utilization of electricity, gas were installed for SPA & Saloon and estimated units at cost were charged from the private party. While calculating the unit prices government taxes charged by the IESCO, SNGPL were not charged from the private party.

vi. The SPA & Saloon after completion of 10 years period was again rented out to the same party without open competition as required under the PPRA Rules.

Audit is of the view that as per master plan of the Pakistan Sports Board the original owner of the land no such activity can be performed as the land was meant for promotion of shooting.

The management replied that:

i. PPRA Rules are not applicable upon the Club management as the Club is not a subordinate or attached department of Government. Section 5(8) of the Resolution of 2002 explicitly empowers the Administrator to enter into contracts of BOT nature.

ii. We are not in a position to answer as to whether proof of the committed investment of Rs.7 million was obtained/verified by the club administration at that time. No records exist on file in this regards.

iii. Ms. Falak Ara Khattak (private party) filed a civil suit and obtained a stay order which was finally vacated by the Supreme Court of Pakistan in CP No 3660/2016 on 25.02.2018. The Assets were therefore deemed to be transferred to Club after vacation of the suit on 25.05.2018.

iv. Members of the club enjoy privileged rights and subsidized rates as compared to the non-members.

v. The objection is perverse to clause 5(iv) of Addendum No.1 of the BOT agreement dated 08.03.2013.The same is reproduced hereunder:

vi. Art 1. Clause 5(iv) of the agreement shall be deleted and substituted with following: "(iv) Proprietor will install cooling and heating system of facility at her own cost, in consideration whereof the club shall provide Electricity free of cost for cooling and heating system only. On the expiry of the agreement, the said equipment shall vest absolutely in the club on the payment of Rs.1/- only".

vii. This objection is perverse to the record. Open competition was ensured by inviting sealed bids through newspaper publication dated 19.04.2018 and next highest bid was received for Rs. 91,000/- per month, where the SPA was rented out for Rs. 120,000/- per month to the said Mrs. Falak Ara Khattak.

Reply is not tenable as Administrator is not empowered to approve the rules in light of clarification given by the Law Division the Resolution is a mere piece of correspondence. The management reply with regard to other observations is also unsatisfactory on the following grounds:

i. The assets of the SPA were not transferred to the club.

ii. The consumption of electricity and gas other than the facility mentioned in agreement cannot be gauged without Sub-meter.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that a fact finding inquiry at Ministry level may be initiated to probe the matter and report thereof may be shared. Further responsibility for the irregularity may be fixed under intimation to the audit.

18.4.7 Non-recovery of outstanding arrears from SPA & Saloon – Rs.2.300 million

Para 20 of General Financial Rules states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

The management of the Gun Club entered into an agreement on 01.07.2006 with Mrs. Falak Ara Khattak, Sole Proprietor to construct & operate Spa & Saloon for ladies and gents on a Build, Operate & Transfer (BOT) basis for the convenience and relaxation of, inter alia, Club members.

Audit observed that the agreement was expired on 30.06.2016 on completion of 10 years but the Proprietor did not vacate the space and continue the business without any financial bearing up till April, 2018. The rent and utilities amounting to Rs.2.300 million were worked out as estimated by the management in consultation with the private party.

Audit is of the view that the outstanding amount calculated on estimation is unjustified. The rent for the period may be re-calculated keeping in view the market prices and utilities at actual consumption may be charges to the SPA & Saloon.

The management replied that the proprietor filed a civil suit and obtained a stay order, which was finally vacated by the Supreme Court of Pakistan in CP No 3660/2016 on 25.02.2018, and Assets were transferred to club on 25.05.2018.

The actual rent of the proprietor in June 2016(the last month of her 10-year BBOT agreement with the club) was Rs. 10,525/- per month. Following the settlement of litigation between the Club and the Proprietor, and as part this settlement, the club has charged the proprietor rent at a rate of Rs.100,000/- per month for the period from july2016 to April 2018.This rent is in excess of the market rate, as it may further be added that the highest bid received by the club from outside bidders (other than the proprietor) in response to its public request for bids in April,2018 was Rs. 91,000/-. It is, furthermore, pertinent to mention here that the period from July, 2016 to April, 2018 was covered under the period of litigation, and the private party was enjoying the benefits of the stay order in her favor. The Management, through the open bidding and negotiation, has spared the club from the complexity of further litigation and from the rigorous procedure of obtaining possession and recovery of the rent for the litigation period.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that the rent of the space provided to Mrs. Falak Ara Khattak for SPA and Saloon may be re-assessed as per prevailing government rates and the outstanding amount may be recovered from Mrs. Falak Ara Khattak.

18.4.8 Irregular payment to M/s Shapes as royalty for using their name – Rs. 5.673 million

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

The management of the Gun and Country Club, Islamabad paid a sum of Rs.5.673 million to M/s Shapes (Pvt) Ltd as management fee (royalty) for using their name by the club for the Health Studio.

Audit observed that:

i. The agreement signed between M/s Shapes and the Gun Club was not provided to audit.

ii. The management was running the Health Studio during the period and all staff was paid by the club but royalty in the name of management fee was being paid to the M/s Shapes.

iii. The representatives from M/s Shapes visit the Health Studio once or twice a month (as enquired from club staff) and inspect the equipment and made repairs/ parts on payment.

Audit is of the view that only for using the name of M/s Shapes the club and paying a heavy sum of Rs.5.673 million as royalty in the name of management fee is totally unjustified.

The management replied as under:

i. A copy of the agreement between M/s Shapes and the Club is enclosed.

ii. The agreement for the Management of the Health Studio was in the nature of a franchise agreement and M/s Shapes was one of the most reliable and renowned brands in the market at that time. The Health Studio at the Gun Club required the name of a reliable and renowned name available in the market both to run the Health Facilities and also to attract members to it. All revenues earned from the Health Facilities were received and kept by the club, and M/s Shapes was only paid a meager amount of Rs.100,000/- per month as royalty and management charges.

iii. The management of the Health Studio was with M/s shapes for the period of 2006-2010, and it is completely baseless and pure conjecture to state that representative of M/s Shapes visited only Once or twice a month. M/s Shapes managed the operations of the club, as required under their agreement, on a daily basis.

iv. The royalty paid to M/s Shapes is peanuts compared to the brand value of the franchise and the benefits that the club earned from having their name and expertise associated with its Health Facilities.

The reply is not acceptable as the Gun & Country Club is not a commercial organization which needs such big names to attract the users.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that responsibility may be fixed for an uneconomical agreement under intimation to audit.

18.4.9 Irregular award of tender for construction of Marquee on BOT basis

Section 31 (1) of PPRA 2004 states no bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

Section 31 (2) of PPRA states that any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

Section 35 of PPRA 2004 states that procuring agency shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to award of the procurement contract

Section 38 of PPRA 2004 states that bidder with lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the federal government, shall be awarded the procurement contract.

Section 50 of PPRA states that any unauthorized breach of these rules shall amount to mis-procurement.

The management of the Gun and Country Club through press on 22.05.2011 invited bids to lease part of its land (35000 sq ft) for erection of Marquee for rental to public at large for social / commercial events on BOT basis. Five companies submitted the proposals and after evaluation the contract agreement was signed with M/s Western Empire (Pvt) Limited.

Audit observed that:

i. The land being given on lease was not owned by the Club as the CDA did not issue any lease for land.

ii. NOC was not obtained from CDA before initiating the project.

iii. As per Minutes of the Managing Committee dated 19.04.2012, the sub Committee unanimously recommended that the project be awarded to M/s Western Global Services Ltd.

iv. The management signed the contract agreement with M/s Western Empire who did not participate in the tendering process.

v. The firm was registered with FBR w.e.f. 23.07.2012 i.e. 02 months after signing the agreement and the business address was also mentioned as Gun and Country Club on Taxpayer Registration Certificate.

vi. The management advertised 35000 sq ft (6.7 kanals) land for the project while the agreement signed with M/s Western Empire was for 3 Acres (24 kanals) which was increased to 6 Acres (48 kanals) by the management.

Audit is of the view that the management signed the agreement with M/s Western Empire in violation of PPRA Rules.

The management replied that the agreement and subsequent agreement in question were initiated and executed by the management of the club which was in the place from 2008 to 2013.Subsequent club managements were and are of the opinion that the concerned previous management exceeded its jurisdiction and that the advertisement in question was an un-authorized action as the purpose of the advertisement was not in consonance with the objectives of the resolution of 2002 and amended Resolution of 2011. The matter is subjudice in civil court in Islamabad in the suit titled Western Empire (Pvt) Ltd. Vs Gun Club. The present management is contesting the suit vehemently. The final verdict is being awaited.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization.

Audit recommends that department inquiry may also be initiated against the persons responsible. Further outcome of the case as and when received may be shared with audit.

18.4.10 Un-authorized opening of bank accounts in various banks without the approval of Finance Division – Rs.190.321 million

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

The management of the Gun and Country Club, Islamabad was maintaining the following bank accounts:

(Amount in Rupees)

Sr. No.	Title of Account	Account No.	Name of Bank	Account Type	Balance as on 30.06.2017
1	Salaries/Operation	0035-1002493248	Bank Alfalah Ltd	Royal Profit	10,850,121
2	Endowment Fund	0035-1002493543	Bank Alfalah Ltd	Royal Profit	8,566,675
3	Savings	0194-1450002504	Faysal Bank Ltd	Savings	165,892,020
4	Salaries/Operation	0194-0060002501	Faysal Bank Ltd	Current	5,011,965

5	Dormant	0113-1490011743	Faysal Bank Ltd	Saving	0.09
				Total Amount	**190,320,781.09**

Audit observed that the bank accounts were opened without the approval of Finance Division in violation of aforementioned Rules.

Audit is of the view that maintaining bank accounts without prior approval of Finance Division is irregular and unjustified.

The management replied that the club is not a government subordinate or an attached department. GFR is not applicable to fiscal matters of the club.

The reply is not acceptable as Government Rules are applicable to the Club until the Club management made the Rules with the approval of the Federal Government.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization.

Audit recommends that all the bank accounts opened without prior approval of the Finance Division may be closed under intimation to audit.

18.4.11 Irregular procurement of stationery Items – Rs.3.086 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority’s website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

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

Rule 12 (3) of Public Procurement Rules states that in cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.

The management of the Gun and Country Club made procurement of Stationery Items during the period 2012 to 2017. The details are as under:

Year	Amount (Rs.)
2012	321,067
2013	500,253
2014	484,494
2015	609,767
2016	759,693
2017	410,968
Total	**3,086,242**

Audit observed that the management procured stationery Items without advertisement and from selected vendors without quotation.

Audit is of the view that the management of the Gun and Country Club procured the items in violation of Public Procurement Rules.

The management replied that the club is not a Government subordinate or an attached department; PPRA rules are not applicable to the club. The club makes all purchases under its Rules and under the supervision of the Administrator and/or of the relevant (and duly empowered) Committees or Sub-committees. The club is purchasing Food & Beverages and supplies for the Health club on daily basis by different means i.e., Open market, registered supplier through Pre-Qualification etc. following market surveys. Shooting Range supplies are made from Government registered suppliers i.e., Wah Ordinance Factory, Shams-ud-din Brothers and Badar-ud-Din & Co. etc.

The reply is not acceptable as the Public Procurement Rules, 2004 are applicable on the Gun Club.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends the irregular practice may be stopped forthwith beside fixing responsibility for violation of the Public Procurement Rules, 2004 under intimation to audit.

18.4.12 Mis-Procurement of Services – Rs.3.152 million

Rule 12(1) of Public Procurement Rules 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of the Gun and Country Club hired the services of different vendors during the year 2014 to 2017 for Security, IT Support and Tax Consultancy for which no formal agreements were made. The vendors are as under:

Name of Firm	Amount paid (Rs.)	Remarks
M/s Metro Guards	906,638	From Feb 2017 to June 2017
M/s Evolution Soft	683,500	From Nov 20014 to June, 2017
M/s Peter & Co	1,562,600	From July, 2013 to May, 2017
Total:	**3,152,738**	

Audit observed that the services were hired without open competition.

Audit is of the view that management hired the services in violation of Public Procurement Rules 2004.

The management replied that the club is not a Government subordinate or an attached department; PPRA rules are not applicable to the club. The club makes all purchases under its Rules and under the supervision of the Administrator and/or of the relevant (and duly empowered) Committees or Sub-committees. The club is purchasing Food & Beverages and supplies for the Health club on daily basis by different means i.e., Open market, registered supplier through Pre-Qualification etc. following market surveys.

The reply is not acceptable as the Public Procurement Rules, 2004 are applicable on the Gun Club.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends the irregular practice may be stopped forthwith beside fixing responsibility for violation of the Public Procurement Rules, 2004 under intimation to audit.

18.4.13 Irregular hiring of legal advisor - Rs. 6.345 million

Rule 12(1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Rule 31(1) of Public Procurement Rules, 2004 states that No bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

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

Ministry of Law, Justice and Human Rights Legal Advisor Cell Letter No.20/1/87-L.LA dated 16.03.2007 states that for autonomous bodies where the fee paid to a counsel is more than Rs. 100,000, approval of Ministry of Law, Justice and Human Rights will invariably be obtained by the organization before engaging the counsel. The failure to do so will render the engagement null and void and the fee involved will not be paid to the counsel.

The management of the Gun and Country Club paid an amount of Rs. 6.345 million to Legal Advisors during the year 2012 to 2017. Details are as under:

Year	**Name of Legal Advisor**	**Amount (Rs.)**
2012	Barrister Masroor Shah & Co	2,185,000
2013	-do-	2,319,850
2014	Not provided	1,363,500
2015	Not provided	192,500
2017	Not provided	284,215
	Total:	**6,345,065**

Audit observed that:

i. Legal Counsels were hired without the consultation of Ministry of Law, Justice and Human Rights.

ii. The hiring of Legal Advisors was made without open competition.

Audit is of the view that appointment of Legal Counsel without the consultation of the Ministry of Law, Justice and Human Rights and in violation of Public Procurement Rules, 2004 was irregular and unauthorized.

The management replied that the Guns & Country Club is neither a procuring agency under Federal Government nor a Subordinate/Attached Department of the Federal Government. Thus rule 14(1)(g) of the rules of Business, 1973 are not applicable.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that irregular practice may be stopped forthwith and irregularity may be got regularized from the competent forum. Further responsibility may also be fixed for irregular hiring of Legal Advisors under intimation to audit.

18.4.14 Irregular purchase of food items without competition – Rs. 77.825 million

Rule 12 (2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation.

The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Rule 12 (3) of Public Procurement Rules states that in cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.

The management of the Gun and Country Club made procurements of food items during the period 2012 to 2017 as under:

Year	Amount (Rs.)
2012	8,432,817
2013	11,498,444
2014	10,205,473
2015	13,457,954
2016	19,523,404
2017	14,707,214
Total:	**77,825,306**

Audit observed that the management procured different food items without competition and on quotation basis. Audit further observed that management only prequalified the suppliers of food and vegetables, mutton, beef, chicken, rice and eggs.

Audit is of the view that the management of the Gun and Country Club procured the food items in violation of Public Procurement Rules.

The management replied that the club is not a Government subordinate or an attached department; PPRA rules are not applicable to the club. The club makes all purchases under its Rules and under the supervision of the Administrator and/or of the relevant (and duly empowered) Committees or Sub-committees. The club is purchasing Food & Beverages and supplies for the Health club on daily basis by different means i.e., Open market, registered supplier through Pre-Qualification etc. following market surveys.

The reply is not acceptable as the Public Procurement Rules, 2004 are applicable on the Gun Club.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends the irregular practice may be stopped forthwith besides fixing responsibility for violation of the Public Procurement Rules, 2004 under intimation to audit.

18.4.15 Non-approval of Rules of Gun & Country Club from the Federal Government

Section 11 of the Gun Club Resolution, 2002 states that the Administrator, in consultation with the Managing Committee, shall make rules for carrying out the purpose of this resolution which rules shall be submitted by the Administrator to the Federal Government.

The Administrator of the Gun and Country Club approved the following Laws and Rules of the Gun & Country Club on 12th March, 2011:

i. Financial Rules

ii. Discipline Bye Laws

iii. Sub-Committee Bye Laws

iv. Special Membership, Family & Bye Laws

v. Membership transfer & Kinship Bye Laws

vi. Accounting & Finance Manual

vii. Human Resources Policy Manual

viii. Shooting & Archery Rules

Audit observed that the as per the Gun Club Resolution, 2002 the Administrator was required to make rules in consultation with the Managing Committee and submit to the Federal Government for approval.

Audit is of the view that non-approval of Rules from the Government is in contradiction to the Gun Club Resolution, 2002 and a serious lapse on the part of the management.

The management replied that the Audit objection is misconceived .Section 11 of the Resolution 2002 is reproduced below as a ready reference: “Power to make Rules” The Administrator, in consultation with the managing Committee, shall make rules for carrying out the purpose of this resolution which rules shall be submitted by the Administrators to the Federal Government”.

The Audit has imported the word “approval” due to assumptions and conjectures, therefore, the objection to this effect is redundant as the only requirement of the Club was to submit the Rules to the Federal Government and no question of approval of such rules by the Federal Government arises at all.

Reply is not tenable as the administrator is empowered to the extent of moving proposal. Final approving authority rests with Federal Government. Nowhere, in the ordinance it has been mentioned that Administrator will approved the rules.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that the Rules may be presented to the Federal Government for approval in line with the Resolution under intimation to audit.

18.4.16 Irregular purchase of Gym Equipment – Rs. 14.058 million

Rule 12(1) of the Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of the Gun and Country Club, Islamabad established a Health Studio and procured all gym related equipment from M/s Shapes (Pvt) Ltd amounting to Rs.14.058 million without calling open tenders. The detail of the equipment procured on lease is as under:

Date	Particulars	Cheque No.	Amount (Rs.)
05.04.2005	Procurement of Gym Equipment of Shapes Health Facility (Lease)	0454266	1,945,600
26.09.2005	Equipment Leasing	0591911	205,910
25.10.2005	Equipment Leasing	0595733	205,910
30.11.2005	Equipment Leasing	0500034	205,910
27.12.2005	Equipment Leasing	0647785	205,910
20.01.2006	Equipment Leasing	0647792	205,910
22.02.2006	Equipment Leasing	0693287	205,910
20.03.2006	Equipment Leasing	0693288	205,910
20.04.2006	Equipment Leasing (April to Dec, 2006)	Nil	1,853,190
20.01.2007	Equipment Leasing (Jan to Dec, 2007)	Nil	2,470,920
28.01.2008	Equipment Leasing (Jan to Dec, 2008)	Nil	2,470,920
20.04.2009	Equipment Leasing	1310793	205,910
25.04.2009	Equipment Leasing	1310821	205,910
20.05.2009	Equipment Leasing	1310799	205,910
20.06.2009	Equipment Leasing	1310800	205,910
05.05.2009	Shapes Equipment Part	1319551	151,500
23.11.2009	Procurement of Steam Generator	1393053	98,000
18.12.2009	Replacement of 2xElevation Motors and 1xMain Control Box for Treadmill	1401313	142,000
22.09.2010	Elliptical Cross Trainer Machine & other Gym Equipment	1480384	444,450
26.10.2010	1 Cybex Arc Trainer Machine for Slim Gym	1499280	750,000
17.07.2007	Procurement of Additional Gym Equipment	1008334	733,500
15.09.2007	1st Installment of Treadmill & Arc Trainer	1038255	146,700
15.09.2007	2nd Installment of Treadmill & Arc Trainer	1038256	146,700
03.12.2007	3rd Installment of Treadmill & Arc Trainer	1084886	146,700
03.12.2007	4th Installment of Treadmill & Arc Trainer	1084885	146,700

28.01.2008	Final Installment of Treadmill & Arc Trainer	1099255	146,700
			14,058,590

Audit observed as under:

i. The management incurred the expenditure setting aside the Public Procurement Rules, 2004 as no tenders were called.

ii. The management made procurement on lease while no provision for purchasing on lease exists in the Rules.

Audit is of the view that the procurement was made in violation of the rules as M/s Shapes (Pvt) Ltd was not sole service provider.

The management replied that PPRA Rules are not applicable as the club is not a subordinate or attached department of Government. The said equipment was leased after recommendation of the Management Committee and approval of the Administrator as per the authorities vested in them.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that responsibility for violation of Public Procurement Rules, 2004 may be fixed besides regularization of the expenditure from the competent forum.

18.4.17 Irregular investment of funds – Rs. 130.033 million

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of the Gun Club, Islamabad made investments of Rs.130.033 million in TDRs. Details is as under:

(Rs in million)

S.No.	Name of Bank	Amount of TDR	Rate of Profit	Investment Period	Date of Maturity
1	Faysal Bank Ltd	20.000	6.75%	1 Year	25.07.2016
2	Faysal Bank Ltd	20.000	6.75%	1 Year	25.07.2016
3	Faysal Bank Ltd	20.000	6.75%	1 Year	25.07.2016
4	Faysal Bank Ltd	28.533	8.2%	6 Months	17.06.2013
			11%	6 Months	13.06.2012
			9.5%	3 Months	14.09.2012
5	Faysal Bank Ltd	6.000	8%	3 Months	06.05.2013
			8.2%	3 Months	06.02.2013
			10.6%	3 Months	06.11.2012
6	Faysal Bank Ltd	12.000	8%	3 Months	14.03.2013
			10.5%	3 Months	05.04.2012
7	Faysal Bank Ltd	10.500	10.5%	3 Months	13.03.2012
			11.68%	3 Months	12.12.2011
			11.41%	3 Months	10.09.2011
8	Faysal Bank Ltd	4.000	11.41%	3 Months	10.09.2011
9	Faysal Bank Ltd	9.000	11.68%	3 Months	10.06.2011
	Total:	**130.033**			

Audit observed as under:

i. Limit of working balances/surplus funds was not determined.

ii. Competitive bidding process was not carried out.

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

iv. Investment Committee was not constituted and qualified investment management staff was not employed.

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

The management replied that the Finance Division O.M No.F.4 (1)/2002-BR-11 is not applicable. The Finance Committee was delegated the necessary powers, under the supervision of the Executive/Management Committee as per the rules of the club, to perform these functions.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that Finance Division's instructions on investment may be followed in future until the Gun Club Rules are approved from the Federal Government.

18.4.18 Encroachment of land

Regulation 4 chapter 2 of the Islamabad Capital Territory (Zoning) Regulation, 1992 states that zone 4 comprises park and rural periphery wedged between Murree road towards north an Lehtrar road towards south and extending beyond Simly road up to the ICT limit in the north east this zone excludes the part of Margallah Hill National Park and Rawal Lake.

Clause 3 (b) of M.L Regulation No.63 (CDA Byelaws) states that "encroachment" means illegal occupation of land or procuring its allotment in any unauthorized manner or by illegal means and includes the use of any land otherwise than in accordance with the terms of its lease, license or allotment;

Clause 5 of M.L Regulation No.63 (CDA Byelaws) states that The authority may, if satisfied that any structure has been erected on a piece of land which is subject to encroachment, it may get the same demolished without paying any compensation to the alleged owner or the person responsible for doing so.

Clause 6 of M.L Regulation No.63 (CDA Byelaws) states that If the authority is satisfied that any land given on lease to any person is not being used for the purpose within the meaning of the rules of the Capital Development Authority, it may cancel the lease and acquire the possession of such land without paying any compensation to the lessee.

The management of the Gun and Country Club, Islamabad was provided a land of 44 Acres by the Pakistan Sports Board for running a Gun Club.

Audit observed that the actual land in possession of the Gun and Country Club, Islamabad was 72 Acres. On the encroached land the management also entered into an agreement with a private party for construction of a Marquee project.

Audit is of the view that the management illegally occupied the additional area of 31 Acres.

The management replied that the club was created on a land of 44 acres, which was leased out to Pakistan Sports Board, and Shooting ranges and the club's other facilities were built on this land and handed over to the club for management and maintenance. The club has arranged a survey of the land in occupation of the club, which is at the time is only 33.06 acres.

The reply is not tenable as the management did not provide any documentary proof in support of the reply.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that all the relevant record including the survey of land in occupation of the club may be provided to audit.

18.4.19 Expenditure without formulation of Procurement Plan – Rs. 93.484 million

Rule 8 of the Public Procurement Rules 2004 provides that all procuring agencies shall devise a mechanism, for planning in detail for all proposed procurements with the object of realistically determining the requirements of the procuring agency, within its available resources, delivery time or completion date and benefits that are likely to accrue to the procuring agency in future.

Rule 9 of the Public Procurement Rules 2004 provides that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

The management of the Gun and Country Club, Islamabad did not formulate a procurement plan as prescribed under the Public Procurement Rules, 2004.

Audit observed that that management made procurement of goods and services during the last five years i.e. 2012 to 2017 but did not made any procurement planning. Detail are as under:

Year	Food and Beverages	Shooting Range	Health Club	Total (Rs.)
2012	8,432,817	2,086,828	2,348,547	12,868,192
2013	11,498,444	1,406,170	352,252	13,256,866
2014	10,205,473	3,645,193	392,615	14,243,281
2015	13,457,954	641,395	969,973	15,069,322
2016	19,523,404	573,374	923,278	21,020,056
2017	14,707,214	1,123,400	1,195,626	17,026,240
				93,483,957

Audit is of the view that lack of procurement planning and non-formulating of a procurement plan is a lapse on the part of the management.

The management replied that the club is not a Government subordinate or an attached department; PPRA rules are not applicable to the club.

The reply was not acceptable as the Public Procurement Rules, 2004 are applicable on the Gun Club being an attached department.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends the irregular practice may be stopped forthwith besides fixing responsibility for violation of the Public Procurement Rules, 2004 under intimation to audit.

18.4.20 Execution of development projects without departmental regulations - Rs.166.319 million

Para 192 of GFR Volume-I states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

The management of the Gun and Country Club, Islamabad, incurred an expenditure of Rs. 166.319 million on repair and renovation of office building. Details are as under:

(Amount in Rs.)

Year of addition	Total development expenditure (as per financial statements)
2012	6,971,450
2013	131,685,533
2014	27,662,179
Total:	**166,319,162**

Audit observed that:

i. Management did not frame any regulations to carry out development work.

ii. The management did not have documented policy regarding appraisal, planning, implementation and post project review of development and construction projects

iii. Development and construction projects were undertaken without any documented needs appraisal and specific desired outputs.

iv. The post-project review and assessment was not carried out.

Audit is of the view that the expenditure incurred on development works and repair and maintenance without approved regulations was irregular and unauthorized.

The management replied that the policy regarding appraisal, planning, implementation and post-project review is duly provided under the “Rule” of the club which provides a comprehensive mechanism and policy.

The reply was not acceptable because the expenditure was incurred in violation of rules.

The DAC directed the management to adopt Govt rules and frame the financial rules immediately and forward it to M/o IPC for further necessary action. Further, the DAC unanimously recommended that audit paras may be placed before the competent forum i.e. PAC for regularization

Audit recommends that no development work in future may be initiated until framing of regulations as required under the General Financial Rules. Audit also recommends that responsibility for the irregularity may fixed under intimation to audit.

18.4.21 Non-maintenance of rent and security deposit record of shops – Rs. 55.051 million

Article 9.5 of the Constitution of the Pakistan Hockey Federation states that Pakistan Hockey Federation will 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. 15.802 million, Rs. 13.269 million & Rs. 13.022 million for the year 2015, 2016 & 2017 respectively on account of rent of shops at National Hockey Stadium Karachi. Furthermore, the annual accounts of the Pakistan Hockey Federation for the year 2013 reflected security deposit of Rs. 12.958 million received from tenants of shops at the National Hockey Stadium, Karachi.

Audit observed that the rent received for shops at Karachi Hockey Stadium was accounted for through monthly rent report received from Karachi. The management did not maintain the record relating to numbers of shops, lease period, monthly rent agreed, and outstanding rent if any, security deposit fixed and received, etc.

Audit is of the view in the absence of required record audit could not verify the record of receipt of rent and security deposit.

The management did not reply till finalization of the Report.

The PAO was informed on 26.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the record relating to Shops and National Stadium, Karachi may be maintained at PHF office and be got verified from audit.

18.4.22 Irregular procurement of sports items without open Competition – Rs. 3.097 million

Rule 12(1) of the Public Procurement Rules, 2004 states that the procurements over one hundred thousand and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of Pakistan Hockey Federation (PHF), Lahore purchased sports items such as hockey sticks, green kit, white kit, goal keeper kit, change kit and hockey socks, joggers, etc. amounting to Rs. 3.097 million from M/s The Player's and M/s Malik Bat during Financial 2015-16 and 2016-17 as detailed below:

Date	Cheque No.	Name of Vendor	Amount
29.10.15	14630210	The Player's Kit for 5th Johari Bahru	103,713.00
29.10.15	14630210	The Player's Kit for 8th Men's Jr Asia	258,041.00
08.09.16	00000199	The Players for Kits 9-A Side Karachi	497,507.00
21.09.16	00000221	The Players for Kit Items Women Chmp	294,975.00
21.09.16	00000222	The Players for Kits 4th U-18 Dhaka	228,110.00
29.12.16	00000379	Malik Bat for Hockey Sticks	1,160,325.00
05.01.17	00000397	The Players Kit Items Junior WC India	189,472.00
05.01.17	00000398	The Players Kit Items 63rd Champ	226,478.00
20.04.17	00000577	The Players Kit Items Junior Aus	138,475.00
		Total:	**3,097,096**

Audit observed that procurement of sports items was made without open competition.

Audit is of the view that procurement of sports items without competition deprived the PHF from the benefit of competitive rates.

The management did not reply till finalization of the Report.

The PAO was informed on 26.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that irregular practice may be stopped forthwith beside regularization of the expenditure already incurred.

18.4.23 Irregular expenditure on supply and installation of flood lights - Rs.4.673 million

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

The management of Pakistan Hockey Federation paid Rs. 4.673 million to M/s A.R. Engineering, Karachi for supply and installation of Flood Lights to rectify the faults or panel box.

Audit observed that the procurement was made through quotation and no open tenders were called as required under the PPRA Rules, 2004.

Audit is of the view that procurement without inviting open tenders is irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 26.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

18.4.24 Irregular advance payments to Team Managers/Coaches – Rs. 20.154 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 Pakistan Hockey Federation made advance payments for Camp Expenses, TA/DA for the players/ officials during the year 2015-16 & 2016-17. The detail is as under:

Date	Cheque No.	Particulars	Amount
05.10.15	14630181	Adv to Tahir Zaman for Camp Exp Johar Bah	700,000.00
07.10.15	14630182	Adv to Tahir Zaman for Tour Exp Johar Bahru	1,500,000.00
14.10.15	14630187	Adv to Tahir Zaman for Camp Exp Johar Bah	750,000.00
14.10.15	14630196	Adv to Tahir Zaman for Tour Exp Johar Bahru	489,300.00
29.10.15	14630207	Adv to Brig Farhani for Camp Exp (Irfan Coach)	100,000.00
02.11.15	14630225	Adv to Brig Farhani for Camp Exp (Irfan Coach)	100,000.00
04.11.15	14630226	Adv to Brig Farhani for Camp Exp (Irfan Coach)	100,000.00
06.11.15	14630227	C - Adv to Irfan Sr for Junior Camp Exp	100,000.00
09.11.15	14630229	C - Adv to Tahir Zaman for Tour 8th Jr Asia Cup	500,000.00
22.12.15	14630259	Adv to Kamran Ashraf for Championship Exp	1,500,000.00
04.01.16	14630267	Adv to Kamran Ashraf for Championship Exp	1,500,000.00
22.01.16	14630275	Adv to Waseeq Dir Admn for White TA/DA	900,000.00
26.01.16	14630276	Adv to Waseeq Dir Admn for White TA/DA	800,000.00
29.01.16	14630277	Adv to Waseeq Dir Admn for Azlan Shah Trials	150,000.00
08.01.16	18947789	Adv to Kamran Ashraf for Championship Exp	1,500,000.00
12.01.16	18947790	Adv to Kamran Ashraf for Championship Exp	1,300,000.00
12.01.16	18947791	Adv to Waseeq Ahmed for Pak White Camp	215,000.00
01.02.16	14630279	Adv to Waseeq Dir Admn for Pak White	150,000.00
09.03.16	31981324	Adv to K.M.Junaid for 25th Azlan Shah Camp	100,000.00
12.03.16	31981329	Adv to K.M.Junaid for 25th Azlan Shah Camp	250,000.00
30.03.16	31981342	Adv to K.M.Junaid for 25th Azlan Shah Camp	1,100,000.00
22.04.16	00000007	Adv to K.M.Junaid for 25th Azlan Shah	488,000.00
25.04.16	00000008	Adv to Tahir Zaman for Junior Camp Abbttd	200,000.00
15.07.16	00000103	Adv to Kamran Ashraf for U-18 Junior Cap	150,000.00
17.08.16	00000149	Adv to Kamran Ashraf for Camp Expenses	200,000.00
29.08.16	00000166	Adv to Kamran Ashraf for Camp Expenses	100,000.00
30.08.16	00000179	Adv to K.M.Junaid for Senior Camp Exp	50,000.00
31.08.16	00000180	Adv to Kamran for TA/DA to U-18 Boys Camp	1,021,450.00
07.09.16	00000187	Adv to Kamran for TA/DA to U-18 Boys Camp	50,000.00

07.09.16	00000188	Adv to Kamran Ashraf for Camp Expenses	50,000.00
07.09.16	00000191	Adv to M.Saeed Khan for Women Camp	100,000.00
22.11.16	00000272	Adv to Kamran Ashraf for U-18 Camp Exp	300,000.00
09.01.17	00000399	Adv to Kamran Ashraf for Pak U-18 Camp	800,000.00
16.01.17	00000413	Adv to Kamran Ashraf for Pak U-18 Camp	100,000.00
17.02.17	00000477	Adv to Kamran Ashraf for Pak U-18 Camp	100,000.00
24.02.17	00000478	Adv to Kamran Ashraf for Pak Junior Camp	1,570,000.00
28.02.17	00000493	Adv to Kamran Ashraf for Camp Expenses	500,000.00
09.03.17	00000511	Adv to Kamran Ashraf for Camp Karachi	500,000.00
18.03.17	00000529	Adv to Kamran Ashraf for Camp Expenses	70,000.00
		Total:	**20,153,750**

Audit observed that the payments were made to the Managers/ Coaches/ Camp Commandants in advance for camp expenses and TA/DA of officials and players instead of paying the TA/DA through crossed cheques / bank transfer. Audit further observed that signatures of the players/ officials against receiving TA/DA and non-availability of CNIC of players / officials were also dubious.

Audit is of the view that making payments in advance to Managers/ Coaches/ Camp Commandants instead of players/officials was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 26.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be stopped forthwith. Further, certificates from the players along with copy of CNIC may be obtained from the players regarding receipt of TA/DA.

18.4.25 Unauthorized retention of closing balance in bank account – Rs.7.595 million

Para 94 of the General Financial Rules states that all anticipated savings should be surrendered to the Government immediately they are foreseen.

Rule 77 (v) of Federal Treasury Rules states that it is the responsibility of drawing and disbursing officer to reconcile the expenditure with the AGPR, Treasury and Bank.

The management of Pakistan Sports Board was executing a project titled “holding of National Games. The games were held at PSB Complex, Islamabad. An amount of Rs.137 million was released to management for the purpose. The management deposited the amount into Account No. 26949-1 NBP, Aabpara Branch, Islamabad out of which the Project management incurred an expenditure of Rs. 129.405 million leaving unspent balance of Rs.7.595 million.

Audit observed that as per bank statement, an amount of Rs. 7.595 million was shown unspent and un-utilized as on 17.08.2017.

Audit is of the view that the management failed to surrender the unspent balance of Rs.Rs.7.595 million into the Government account.

The management did not reply till finalization of the Report.

The PAO was informed on 26.09.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the unspent balance of Rs. 7.595 million may be deposited into the Government account.

18.4.26 Unsupported payments without vouchers – Rs.26.852 million

Rule 205 of Federal Treasury rules states that a Government officer entrusted with the payment of money shall obtain for every payment he makes a voucher setting forth full and clear particular of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgement of the payment signed by the person by home, or in whose behalf the claim is put forward.

The management of Pakistan Sports Board was executing a project for holding of National Games held at PSB, Islamabad. The management made payment to the M/s BMITCO Business on account of provision of Accommodation and transportation services as per following details:

S.No.	Particulars	Amount (Rs.)
01	M/s BMITCO Business.	11,400,000
		15,452,000
	Total	**26,852,000**

Audit observed as under:

i. Advance amount of Rs. 11.400 million was made to M/s BMITCO Business.

ii. The management again released an amount of Rs. 15.452 million to the firm without production of any supporting documents/vouchers.

Audit is of the view that in absence of the proper vouched account and supporting documents, the authenticity of the payments is doubtful and may lead to misappropriation.

The management did not reply till finalization of the Report.

The PAO was informed on 26.09.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter of making payments without supporting vouchers may be investigated and responsibility may be fixed.

18.4.27 Irregular drawl of funds from assignment account – Rs. 20.518 million

According to para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008. The officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier.

Rule 157 of Federal Treasury Rules provides that all third party payments shall be made through cheques drawn in the name of the recipients.

Rule 170-B (6) of Federal Treasury Rules states that no cash shall be drawn from the Assignment Account except for impress and in such limit as will be sanctioned by the Finance Division.

Rule 668 of FTR states that detailed adjustment accounts of all advances, supported by vouchers should be obtained.

Rule 28(2) of FTR Volume-I states that a Government Officer supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Accountant General and of the Audit Officer concerned.

The management of Pakistan Sports Board (PSB) withdrew an amount of Rs. 20.518 million during 2015-16 from Assignment Account and paid to employees of PSB as advance for purchase of various items like Electrical equipment, Furniture & Fixture, construction and other repair works.

Audit observed as under:

i. The Advance payments were made without immediate requirement.
ii. Heavy purchases and repair works were made without open competition and payments to suppliers were made in cash.
iii. The advance payments were made to PSB employees without adjusting previously undisbursed amounts available with them.
iv. Income Tax and Sales Tax was not deducted.

The management did not reply till finalization of the Report.

Audit is of the view that withdrawal of funds from assignment account and further payment to the officers as advance was irregular and unauthorized.

The PAO was informed on 26.09.2018 but DAC was not convened till finalization of the Report.

The Audit recommends that the responsibility should also be fixed for the irregularity.

18.4.28 Unauthorized payment of honorarium - Rs. 8.575 million

The Executive Committee of Pakistan Sports Board vide its 78th meeting held on 27-10-2014 observed that there was no provision in the rules for the grant of honorarium on the occasions of Eid-ul-Fitter, Eid-ul-Azha and at the close of each financial year. The Secretary, Ministry of Inter Provincial Coordination/Vice President, PSB stated that in the absence of any specific provision in the rules, Ex-post facto approval of the Executive Committee was not justified.

Rule 28(2) of FTR Volume-I states that a Government Officer supplied with funds for expenditure shall be responsible for seeing that payments are made to persons entitled to receive them.

Fundamental Rule 9(9) states that honorarium means 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 13(b) of the PC-1 of the project titled “holding of National Games” provides that the project will be implemented by the existing staff of PSB, Provincial Sports Boards / Regions and concerned sportsperson.

The management of Pakistan Sports Board was executing a project titled “holding of National Games”. The games were held at PSB Complex, Islamabad. The management made payment of Rs. 8.575 million as honorarium to the officers and officials of Pakistan Sports Board and Ministry of Inter Provincial Coordination.

Audit observed that honorarium was paid without provision of the same in the PC-I of the project.

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

The management did not reply till finalization of the Report.

The PAO was informed on 26.09.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular and unauthorized payment may be recovered and deposited in the Government Treasury.

18.4.29 Wasteful expenditure incurred on payment for composition of theme songs and Professional video documentary - Rs. 3.347 million

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

Para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated 24.09.2008 provides that the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement.

Rule 397 of Federal Treasury Rules states as a general rule and subject to such exceptions as may be authorized by the Government, no payment can be made to a contractor, except for work actually done or supplies actually received.

The management of the Pakistan Sports Board, Islamabad, hired the services of Mr. Shehzad Roy and M/s National Youth Assembly for composition of theme song and professional video documentary during 2014-15 out of funds allocated in PSDP Project titled "Holding of National Games". Detail is as under:

S. No	Voucher No. & Date	Payee	Particulars	Amount in Rs.
1	03/26.06.2015	Mr. Shehzad Roy	Composition of singing of theme songs in connection with organization of 1st Quaid-e-Azam Inter Provincial Games-2015	2,860,000
2	4/26.06.2015	National Youth Assembly	Professional video documentary social media/internet campaign in connection with organization of 1st Quaid-e-Azam Inter Provincial	486,900

			Games-2015	
Total				**3,346,900**

Audit observed as under:

i. There was no provision in the PC-I of the project for the expenditure.

ii. The payment for composition of theme songs and professional video documentary was made without fulfilling the requirements and laid down procedures and codal formalities in a non-transparent and hasty manner.

iii. An amount of Rs. 2.600 million was paid to Mr. Shehzad Roy in advance by order of the Secretary, Inter Provincial Coordination.

iv. No competitive rates were obtained.

v. 1st Quaid-e-Azam Inter Provincial Games-2015 could not be held and the expenditure on payment for theme song and documentary proved wasteful and the public money was squandered.

Audit is of the view extraordinary favor was extended to the singer and even the amount of Income Tax Payable by him was paid by the management out of the Public Funds and the government was put to loss of Rs. 3.347 million.

The management did not reply till finalization of the Report.

The PAO was informed on 26.09.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the responsibility for the wasteful expenditure may be fixed by holding an inquiry and the amount may be recovered.

18.4.30 Non recovery of rent of buildings - Rs. 2.735 million

Para 5(e) of Finance Division O.M. No. F.3(2) Exp. III/2006 dated 13.09.2006 states that in the matter of receipts pertaining to the Ministry/Division, Attached Departments and Subordinate Offices, the Principal Accounting Officer is expected to ensure that adequate machinery exists for due collection and bringing to account of all receipts of any kind connected with the functions of the Ministry/Division(s)/Departments and Subordinate Offices under his control.

The management of Pakistan Boys Scouts Association, Islamabad allotted a house to Mr. Naveed ullah Babar, former Secretary, PBSA on 28. 10. 2011 by himself. The same house was occupied by Mr. Iqbal Shah on 01.11.2011.

Audit observed as under:

i. Residence was remained occupied by Mr. Iqbal Shah since 01.11.2011 to 2016 without any entitlement, un-authorizedly.

ii. Covered area of the hose was about to 5856 Square Feet.

iii. No rent was charged to him by the management.

Audit is of the view that:

i. House was handed over to Mr. Iqbal Shah by Mr. Naveed ullah Babar, then Secretary, PBSA, Islamabad was un-authorized and illegal.

ii. Non receipt of rent resulted in loss of Rs. 2,734,560 to the government.

DAC in its meeting dated 10.05.2018 directed that the case may be referred to FIA for recovery from allottee/occupant i.e. Mr Naveed Ullah Babar, the then Secretary, PBSA and the encroacher i.e. Mr Iqbal Shah. The house rent allowance may also be recovered from the allottee i.e. Mr Naveed Ullah Babar.

Audit recommends that DAC directive may be implemented.

18.4.31 Irregular and un-authorized expenditure on entertainment – Rs. 4.071 million

Serial No. 9(38)(ii) of Annexure-I of Finance Division O.M. No. F.3(2)Exp.III/2006 dated 13.09.2006 states that for receptions, lunches and dinners up to Rs. 40,000 in each case for Ministries/Divisions subject to the condition that per head expenditure including taxes and soft drinks, etc. should not in any case exceed Rs. 1,200.

The management of Pakistan Boys Scouts Association, Head Quarters, Islamabad incurred an expenditure of Rs. 7.689 million on entertainment and gifts.

Audit observed that expenditures were incurred with the approval of Acting Secretary of the Pakistan Boys Scouts Association, Islamabad beyond his powers.

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

DAC in its meeting dated 10.05.2018 directed that responsibility may be fixed on the person at fault by the management of Pakistan Boy Scouts Association (PBSA).

Audit recommends that DAC directive may be implemented.

18.4.32 Mis-procurement of miscellaneous/entertainment items - Rs. 4.825 million

According to Rule 12(1) of Public Procurement Regulatory Authority rule 2004, "Procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency."

The management of Pakistan Boys Scouts Association Islamabad incurred heavy expenditures on the occasion of their periodical functions without fulfilling the codal formalities. Details are as under:

(Rupees)

S.No.	Description	Voucher No.	Date	Amount	Remarks
1	Pak-Day Prade	16	05.09.2016	2,526,671	Approved By Acting Secretary
2	Pak-Day Prade	168	10.06.2015	1,978,615	
3	SAARC Scout Friendship Camp	69	27.12.2012	6,19,673	
4	14th National and Second Saanso	69	24.11.2014	300,000	
			Total	**4,824,965**	

Audit observed that above mentioned expenditures were incurred without advertisement on Authorities website just on quotations in the violation of the above mentioned rules.

Audit is of the view that purchases without fulfilling the codal formalities were irregular and un-authorized.

DAC in its meeting dated 10.05.2018 directed that responsibility may be fixed on the person at fault by the management of Pakistan Boy Scouts Association (PBSA).

Audit recommends that DAC directive may be implemented.

18.4.33 Unauthorized use of land for Commercial purposes - Rs. 157.958 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.

Section 9(1) of Policy Organization Rules of Pakistan Boys Scout Association states that the Association is a voluntary body and depends on public support, government grants, fund raising enterprises, dues and subscription collected from its member.

Section 9(3) states that members of the Association, acting as such, shall not countenance or be concerned with any public method of raising funds which:

i. Contrary to the law of the land

ii. would make youth indulge in corruption and immoral practice: or

iii. may be construed as using the name of the Association for commercial purposes

The management of Pakistan Boys Scout Association made an agreement with M/s Hanif Rajput Caterers and Decorators on 13.04.1996 for ten years for setting up marriage lawns on the vacant land of premises of National Headquarter, Pakistan Boy Scout Association, Garden Avenue, Islamabad on following terms and conditions:

i. The second Party i.e. Hanif Rajput will set up three marriage Lawns on the suitable vacant piece of land in the premises of the National Headquarters of Pakistan Boy Scouts Association

ii. The second party i.e. Hanif Rajput shall pursue catering and decoration business and book the Lawns for marriage parties and other functions

iii. The second party shall share the profit with First party as remuneration for the facility extended to the Second Party Initially at the rate of Rs.1500 per lawn per function

iv. The second party shall make payments of Govt. Taxes, Levies, Duty etc. enforced in Islamabad. The second party shall also clear regularly utilities bills such as telephone, electricity, gas used by him.

v. That as a gesture of good will and to serve the cause of Scouting in the country, the second party graciously offered the following facilities to the first party:

vi. The Managing Director of the second party to be enrolled as a life member of the PBSA and will pay the prescribed fee of Rs. 50,000.

vii. In order to promote the cause of scouting the second party will initially make a donation of Rs. 500,000.

viii. The second party offers to provide decoration free of cost and cater services at 25 % discount on all functions of the National Headquarters and other functions as recommended by National Head Quarters, PBSA.

Audit observed as under:

i. Capital Development Authority allotted 25 and 10 acre land to Pakistan Boys Scouts Association vide letters No. CDA/EM-33(70)/74/3177 dated 27.06.1975 and No. CDA/EM-33(70)/82/1710 dated 05.05.1984 respectively on lease for 33 years. Pakistan Boys Scouts Association, Islamabad was bound to pay Rs. 5,080 per acre the premium of land.

ii. Pakistan Boys Scouts Association, Islamabad failed to pay the premium of land to CDA.

iii. Capital Development Authority vide its letter No. CDA/EM-33(70)/74/444 withdraw the allotment of land for Pakistan Boys Scout Association in National Park area, Islamabad and stated as under:

    a. "that during the visit it has been noticed with concerned that land is being used unauthorizedly on account of illegal construction and non-conforming use. Notices were issued on 19.05.1996 and 31/12/1996. The case has been considered by the competent authority and it has been decided that you have been failed to remove the nonconforming use and illegal construction as such offer of allotment letter issued vide this office letters of even number dated 27.06.1975 and 05.05.1985 is hereby withdrawn

iv. CDA restored the plot on 16.07.1999 subject to the following condition

   a. Payment of AGR delayed charges i.e. Rs. 1,704,371 payment charges up to 1999.

   b. Payment of restoration charges Rs. 2,541,000.

   c. Withdrawal of court case unconditionally.

   d. Vacation of premises occupied by M/s Hanif Rajput.

v. Management again failed to fulfill the above condition and restoration of plot is still un-solved.

vi. Meanwhile management of PBSA entered in agreement with UN organization for providing them camp site on per day rent of Rs.37, 000 (Original record not produced to know the terms and condition), which is continue up to date.

vii. Consequently, Capital Development Authority, Islamabad demanded following charges up to April, 2015 for restoration of camp site:

(Rupees)

S.No	**Nature of Charges**	**Amount**
1	Payment of AGR delayed charges	72,744,122
2	Extension Charges	19,825,384
3	Restoration Charges	65,388,400
Total		**157,957,906**

viii. M/s Hanif Rajput failed to clear utility charges of Rs.454,567 due to which the management of PBSA lodged a writ petition against the accused which is still un-resolved.

ix. Management of PBSA was asked to provide the receipts record which is still awaited.

Audit is of the view that:

i. The vacant area of Pakistan Boy Scout Association was for scout camping and training whereas the management has been using the area for commercial purpose un-authorizedly, due to illegal use of land the allotment of plot was cancelled by CDA.

ii. Despite that management did not get vacated the area occupied by M/s Rajput up to August, 2009 which was given for ten years on 13.04.1996

iii. Due to nonpayment of charges the management remained failed to get its restored from CDA.

iv. The management failed to recover outstanding bill of Sui Gas amounting to Rs. 454,567 from M/s Hanif Rajput.

v. Due to unauthorized use of land the management of Pakistan Boys Scout Association had to go in litigation with CDA.

vi. Management of PBSA didn't take mater serious and once again rented-out all disputed area to United Nations Department of Safety and Security, Pakistan in violation of all rules and agreements which is illegal and un-authorized.

vii. POR of Pakistan Boys Scout Association does not allow the management to use the land of PBS for commercial purpose.

viii. All court cases with CDA and SNGPL were because of unauthorized use of land.

ix. In the absence of record the authenticity of receipts could not be ascertained.

The management replied that some portion of land was utilized by Hanif Rajput Catering in 1995, however now all dispute and illegal occupation with Hanif Rajput Catering has been settled and he has no longer the occupant of the Pakistan Boy Scout Association premises. All the outstanding bills except gas have been paid and cleared and there is no outstanding bill till to date. Further it is added that PBSA hired a legal consultant / Lawyer and a case was filed in court against Hanif Rajput Catering for recovery of Sui gas bill. However, the restoration of land with CDA is under consideration which will take some time to settle and the dues / bills will also be mutually compromised.

DAC in its meeting held on 10.05.2018 pended the para.

Audit recommends that matter may be enquired at appropriate level to fix the responsibility on the persons at fault

CHAPTER 19

19.INTERIOR DIVISION

19.1 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.

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2017-18 was Rs. 133,237.526 million including Supplementary Grant of Rs. 28,913.109 million against which the Division utilized Rs. 130,488.213 million. Grant-wise detail of current and development expenditure is as under:

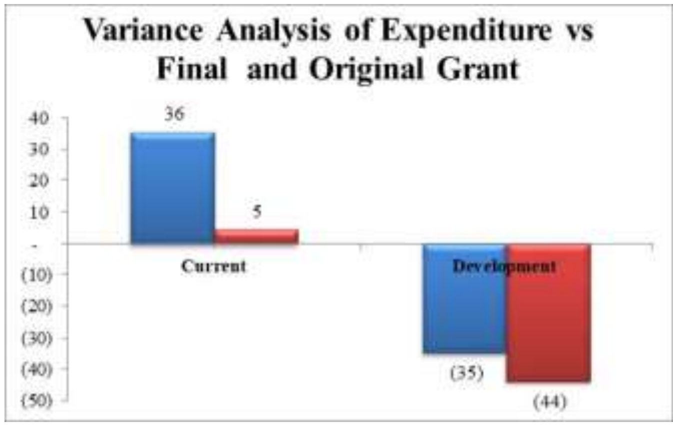
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
64	Current	739,491,000	58,868,000	798,359,000	709,434,178	(88,924,822)	(11)
65	Current	7,625,722,000	1,283,980,000	8,909,702,000	9,363,345,637	453,643,637	5
66	Current	2,123,477,000	1,550,000,000	3,673,477,000	3,189,683,302	(483,793,698)	(13)
67	Current	44,980,478,000	19,038,298,000	64,018,776,000	69,327,621,183	5,308,845,183	8
68	Current	8,226,573,000	17,000	8,226,590,000	9,441,174,006	1,214,584,006	15
69	Current	1,817,636,000	119,848,000	1,937,484,000	1,932,513,059	(4,970,941)	(0)
70	Current	19,701,599,000	2,713,752,000	22,415,351,000	22,149,161,072	(266,189,928)	(1)
71	Current	3,487,503,000	1,593,492,000	5,080,995,000	4,165,567,877	(915,427,123)	(18)
	Subtotal	**88,702,479,000**	**26,358,255,000**	**115,060,734,000**	**120,278,500,314**	**5,217,766,314**	**5**
130	Development	15,621,938,000	2,554,854,000	18,176,792,000	10,209,713,135	(7,967,078,865)	(44)
	Total	**104,324,417,000**	**28,913,109,000**	**133,237,526,000**	**130,488,213,449**	**(2,749,312,551)**	**(2)**

Audit noted that there was an overall saving of Rs. 2,749.313 million.

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. 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 36%, which, after accounting for Supplementary Grants reduced to 5%. In development expenditure, savings against original budget was 35% which increased to 44% after taking Supplementary Grants.



19.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Interior	1987-88	2	2	2	0	0
	1989-90	7	7	1	0	6
	1990-91	4	4	4	0	0
	1991-92	28	28	27	0	1
	1992-93	20	20	20	0	0
	1993-94	13	13	6	0	7
	1994-95	21	21	13	0	8
	1995-96	3	3	3	0	0
	1996-97	1	1	1	0	0
	1999-00	110	110	95	0	15
	2001-02	21	21	0	0	21
	2003-04	33	33	14	0	19
	2005-06	21	21	12	0	9
	2006-07	9	9	1	0	8
	2007-08	5	5	1	0	4
	2008-09	11	11	8	0	3
	2009-10	14	14	10	0	4
Total		**323**	**323**	**218**	0	**105**

19.4 AUDIT PARAS

Non-production of Record

19.4.1 Non Production of record

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

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

Audit of Pakistan Rangers (Punjab) for the period 2017-18 was started w.e.f 23.09.2018. and concluded on 19.10.2018. The following information/record was demanded through verbal and written requests.

i. List of bank accounts with bank reconciliation of all accounts including public funds and Regimental/ Welfare Funds Accounts for the period under audit.

ii. Detail of accommodation provided by ICT or constructed out of command fund.

iii. Detail of commercial activities/ investment etc.

iv. Detail of units deployed on IS duty and agreements with borrowing/requisitioning agencies

v. List of assets acquired out of command fund and departmental receipts including donated by the other department.

vi. Movement registers of all staff cars.

vii. Detail of receipts and Expenditure of Pakistan Rangers Hospital (Punjab) at Lahore, Sialkot, Bahawal Naghar, Officers Mess, Rahbar Medical & Dental College, Rangers Marriage Hall, Lutf Departmental Store, Ranger Petrol Pump, Ranger Public College, School, Shops & canteen.

viii. Residential accommodation constructed out of command fund.

ix. Receipts and Expenditure Accounts & other record of Pakistan Rangers Academy Mandi Bahauddin Din

Audit observed that the management did not provide above mentioned record in violation of Section 14(2&3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. Audit further observed as under:

i. The Rules/Regulations as directed by the PAC on 12.15.2002 regarding revenue generated by the CAFs were not finalized despite lapse of 16 years.

ii. The management did not provide the complete list of commercial activities being carried out in addition of above.

iii. The agreement files were not produced to Audit to determine the rental income of the property.

iv. There was no proof that the contract of commercial shops and places were awarded through open competition

v. The detail of revenue received, actual rate of monthly rent fixed and its deposit into government account were not made known to Audit.

vi. Each Sector Head Quarters is maintaining various accounts in addition to Public Fund Accounts without approval of Finance Division e.g.

   a. Sector (HQ) Rangers fund.
   b. Rangers Public School and College(RBS&C Fund)
   c. Projects Funds
   d. Ration Security Fund Account
   e. Pakistan Rangers Insurance and Welfare Fund.
   f. Pakistan Rangers Employees Medical (PREM) fund
   g. Central Medical Fund (CMF)

Audit is of the view that in the absence of approved Rules and Regulations as directed by the PAC, the collection and utilization of revenues for departmental expenditure and running of welfare schemes/projects based on voluntarily subscriptions, was irregular and unauthorized and violation of PAC directives as well.

The management did not reply till finalization of the Report till finalization of the report.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of Auditor General of Pakistan besides production of record for audit.

19.4.2 Non production of record

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

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

The management of District Officer Frontier Constabulary Gilgit was requested to provide following record which was not produced to audit for scrutiny vide requisition No.1 & 2:

i. Detail of Bank Accounts

ii. Detail of Investments

iii. Detail of Sepoy/FC personnel attached/deputed with officials and officers at Gilgit for their security.

iv. Record relating to ownership of premises.

v. Detail of buildings at District Officer Frontier Constabulary Gilgit.

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

DAC directed the management that all the record as requisitioned may be provided to Audit within one month.

Audit recommends that matter be investigated at appropriate level and results thereon communicated to audit.

19.4.3 Non-production of record

Section 14(2) of Auditor General's (Functions Powers and Terms and Conditions of Service) Ordinance, 2001 states that the officer incharge of any office or departments 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.

The management of District Officer Frontier Constabulary Shabqadar was requested to provide the following record:

i. Record relating to Receipts

ii. Detail of land

iii. Detail of shops orchards situated at Harichand, Abazai, Kereemo, Michni and in Shabqadar Bazar.

iv. Record relating to Regimental Fund and other commercial activities.

Despite repeated requests the record was not provided for audit.

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 till finalization of the Report.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

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

19.4.4 Non-production of record of visa stickers - USD 10.217 million

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

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

The Directorate General Immigration & Passports (HQ) vide letter No. 3/1/2018 WMS DD (P) dated 02.11.2018 intimated that 30,991 visa stickers have been issued to FIA during 2013-14 to 2017-18.

FIA management collected visa fee on arrival and visa extension as per detail given below:

Year	Visa fee on arrival (USD)	Visa fee on extension (USD)
2015	199,732	142,026
2016	54,345	9,790
2017	64,429	12,550
2018	9,687,503	47,543
Total	**10,006,009**	**211,909**

The management of FIA was requested vide requisition No. 04 dated 01.11.2018 and 16.11.2018, to provide the record relating to visa stickers received from Passport office and approved list of visa fee for each country, visa fee collected, reconciliation and deposited into government treasury during 2013-14 to 2017-18.

Despite repeated requests, the management did not provide the record relating to visa stickers received, approved list of visa fee, visa fee collected, reconciliation of fee collected and deposited into government treasury.

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

The management did not reply till finalization of the Report.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that disciplinary action may be taken against officers involved in hindering the auditorial functions of the Auditor General of Pakistan, besides provision of auditable record demanded by Audit.

19.4.5 Non-production of record - Rs. 6.243 million

Serial No.6(1) of Schedule-II of the Rules of Business, 1973 assigns the responsibility of Policy regarding government advertisement; control of advertisement and placement to the Information and Broadcasting Division.

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

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

The Federal Investigation Agency (FIA) Headquarters, Islamabad incurred expenditure of Rs. 6.244 million on advertisement and publicity during the period 2015-17.

The management did not provide the payment record of said expenditures.

Audit is of the view that in absence of record audit could not authenticate the expenditure.

The management did not reply till finalization of the Report.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that disciplinary action may be taken against officers involved in hindering the auditorial functions of the Auditor General of Pakistan, besides provision of auditable record demanded by Audit.

Irregularity and Non Compliance

19.4.6 Un-authorized retention of Government Cash Balances in the Scheduled Banks - Rs. 173.779 million

Finance Division vide its letter No. 1.6(2) BR-II/2000-812/17 dated 12.10.2017 directed the State Bank of Pakistan, Karachi to collect information on Government deposits from Federal Government. The State Bank of Pakistan collected the data of Government Cash Balances in the Scheduled Banks and shared with the Finance Division vide its letter NO. FD GOVT / 6157/101-2017 dated 27.10.2017.

Audit requested the management of Pakistan Rangers (Lahore) to provide detail of banks Accounts being maintained by them.

Audit observed that the management of Pakistan Rangers (Punjab) Lahore did not provide record pertaining to Banks Accounts being maintained by them in different scheduled banks despite several verbal and written requests.

Audit is of the view that opening of the bank accounts without approval of Finance Division and retention of heavy Cash Balances therein worth Rs. 173.779 million was irregular and un-authorized. Non-production of record of these bank accounts is also violation of Section 14 (2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.

The management replied that details of all accounts of Pakistan Rangers (Punjab) are pertained to Regimental Fund. These funds are generated by the contribution of members of the force since its creation. The case for regularization of accounts had already been taken up with Finance Division in June, 2016. Regimental Funds neither fall in the definition of Federal Consolidated Funds nor it fall under the definition of Public Accounts. It is like endowment fund and Rules are being formulated for operating these accounts within the Civil Armed Forces which will be approved by Ministry of Finance.

The reply is not acceptable as the approval for opening of bank account, was not obtained from the Finance Division.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends closing the account forthwith and unutilized balance may be deposited into government treasury besides regularization of expenditure from Finance Division incurred out of this account.

19.4.7 Irregular local Purchase of medicines for Out Door Patients - Rs. 74.229 million

The Medical Allowance in lieu of Outdoor Treatment and reimbursement of medical expenses was granted vide Finance Division (Regulations Wing) O.M. No.F.1(1) Imp/2010-622 dated 05.07.2010 as under:

BPS	Rate (Rs.)
1-15 & 16 (Non Gazetted)	Rs.1000/- p.m.
16-22	15% of basic pay

Finance Division further clarified that facility of reimbursement of amounts spent on account of purchase of medicines by Government servants and local purchase of medicines by Government Hospitals for Outdoor Patient (OPD) will be discontinued. However, the facility for consultation and diagnostic investigation at OPD will continue as before. Local purchase on account of Cancer, Hepatitis B, C and Insulin dependent diabetes would be admissible for OPD patients.

The management of Pakistan Rangers (Punjab) incurred an expenditure of Rs. 74.229 million on local purchase of medicines from M/s Punjab Medical Services, Lahore for outdoor patients during financial year 2017-18.

Audit observed as under:

i. Local purchase of medicines other than Cancer, Hepatitis B, C and Insulin for OPD was irregular and unauthorized because local purchase of medicines by Government Hospitals for OPD was discontinued w.e.f 01.07.2010 as the Government servants are being paid Medical Allowance with pay. Hence Local purchase of medicines for the employees of Ranger was not admissible in the light of Governments instructions contained in Finance Division (Regulations Wing) O.M. No.F.1(1) Imp/2010-622 dated 05.07.2010.

ii. The receipts and expenditure accounts of the Ranger Hospitals were not provided to Audit. Budget allocated under the head of purchase of drugs/medicines from the annual budget allocated to the hospitals out of own sources were not made known to audit.

Audit is of the view that local purchase of medicines was irregular.

The management replied that the budget for purchase of medicines was only spent on purchase the medicines. There is no exclusive fund for Local Purchase medicines, however it is our internal arrangements to segregate funds into different heads, like for bulk purchase medicines or local purchase medicines, to keep the system efficient, transparent as well as economical thus saving the national exchequer.

The reply of the department has strengthened the audit observation. The stance taken by the management for local purchase was against the rule.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends investigation of the matter at appropriate level for local purchase of medicines and incurring expenditure in violation of rule.

19.4.8 Loss due to procurement of medicines on higher rates - Rs. 3.106 million

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

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

The management of Pakistan Rangers (Punjab) purchased medicines at higher rates amounting to Rs. 3.106 million during 2017-18.

Audit observed that procurement of medicines at higher rates was irregular and un-authorized.

Audit is of the view that procurement of medicines was not made from the lowest bidders which resulted in irregular expenditure of Rs. 3.106 million.

The management replied that out of 370 items only 10 x medicines were purchased on higher rates were recommended by board of specialist on the basis of quality efficacy, past experience, bioavailability and reputation of manufacturing firm. According to PPRA Rule 29, the proper Evaluation Criteria was framed by the Drug Selection & Procurement Committee including end-users which was also duly approved by the competent authority. All selections were made according to criteria. In some cases, the decisions were taken on the recommendations of the end users on the basis of previous experience who flatly refused to use lowest quoted medicines.

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

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for the irregularity.

19.4.9 Irregular expenditure on Civil Works without obtaining Technical Sanctions and framing of Departmental Regulations - Rs. 330.545 million

Para 56 of CPWD Code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the Technical Sanction to the estimate and must be obtained before construction of the work is commenced. As its name indicates, it amounts to no more than a guarantee the proposals are structurally sound, and the estimates are accurately calculated and based on adequate data.

Para 192 of GFR Volume-I states that when works allotted to a civil Department other that the Public Works Department are executed Departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Controller General of accounts generally on the principles underlying the financial accounting rules prescribed for similarly works carried out by the Public Works Department.

The management of Pakistan Rangers (Punjab) Lahore incurred an expenditure of Rs. 330.545 millin out of PSDP Fund on the execution of civil works during financial year 2017-18. Detail is as under:

Sr#	Name of Work	Amount (Rs.)
1	Raising of 1x Special Division wing for Pakistan Rangers	24,585,000

	(Punjab) at District Multan	
2	Raising of 2x Special Division wing for Pakistan Rangers (Punjab) at District Rawalpindi	77,860,000
3	Raising of 2x Internal Security wing at District Lahore for the Capacity building for Pakistan Rangers (Punjab)	212,859,000
4	Shifting of 1x Border out posts (Saddique Shaheed) due to flood in the Area of Responsibility Sutlej Rangers Wagha at Kanganpur	15,441,000
	Total	**330,545,000**

Audit observed that management of the Pakistan Rangers (Punjab) incurred an expenditure of Rs. 330.545 million on Civil Works without obtaining Technical Sanctions and framing of Departmental Regulations in violation of Para 56 of CPWD Code and Para 192 of GFR Volume-I respectively.

Audit is of the view that expenditure on civil works without obtaining Technical Sanction and framing of departmental regulations was irregular.

The management replied that previously on the observation of audit authority, a case was taken up with Ministry of Interior, Islamabad by Pakistan Rangers (Sindh) for obtaining Technical Sanction of each ongoing development projects. In response Ministry of Interior, Islamabad replied that as per procedure in vogue, Technical Sanction of an approved project is not issued by the Ministry rather it is done by the authorized officer of the department concerned. However, in the light of audit objection a fresh case for framing of departmental rules / regulation of Civil Armed Forces being processed shortly to Ministry of Interior Islamabad for approval.

The reply was not acceptable as Director General (Pakistan Rangers), Punjab was not designated as Project Director. Further, the Project Director is only vested with administrative and financial powers and not with the technical authority/powers which remain the domain of qualified engineers of the Pakistan Public Works Department only.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for the irregularity.

19.4.10 Irregular payment of Pay and Allowances after expiry of contract period-Rs.3.356 million

Para 23 of GRF 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 the Pakistan Rangers (Punjab) Lahore appointed following doctors on contract basis initially for a period of two years w.e.f 01.04.2014 which was extended on yearly basis up to 31.03.2018.

Name of Doctors	Designation / Scales	Monthly Salary Drawn (Rs.)
Dr. Shabana Khokhar	Gynecologist (B-19)	126,049
Lt. Col Dr. Shareen Rafiq	Dental Surgeon (B-18)	156,353
Dr. Khayyam Shamshair	MO (B-17)	69,590
Dr. Mariam Shahzad	MO (B-17)	69,590
Dr. Ain Ullah Khan	MO (B-17)	68,112
Dr. Hajira Mehboob	MO (B-17)	69,590
Total		559,284
Total for six months up to 30.06.2018		3,355,704

Audit observed that payment of Pay & Allowances worth Rs. 3.356 million to the contract doctors on expiry of their contract period w.e.f 01.04.2018 to 30.09.2018 was irregular and un-authorized.

Audit is of the view that payment of pay & allowances to the Doctors after expiry of their contract period was inadmissible and un-authorized which resulted in the loss of Rs.3.356 million to the Government.

The management replied that enlistment of civil doctors in Pakistan Rangers (Punjab) on contract basis through Ministry of Interior is being carried out since 2006 under direct supervision / laid down instructions of Ministry of Interior. The management further stated that stoppage of pay and allowance due to any reason on expiry of contract period or otherwise is the responsibility of AGPR instead of Pakistan Rangers (Punjab). Moreover, the case was forwarded to Establishment Division but Establishment Division never gave any time frame or refusal on contract renewal hence, stoppage of pay and allowances could not be initiated due uncertainty.

The management accepted the Audit observation.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for the irregularity.

19.4.11 Irregular payment of Non-Practicing Allowance - Rs.1.248 million

In terms of Ministry of Finance O.M. No. F. 1-7 Imp. II / 87, dated 01 July 1987, read with O.M. No. 1(14) R.3/86 dated 01 July 1986, Non-Practicing Allowance (NPA) is admissible in all cases where a doctor is not allowed private practice.

The management of Pakistan Rangers (Punjab) paid an amount of Rs. 1.248 million on account of Non Practicing Allowance (NPA) to doctors during financial year 2017-18.

Audit observed that payment of NPA to Doctors was irregular and un-authorized as none of the Doctors was disallowed private practice.

Audit is of the view that payment of NPA in the absence of orders for not allowing private practicing was irregular which resulted in the loss of the Rs.1.248 million to the Government.

The management replied that all doctors employed on contract basis are not allowed to practice outside the area / private clinic. It is also certified that a strict security check is also on all doctors regarding non-practicing outside the Rangers premise. In this regard certificates have already been obtained from all doctors.

The reply was not acceptable as management has no mechanism to check the doctors as they are not working in private hospitals.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that payment of Non Practicing Allowance should be stopped forthwith besides effecting recovery.

19.4.12 Irregular acquisition of land without assessment and competition - Rs. 695.871 million

Paragraph 86 of the Central Public Works Department Code states that land to be purchased is required to be got assessed from the Revenue Officer of the District Concerned.

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

Section 33-B of the National Accountability Bureau Ordinance, 1999 states that all Ministries, Divisions and Attached Departments of the Federal Government, all departments of Provincial and local governments, statutory corporations or authorities established by the Federal Government or Provincial Government and holders of public office shall furnish to NAB a copy of any contract, entered into by such Ministries, Divisions and Attached Departments of the Federal Government, all departments of Provincial Government or local government, statutory corporations or authorities established by the Federal Government or Provincial Government or such holder of public office on its behalf, as the case may be, of the minimum monetary value of fifty million rupees or more, within such time as is reasonably practicable from the date of signing such contract.

The management of Pakistan Rangers (Punjab) Lahore incurred an expenditure of Rs. 695,870,800 on acquisition of private land for the following different development schemes during financial year 2015-16.

Name of owner	**Land Purchased**	**Amount (Rs.)**
Mr. Khalid Javed	360 Kanal at Rawalpindi	179,860,800

	(Chakri)	
Various Owner	At District Lahore	364,510,533
Muhammad Ashfaq Khakwani	201 Kanal 7 Marlas at District Multan	151,500,000
Total		695,870,800

Audit observed as under:

i. Land purchased was not got assessed from the respective District Revenue Officers.

ii. Land was purchased without open competitive bidding.

iii. Agreements exceeding Rs.50 million entered into between Pakistan Rangers and owners of the Land were not furnished to NAB.

Audit is of the view that procurement of land without observing above rules and regulations was irregular which deprived the Government from the benefit of economical and competitive rates.

The management replied that and was purchased with consultation of DCO / Revenue Officers, further management stated that DCO informed that there is not state Land available and DCO provide NOC for purchase of land.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed.

19.4.13 Un-authorized execution of Civil Works by Pakistan Rangers - Rs. 1,093 million

Para 184 of GFR states that Pakistan Public Works Department is the only executing agency of infrastructure/civil works.

Paragraph 1A of the Central Public Works Department Code states that all federally or Provincial Financed original works and special repairs shall be executed through the Agency of the Pakistan Public Works Department.

The management of Pakistan Rangers (Punjab) Lahore incurred an expenditure of Rs. 1,092.955 million on construction of following development schemes through award of works to the contractors during 2016-18.

(Rupees)

Name of scheme	Year	Expenditure
Raising of 1 x Special Security Division wing for Pakistan Rangers (Punjab) at District Multan	2016-17 2017-18	257,616,000 24,585,000
Raising of 2 x Special Security Division wings for Pakistan Rangers (Punjab) at District Rawalpindi	2016-17 2017-18	294,793,760 77,860,000
Raising of 2 x Internal Security wings for Capacity Building of Pakistan Rangers (Punjab) at District Lahore	2016-17 2017-18	210,000,000 212,659,000
Shifting of one border out post due to flood in the area of responsibility Sutlej Rangers Waghat Kanganpur	2016-18	15,441,000
	Total	1,092,954,760

Audit observed that execution of works by the Department i.e. Pakistan Rangers (Punjab) Lahore amounting to Rs. 1,093 million was irregular and unauthorized because it was the responsibility of Pak P W D as stipulated in Para 184 of GFR and Paragraph 1A of the Central Public Works Department Code.

Audit is of the view that execution of civil works by the department instead of through the Pak PWD was irregular and un-authorized.

The management replied that All Civil Armed Forces are responsible to follow-up the instructions issued by Ministry of Interior Islamabad. In the light of approved PC-1 of pointed out projects, executing agency of approved schemes / projects is Works Department of Pakistan Rangers (Punjab). Furthermore, Pakistan Rangers (Punjab) has a development setup supervised by Gazetted Professional Engineer Officers as GSO-1 Works (Rank of Lieutenant Colonel), Project Director (Rank of Major) deputed from Army Engineer Corps for execution of development schemes / projects. In parallel to this, a full Colonel, Brigadier and Major General Ranked officers also contribute towards the quality & outcome of PSDP Projects well proven by historical and operational statics of Pakistan Rangers (Punjab). All projects are being executed through contractors after completing proper codal formalities laid down as per PPRA Rules.

The point was discussed in the DAC meeting held on 11.01.2013. The Committee directed that the case be re-examined at Ministry level and necessary codal rules and provisions for execution of all Construction Works / Projects by Civil Armed Force be got formulized accordingly.

The reply is not acceptable as department did not follow the instructions of Central Public Department Code.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that irregular expenditure may be got regularized from Finance Division.

19.4.14 Irregular payment of commission to property dealer - Rs. 2.925 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 Pakistan Rangers (Punjab) Lahore incurred an expenditure of Rs. 2.925 million on account of payment of broker fee @1% of the total amount of land purchased to Mr. Imran Sikandar Rana resident DHA Lahore for acquisition of land for development schemes from different land lords at Mouza Gunje Sandhu District Lahore during financial year 2015-16.

Audit observed that payment of commission/broker fee to the broker was irregular as it is not admissible under the rules.

Audit is of the view that payment of broker fee to the broker was irregular and un-authorized which resulted in the loss of Rs. 2.925 million to the Government.

The management replied that Pakistan Rangers (Punjab) did not pay any broker fee (1%) to any land owner. Broker Fee (1%) only entered in Contract Agreement just to avoid any dispute in future.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the management may recover 1% broker fee from private persons and deposited into Government treasury.

19.4.15 Non-framing of Rules for Regimental Welfare Fund

The Sub-committee of the Public Accounts Committee while discussing the accounts of Pakistan Rangers (Punjab) in its meeting held on 24.10.2016 directed the Principal Accounting Officer (PAO) of the Ministry of Interior to frame the rules of Regimental Welfare Fund within three months.

The management of Pakistan Rangers (Punjab) was required to frame the rules for operating Regimental Welfare Fund within a period of three months from 24.10.2016.

Audit observed that the management of Pakistan Rangers (Punjab) has not framed the rules for the Regimental Welfare Fund despite lapse of a period of more than two years in disregard to the instructions of the Public Accounts Committee.

Audit is of the view that non-framing of the rules for the Regimental Welfare Fund is lapse on the part of the management.

The department replied that the fund for Regimental Welfare Fund is collected through voluntary contributions by the employees of the concerned department, therefore it is audited by the department concerned.

The para was discussed in PAC (Public Accounts Committee) in February 2002. Public Accounts Committee directed to constitute a high level committee under the Chairmanship of Additional Secretary, Ministry of Interior with a senior staff officer of each force of all Civil Armed Forces, Financial Advisor of Ministry of Finance and a rep of Federal Audit department to frame the rules.

Departmental reply is inconsistent with the provisions of Pakistan Rangers Ordinance, 1959 which does not allow the establishment of such foundation. Moreover, the stance of the management that the all welfare foundations have been placed under control of provincial government is not valid as the Foundation was established for Pakistan Rangers (Punjab) which is a federal entity established through an ordinance. Moreover, all the affairs and activities of the Foundations are managed and performed by the serving employees of the Punjab Rangers in addition of use of land and other resources.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be investigated for establishing Pakistan Ranger (Punjab) Foundation instead of framing rules for welfare activities as directed by PAC. Moreover, all the record relating to income and expenditure of the Foundation since its establishment may also be produced for audit scrutiny.

19.4.16 Irregular Disbursement of Internal Security Duty Allowance in Cash - Rs. 250.284 million

Rule 157(1) of FTR Volume-I states that Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed "A/c payee only not negotiable".

The Deputy Commissioner, ICT Islamabad sanctioned an amount of Rs.250,284,040 under the head of Internal Security Allowance of Troops deployed in Aid of Civil Administration from Pakistan Rangers (Punjab) for the month of November 2017 to June 2018 and Cheque No.6950073 dated 29.06.2018 was issued by the office of AGPR in favour of DG Pakistan Rangers (Punjab) Account No.4035261606 – National Bank of Pakistan, Main Branch Melody, Islamabad.

DG Pakistan Rangers (Punjab) deposited the said cheque in Account No.4035261606– National Bank of Pakistan, Main Branch Melody, Islamabad on 29.06.2018 and issued another cheque bearing No.06482136 dated 06.07.2018 out of this account amounting to Rs. 250,284,040 in favour of Sector Commander Panjnad Rangers, Islamabad. The Sector Commander Panjnad Rangers, Islamabad deposited this cheque in Sector HQ PNR Account No.4035258790 NBP Main Branch Melody, Islamabad and issued four cheques amounting to Rs. 250.284 million to Sector HQ and Wings as detailed below:

Cheque No.	Date	Issued to	Amount (Rs.)
93133053	10.07.2018	Sector HQ	44,554,300
93133054	10.07.2018	8 Wing	62,460,260
93133055	10.07.2018	19/11 Wing	74,386,560
93133056	10.07.2018	22 Wing	68,882,920
		Total	**250,284,040**

The respective Wing Commander of the Sector HQ and others three wings deposited cheques in bank accounts maintained in NBP Main Brach Melody, Islamabad and issued open cheque in favour of an officer.

Audit observed as under:

i. The existing procedure adopted by the management regarding disbursement of claims through bank accounts maintained by the PR Headquarters, Sectors Headquarters and Wings was not approved by the Finance Division.

ii. Cheques were further issued to Sector HQs/ different Wings which were deposited in their Bank Accounts and payment was made to beneficiaries in Cash in violation of Rule 157(1) of FTR.

Audit is of the view that existing procedure and Bank Accounts were not approved by the Finance Division.

The management replied that amount of Rs. 400 million was demanded through supplementary grant through DC Office for FY 2017-2018. Out of which Rs. 150 million was approved by Ministry of Finance on 13.03.2018 and amount was directly transferred to accounts of individuals through SAP System. Remaining amount of Rs. 250 million was sanctioned by Ministry of Finance on 27.06.2018 through supplementary Grant. After completing all formalities, bill was submitted in AG Office, Islamabad. Due to shortage of time, AG Office refused to transfer amount to account of individuals. Subsequently, Cheque amounting to Rs.250.284 million was issued by AG Office Islamabad on 29.06.2018. Rs.250.284 million was distributed to all individuals in cash through transparent system.

The reply of the management that it is the responsibility of Finance Division to provide the fund in time is quite irrelevant.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends investigation of the matter at appropriate level to ensure physical existence of employees and actual disbursement of salaries drawn in favor of DDO to these employees and for fixing the responsibility for withdrawal of cash instead of making payments through cheques.

19.4.17 Irregular expenditure on feed for animals by splitting up of Sanction orders - Rs. 32.000 million

Para 146 of GFR Vol-I states that purchase Orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

Serial No.9(34) of the Annexure-A of the System of Financial Control & Budgeting 2006 states that Head of the Department is empowered to incur an expenditure up to Rs.50,000 under the head of A03970-01-others (Feed For Animals)

The Pakistan Rangers (Punjab) incurred an expenditure Rs. 32 million on procurement of Feed for animals during financial year 2017-18.

Audit observed that the management of Pakistan Rangers (Punjab) incurred an expenditure of Rs. 32 million by splitting up of sanction orders mere to avoid the necessity of obtaining sanction of next higher authority in violation of rules. The amount of each bill was kept blow the limit of Rs. 50,000 because the Director General being head of the department is delegated financial power up to Rs. 50,000 under the head of Feed for animals.

Audit is of the view that expenditure incurred on procurement of Feed for animals by splitting up of sanction orders was irregular and un-authorized.

The management replied that sanctions were obtained as per Sector / Wing wise delivery at different locations of ration in the light of contract. Hence no split up has been made during procurement of animal ration.

Reply is not satisfactory because purchase orders of Feed for animals were split up to avoid the necessity of obtaining sanction of next higher authority.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

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

19.4.18 Irregular procurement of Imported Pistol from GHQ - RS. 13.958 million

Rule 205 of FTR states "Subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment. "

Serial No.9(34) of the Annexure-I of the System of Financial Control & Budgeting 2006 states that Head of the Department is empowered to incur an expenditure up to Rs.50,000 under the head of A09899-03-others (Purchase of weapons)

The management of Pakistan Rangers (Punjab) incurred an expenditure of Rs. 13.958 million on procurement of weapons 100x 9mm Pistol CZ-P07 (Ceska Zbrojovka, Czech Republic) through General Head Quarters (GHQ) Rawalpindi. Payment was made after deduction of 17% GST to GHQ amounting to Rs.11.930 million vide Cheque No. 6713743 dated 21.06.2018.

Audit observed as under:

i. No Objection Certificate (NOC) / approval of Competent authority i.e. Ministry of Interior for procurement of 100 Pistol amounting to Rs. 13.958 million was not obtained as DG Pakistan Rangers (Punjab) is competent to purchase weapons up to Rs.50,000.

ii. Payment to GHQ was un-justified as GHQ is not manufacturer of the weapons.

iii. There is nothing on record to show that payment was made to the supplier of Czech Republic.

iv. Payment was made without supporting vouchers.

v. The management of Pakistan Rangers (Punjab) requested vide letter No. dated 04.07.2018 the Ministry of Commerce to issue NOC for import of arms from abroad which is still awaited whereas payment was made on 21.06.2018 before issuance of NOC.

vi. Income Tax @7.5% of the gross amount which comes Rs.1,046,873 was not deducted.

vii. Receipt of stock was not available on record as delivery of 100 Pistol was not found recorded in the stock register.

viii. Ministry of Commerce' letter No. 20(1)/2015-Imp-I (Vol-I) dated 18.07.2018 states that import through third party is not allowed.

Audit is of the view that payment to third party i.e. GHQ for procurement of pistol was irregular and un-authorized.

The department replied the payment was transferred to concerned firm/company through GHQ, therefore GHQ Rawalpindi will import the weapons at their own end. In the light of Income Tax Ordinance, chapter-III, part-VII, Section 49, the income of the Federal Government shall be exempt from tax. Import of weapons is the matter of General Headquarters Rawalpindi.

The department accepted the audit observation.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed.

19.4.19 Irregular purchase of arms - Rs. 1.732 million

Rule 205 of FTR states "Subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment. "

Ministry of Commerce' letter No. 20(1)/2015-Imp-I (Vol-I) dated 18.07.2018 states that import of weapons through third party is not allowed.

The Pakistan Rangers (Punjab), Lahore purchased "Carts 7.62 X 54MM Ball for Rifle Sniper Chinese with wooden Boxes" amounting to Rs.1,732,500 vide cheque No.6698303 dated 27.03.2018 from Directorate General, Inter-Services Intelligence, Islamabad during financial year 2017-18.

Audit observed that procurement of arms through intelligene agency was irregular because Procurement was made without obtaining NOC from Ministry of Commerce.

Audit further observed that payment was made without obtaining supporting voucher in violation of rule 205 of FTR.

Audit is of the view that procurement of arms through agency was irregular and un-authorized.

The department replied that Pakistan Ordnance Factory was approached for procurement of ammunition but POF confirmed non availability of ammunition items. Therefore, agency was approached for procurement of ammunition.

The departmental reply is inconsistent with the provision of Public Procurement Rules. The provision of Rule 14(a) of Public Procurement Rules is required to be exercise with the approval of the Authority i.e. PPRA which was not obtained.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregularity may be got regularized besides stopping the irregular practice.

19.4.20 Less Recovery On Account Of Electricity Charges - Rs. 3.618 million

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

Para of 26 .of General Financial Rules VoI-I further provides that it is the duty of the departmental Controlling officers to see that all sums due to Government: are regularly and promptly assessed, realized and duly credited in the Public Account

The Management of Pakistan Ranger HQ Lahore made less recovery of Rs.3.618 million on account of electricity charges from the employees living in the Rangers Colony. The detail is given below:

Billing Month	Total bill paid to LESCO	Total Units in the Bill	Cost per Unit	Units Consumed by the Residential	Bill Due	Recovery from the Residential	Difference
Jun 2016	6,694,886	432,000	15.5	79,428	1,231,134	874,010	357,124
July 2016	6,495,431	428,000	15.18	82,118	1,246,551	910,798	335,753
Aug 2016	6,566,904	428,000	15.34	81,795	1,254,735	904,916	349,819
Sep 2016	5,972,202	388,000	15.39	72,689	1,118,684	770,845	347,839
Oct 2016	4,349,376	296,000	14.69	55,230	811,329	556,023	255,306
Nov 2016	2,469,481	192,000	12.86	36,555	470,097	350,653	119,444
Dec 2016	1,931,856	153,520	12.58	33,536	421,883	315,380	106,503
Jan 2017	1,999,818	152,000	13.16	39,285	516,991	368,615	148,376
Feb 2017	2,098,772	132,000	15.9	39,768	632,311	377,467	254,844
Mar 2017	2,582,059	172,000	15.01	45,692	685,837	444,911	240,926
Apr 2017	4,619,362	248,000	18.63	38,240	712,411	364,143	348,268
May 2017	7,450,750	352,000	21.17	73,107	1,547,675	793,403	754,272
						Total	**3,618,474**

Audit observed that:

i. Separate electricity meters have not been installed by (LESCO) WAPDA at each bungalow in Ranger colony and the electricity at each residence is being supplied through installation of sub-meters from the bulk supply meter No. 24115441753700U.

ii. The management is making payment to LESCO (WAPDA) at bulk supply rates whereas the residents are being charged as per domestic rates. In this way deptt is making less recovery from the employees on this account, resulting into loss to Government.

iii. The difference due to per month less recovery is being met / paid from the Government Account, which is accumulating month by month.

iv. An amount of Rs. 3.618 million was less recovered from the allottees of the houses during 2016-17.

Audit is of the opinion that the management put the Government into loss due to less recovery on account of supply of electricity charges through sub meters and non-installation of separate electricity meters at each residence.

The department replied that, as per LESCO rules "Consumer having their own distribution facilities i.e. own HT /LT line and distribution transformers etc" electric supply given in bulk at one point for the purpose of further distribution within their respective jurisdiction. Further in the pretext of less billing recovery, the department is hereby clarified that "Tarffc-2 is applicable to consumers having their own distribution facilities i.e. own HT/LT lines and distribution transformers etc for the purpose of further distribution within their respective jurisdictions". Apropos, thus the department has not given any losses to Government as being the consumer of LESCO we have to complied the instructions of LESCO. However if audit will provide us any rules in which within the jurisdictions of department where one point Bulk Meter instated, if domestic rates applicable, than in future we will follow the same billing calculation rules.

Department reply was not cogent. The matter was being pointed out since long but, neither any effective measures were adopted to minimize the loss nor any sincere efforts appeared to have been made for installation of separate wapda electricity meters at each residence. Difference of bulk supply and domestic supply paid out of public exchequer is irregular, unauthorized and unlawful.

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends:

i. Fixing responsibility on the defaulters for non-realization of correct electricity charges and debiting the difference to the public exchequer.
ii. Workout the less recovered electricity charges accumulated abinitio and make recovery from the defaulters.
iii. Installation of separate wapda meters without delay
iv. Get the wapda electricity meters installed for every residential bungalow/quarters etc at the earliest.
v. Till the installation of wapda meters cost of the units consumed by the residents be charge at the ratio as paid to wapda.

19.4.21 *Irregular/Doubtful Expenditure On Account Of Medical Reimbursement - Rs. 26 million*

Rules 205 of FTR Vol-I states that subject to the provision of this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgement shall be taken at the time of payment.

Management of Pakistan Rangers Punjab, Lahore incurred expenditure of Rs.26 million on reimbursement of medical claims during the financial year 2016-17.

Audit observed that the management incurred an expenditure of Rs.26 million on reimbursement of medical claims under head AO1274 during the financial year 2016-17 but the relevant record as detailed below was not produced.

i. Prescription of Medical Officer.
ii. Cash Memo for purchase of medicines.
iii. Approval of the competent authority for the payment/reimbursement of claims.
iv. Counter signature from the authorized medical officer.

Audit further observed that the genuiness / authenticity without examination of the claims were held doubtful.

Audit is of the opinion that management did not maintain and produce the medical claims which render the whole expenditure as unauthorized & doubtful.

The department replied that re-imbursement medical bills are countersigned by medical consultant and assistant director medical services

Pakistan Rangers (Punjab) were submitted to AGPR and passed out of allotted budget head AO1274. Bills are submitted to AG PR after completing all codal formalities. Before submitting to AGPR a proper minute sheet are put up to competent authority and Account officer signed sanctioned order on behalf of competent authority after ensuring the correctness of reimbursable claims. Prescription of each memo for purchase of medicines are being deposited to AGPR and duplicate copies are not kept due to volume of papers. However duplicate copy will kept in future as directed by the audit authorities.

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

The PAO was informed on 30.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing responsibility on the defaulters after proper investigation besides production of the requisite record.

19.4.22 Irregular purchase of power search lights - Rs. 11.154 million

PPRA rule-12(2) 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 7&8 of the tender notice, issued by PR (Punjab) Lahore, states that the tender submitted by the firms must be accompanied by CDR/ Bank Draft or pay order in the name of DG Pakistan Rangers for an amount equal to 2% or 5% (for both registered and unregistered firms with PR) without which tender will not be entertained.

PPRA letter No.F.1(3)/AD-II/PPRA/12 dated 06.08.2012 states that in terms of Rule 35, the procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract according to the report in enclosed Performa.

PPRA rule-36 states that save as otherwise provided in these rules the following procedures shall be permissible for open competitive bidding, namely:

(a) Single stage – one envelope procedure.
(b) Single stage – two envelope procedure.
(c) Two stage bidding procedure.

PPRA rule-2(1) (f) states that “corrupt and fraudulent practices” includes misrepresentation of facts in order to influence a procurement process or the execution of a contract.

Pakistan Ranges (Punjab) Lahore made a procurement of High power search light worth Rs. 11.154 million under head A09899-others during 2015-16.

Audit observed that a tender notice for the supply of various items including high power search lights was published in daily newspaper on 26.08.2015 but high search light was not procured due to whatever reason.

Audit further observed that a tender notice for the purchase of same item was again issued on 6-10--2015 and opened on 20-10-2015 (copy of tender notice was not produced to audit).

Comparative statement bore the query revised by the D.G that only three firms participated in the competition.

i. M/S Balamera Inter trade Lahore.
ii. M/S Alpha Matrix Defense system Lahore.
iii. M/S AMCC Lahore.

Contract for the supply of the equipment was executed with M/S Balamera Inter trade Lahore, by showing the lowest.

It was also observed during the examination of earnest money collection register that none of the above named firms deposited their CDR / earnest money within the time span of the tendering process. Copies of deposited CDRs were also not available on record. Details are as under:

NAME OF FIRM	DATE OF OPENING	CDR. NO. DATE & AMOUNT	AUDIT OBSERVATION
M/S Balamera Inter trade, Lahore	20-10-2015	CDR No. 0150558 dated 16.11.201 of Rs. 560,000	CDR deposited after much later from the date of opening i.e. 20.10.2015
M/S AMCC, Lahore	20-10-2015	CDR No. 0265978 dated 30.09.2015 of Rs. 807,845	CDR received much earlier from the date of issuing of tender notice i.e., 06-10-2015
M/S Alpha Matrix Defense system Lahore	20-10-2015	-NIL-	CDR not deposited

At the time of bid opening, the CDRs were evidently not part of the bidding documents and hence merited rejections of the bids at the outset.

Audit is of the view that the procedure adopted by the department for opening of bids is irregular, unauthorized, misrepresentation of facts in order to influence a procurement process or the execution of a contract, and collusive practices among bidders and management (prior to or after bid submission) designed to establish bid prices at artificial, non-competitive levels and to deprive the Pakistan Rangers (Punjab), Lahore of the benefits of free and open competition.

DAC in its meeting on 19.09.2018 recorded that audit pointed out that acquiring the agency for supply was not fair. The contract for supply of the equipment was executed with M/s Bala Mera Inter Trade, Lahore which deposited the earnest money after much later from the date of opening of tender. DAC directed that an inquiry at Ministry level be conducted to probe into the matter and submit report within one month.

Audit recommends that the DAC directive may be implemented.

19.4.23 Irregular & uneconomical expenditure on purchase of combat trousers - Rs. 10.192 million

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

Ministry of Interior letter No.1/1/2017-CAF(C) dated 17.03.2017 directed that uniform cloth may be procured from selective firms/textile units which are security wise cleared with strict instruction not to sell uniform cloth in open market. Furthermore, any textile manufacturer found making Civil Armed Forces (CAFs) and Law Enforcement Agencies (LEAs) uniforms cloth aside from those who are security wise cleared and approved from making CAFs/LEAs uniform cloth may be dealt with severely.

The management of HQ Pakistan Rangers Sindh, Karachi incurred expenditure of Rs. 10.192 million on purchase of 10,203 Combat Trouser @ Rs.999/- each inclusive of all taxes from M/s. Nishat Mills Ltd. Lahore during 2017-2018.

Audit observed as under:

i. Management purchased 10203 Combat Trousers without obtaining competitive rates from other textile manufacturers who are security wise cleared and approved from making CAFs/LEAs uniform cloth as directed by the Ministry of Interior in above referred letter.
ii. 16871 Nos. of Combat Trousers were already available in stock and after this purchase total 27074 Combat Trousers which is resulted in blockade of Government money.
iii. Authorization of Trouser is 23801, while held quantity was 27,074 which have 3273 combat trousers beyond the authorization.

Audit is of the view that purchased of Combat Trousers without open competition was irregular and unauthorized.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.24 Irregular payment of retention money - Rs. 33.124 million

Para 10 of GFR Vol-I stipulates that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Public moneys should not be utilized for the benefit of a particular person or section of the community.

The management of Pakistan Rangers Sindh refunded retention money of Rs. 33.124 million from MCB Account No.0499445861002977 Dr Zia uddin Road, Karachi to different contractors during 2017-18.

Audit observed that the retention money was released without completion and maintenance of the works.

Audit is of the view that in absence of completion certificate the release of retention money was irregular and unauthorized.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.25 Irregular expenditure on transportation of animal feed - Rs. 7.649 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.

Rule-4 of PPRA, 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.

Serial-25(1) of Appendix Eight of GFR Vol-I states that charges for the purchases, replacement and feedings of live-stock required in particular departments should be regulated by such limits and scales, etc. as may be laid down by general or special orders of Government.

The management of HQ Pakistan Rangers Sindh, Karachi incurred expenditure of Rs. 7.649 million on account of transportation of animal feed during the year 2017-18. Details are as under:

S.No.	Name of Contractor	Wings	Amount
1.	M/s. Naseer Transportation	44 wing & 70 wing Shahbaz Rangers, 91 Wing 53 Wing & 72 Indus Rangers	3,681,106
2.	M/s. Ghousia & Comp Transportation	42 Wing Qasim Rangers, New Chhor & 51 Wing Qasim Rangers Chacharo	1,697,250
3.	M/s. Asif Gul Transportation Comp.	92 Wing Thar Rangers, Badin 62 wing Thar Rangers Diplo & 84 Wing Thar Rangers	2,271,542
		Total	**7,649,898**

Audit observed as under:

i. The tender for transportation of feed was made without mentioning the number of animals at posts, quantity required, etc.

ii. Expenditure on transportation despite having 432 Cargo Trucks/vehicles was not justified.

iii. Transportation cost is almost 51% of the cost of the feed which is on very higher side.

Audit is of the view that expenditure was made hastily without observing rules and economy and just to utilize the funds.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.26 Irregular purchase of medicines - Rs. 52.145 million

In terms of Rule 2(f) of Federal Services Medical Attendance Rules, 1990, Government Hospital means a hospital maintained by Government or under autonomous arrangement under the Government by a local authority, and includes any military hospital for the treatment of Government servants.

Drug Authority of Pakistan SRO No.628 (1)/2016 dated 22nd July, 2016 (f) evidence for authenticity of the existing approved prices shall be submitted with declaration that the calculation have been made in accordance with the provisions of the Drug Pricing Policy-2015 and the approved increased rate by the Federal Government.

Section 21(1) of Pakistan Rangers Ordinance, 1959, states that the Federal Government may frame rules to carry out the purposes of this Ordinance. Section 21(c) of Pakistan Rangers Ordinance, 1959, states that in particular and without prejudice to the generality of the foregoing powers, such rules may regulate the conditions of service of the members of the force.

The management of HQ Pakistan Rangers Sindh, Karachi incurred an expenditure of Rs. 52.145 million on purchase of medicines for Ranger hospital in addition to Medical Allowance of Rs. 514.181 million during 2017-18.

Audit observed as under:

i. The management has neither framed the medical rules nor followed the Medical Attendance Rules of the Federal government.

ii. The hospital established by the management did not fall under the category of Hospital as laid down in the Federal Services Medical Attendance Rules, 1990.

iii. The employees of the HQ Pakistan Rangers Sindh, Karachi are availing medical facilities on government expense as admissible under Federal Services Medical Attendance Rules, 1990.

iv. No evidence found in the record that that the calculation has been made in accordance with the provisions of the Drug Pricing Policy-2015 and the approved increased rate by the Federal Government.

Audit was of the view that in absence of approved medical rules, the expenditure on purchase of medicines was irregular and unauthorized.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.27 Irregular and doubtful expenditure on transportation of troops - Rs. 10.80 million

Para 10 of GFR Volume-I states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and he is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

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 Pakistan Rangers Sindh, Karachi awarded the contract of transportation of troops to M/s Al-Habib Associates during 2017-18 and paid an amount of Rs. 10.804 million.

Audit observed as under:

i. The copy of movement/rotation orders of wings was neither provided to Audit nor available with paid vouchers.

ii. The quantity/number of articles and personnel to be transported from a particular

iii. Station to other was neither mentioned in the tender notice nor in the tender documents in order to determine the cost of transportation and enabling the bidders to submit the bids in accordance with volume of work.

iv. The claims were not verified by the respective Wing/Company Commanders.

v. The PR Sindh, have fleet of vehicles and in presence of own vehicles, the hiring of private vehicles is not justified and also a security risk.

Audit is of the view that in absence of supporting documents the authenticity of the expenditure could not be ascertained.

Audit recommends that inquiry may be held to fix responsibility.

19.4.28 Disbursement of IS Duty Allowance through DDO - Rs. 2,757.190 million

Rule-157(1) of FTR Vol-I states that the cheques drawn in favor of government officers and departments in settlement of government dues shall always be crossed “A/c. payee only not negotiable”.

Section 21(1) of Pakistan Rangers Ordinance, 1959 states that the Federal Government may frame rules to carry out the purposes of this Ordinance.

Section-21(b) of Pakistan Rangers Ordinance, 1959 states that in particular and without prejudice to the generality of the foregoing powers, such rules may provide for the classes the grades of and remuneration to be paid to the officers and men in Force.

Section-21(c) of Pakistan Rangers Ordinance, 1959 states that in particular and without prejudice to the generality of the foregoing powers, such rules may regulate the conditions of service of the members of the Force.

The management of Pakistan Rangers Sindh, Karachi, disbursed ISD Allowance of Rs. 2,757.190 million during 2017-18 from IS Budget of Government of Sindh.

Audit observed that ISD Allowance was paid in cash instead of crossed cheques.

Audit is of the view that payment of ISD Allowance amounting to Rs. 2,757.190 million in cash through DDO was irregular and unauthorized which may lead to misappropriation of funds.

The management did not reply till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides stopping the irregular practice forthwith.

19.4.29 Irregular expenditure on purchase of furniture - Rs. 3.567 million

Para 10 of GFR Vol-I stipulates that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Public moneys should not be utilized for the benefit of a particular person or section of the community.

The management of the HQ Pakistan Rangers, Sindh Karachi incurred expenditure of Rs. 3.567 million on purchase of furniture and fixture during 2017-18.

Audit observed that the purchases were made without open competition.

Audit is of the view that due to purchases without open competition deprived the government from the benefit of competitive rates.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.30 Irregular expenditure on purchase of trouser green - Rs. 9.099 million

Para 10 of GFR Vol-I stipulates that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Public moneys should not be utilized for the benefit of a particular person or section of the community.

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

The management of HQ Pakistan Rangers, Sindh Karachi incurred an expenditure of Rs. 9.099 million on purchase of 5125 Shirts and Trousers from M/s Sarena Industries and Embryology Mills Private Limited, Lahore during audit period 2017-2018.

Audit observed that the purchases were made without open competition.

Audit is of the view that due to purchases without open competition deprived the government from the benefit of competitive rates.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.31 Irregular expenditure on purchase of therapy tabular with iron pc - Rs. 3.575 million

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

The management of HQ Pakistan Rangers, Sindh Karachi incurred an expenditure on purchase of Charpoy Tabular with Iron Pole from M/s Jahangir and Brothers Quetta during 2017-18.

Audit observed that the purchases were made without open competition.

Audit is of the view that due to purchases without open competition deprived the government from the benefit of competitive rates.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.32 Irregular expenditure on purchase of joggers - Rs. 13.784 million

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

The management of HQ Pakistan Rangers, Sindh Karachi incurred an expenditure on purchase of Joggers 11,099 Nos from M/s Service Sales Corporation private Limited, Karachi during audit period 2017-2018.

Audit observed that the purchases were made without open competition.

Audit is of the view that due to purchases without open competition deprived the government from the benefit of competitive rates.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.33 Irregular purchase of water bottles - Rs. 2.018 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 HQ Pakistan Rangers, Sindh Karachi incurred an expenditure of Rs. 2.018 million on purchase of water bottles from M/s Tipu Khan Trading, Karachi during audit period 2017-18.

Audit observed that the purchases were made without open competition.

Audit is of the view that due to purchases without open competition deprived the government from the benefit of competitive rates.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.34 Over payment of Adhoc Relief Allowances - Rs. 1.940 million

Commandant Frontier Constabulary Khayber Pakhtunkhwa, Peshawar most immediate signal No.19417/Budget dated 06.10.2016 directed that the Adhoc Relief Allowance 2013, 2014 and overpayment Adhoc Allowance detail 2013, 2014 and 2015 have been merged in the Basic Pay of all Government Employees of your District instead of newly replaced Adhoc Relief Allowance 2016 by the Government.

AGPR, Sub office, Peshawar vide letter No. PR-I/CFC/Part-II/DOFC Tank/2016-17/233 dated 28.11.2016 intimated for regularization as per prevailing orders, which has been drawn by employees of DOFC, Tank.

The management of District Office Frontier Constabulary, Tank incurred expenditure amounting to Rs. 1.940 million as Adhoc Relief Allowance 2013, 2014 and 2015 during financial year 2016-17. Details are as under:

S. No	Month	Adhoc Allowance 2013	Adhoc Allowance 2014	Adhoc Allowance 2015
1	July 2017	865,615	869,404	10,560
2	October 2017	7,140	4,170	5,940
3	November 2017	68,893	59,753	42,301
	Total Rs.	**943,661**	**935,341**	**60,816**
	Grand Total Rs.			**1,939,818**

Audit observed that the Adhoc Relief Allowance 2013, 2014 and 2015 were not regularized as per directions of AGPR letter dated 28.11.2016 for regularization from AGPR, Sub office Peshawar.

Audit is of the view that payment of Adhoc allowances 2013, 2014 and 2015 after merger of these in revised pay scale 2016 was irregular and unauthorized.

The management did not reply till finalization of the Report till finalization of this report.

Audit recommended that the regularization of the allowance may be made with the AGPR on priority basis under intimation to Audit.

19.4.35 Un-authorized collection of Passport Fee by the Mobicash - Rs.577.477 million

Ministry of Interior with the approval of Ministry of Finance and State Bank of Pakistan have entrusted the collection of passport and Visa Fees in cash in Pakistan to National Bank of Pakistan in Procedure for Collection of Passport and Visa Fees in Pakistan, 1986.

The management of Directorate General of Immigration and Passports, Islamabad has allowed National Bank of Pakistan (NBP) to collect passport fee through Mobicash in an agreement signed with the NBP on 28.01.2016. Accordingly Mobicash process 158362 transactions and collected Rs.577,476,900 as passport fee from the customers for the period from 01.02.2016 to 27.09.2017.

Audit observed that collection of passport fee by the Mobicash without approval of Finance Division and State Bank of Pakistan was irregular and un-authorized.

Audit is of the view that collection of passport fee being Government receipt by the Mobicash being a private party was irregular and un-authorized.

The management replied that Branchless banking service for collection of passport and visa fee is a value added service launched by the National Bank of Pakistan with the collaboration of M/S Mobilink under the administrative approval of the Interior Division vide their letter No. 15/7/2015-Estt(I&P) dated 14-10-2015 which is optional for those applicants who do not want to queue up for deposit of passport fee.

However, timely as well as securely realization of the passport and visa fee is guaranteed by NBP. This service not only provides convenience to the applicants, it facilitates also the department to verify the deposit of fee on real time basis and country wide collection of passport and visa fee is reconciled centrally and more accurately. Moreover, passport offices have not to wait for bank scrolls on coming days to verify the deposit of fee which reduces the chances of forgery, fraud and other such possible leakages. Interior Division simultaneously referred the case to the Finance Division for their concurrence and Finance Division further referred the case to the Auditor General of Pakistan/Controller General of Accounts for their views & comments. The matter is still under decision with the Finance Division.

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

DAC has pended the Para and directed that the matter may be pursued with Finance Division.

Audit recommends that the responsibility may be fixed for granting permission to mobicash for collection of passport fee without authorization from Government i.e., Finance Division, Auditor General of Pakistan and Controller General of Accounts.

19.4.36 Irregular advance payment of Rs. 218.783 million and non-deduction of Income Tax – Rs. 32.817 million

According to Finance Division O.M. No. F.8(69)R.14/83/2001-452 dated 18.10.2001 hiring of private properties for office accommodation by the Federal Government must be supported by the following documents:

i. Statement of space entitlement along with details of sanctioned strength of officers/officials duly approved by Works Division as per their letter No. 10(11)/71-WIII dated 17.08.1971.

ii. Assessment Certificate issued by Pak PWD in accordance with specifications of the premises.

The policy of hiring of office accommodation was decentralized and rates for commercial buildings/office buildings were fixed by the Ministry of Housing & Works vide letter No. 2(1)2000-Policy dated 04.11.2002, which were revised on 14.04.2008.

Para 3 of Ministry of Housing and Works O.M. No. F.2(1)/2004/Policy dated 17.09.2004 states that after the decentralization of hiring of office accommodation, Ministry/Division/Department are competent to hire the private buildings for office accommodation at their own as per prescribed scale, entitlement and the instructions issued by Ministry of Housing and Works.

Moreover, the Ministry/Division/Department will obtain the rent reasonability certificate from the Pak PWD in each and every case. The Pak PWD shall ensure that the requirement of space is calculated by the Ministry/Division/Department in accordance with the prescribed scale laid down for various categories of officers/staff, etc.

Serial No. 9(16) of Annex-I to Para 8(a) of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions are empowered to incur expenditure up to Rs. 100,000 per month under the head Rent of Non-residential Buildings.

Clause b(iii) of the lease agreement states that "Lease amount for the first three (03) years shall be paid by the LESSEE to the LESSOR in advance immediately upon the finalization of this Agreement; Government taxes levied on lease amount of Rs. 218.8 million, if any, will be paid by the LESSEE."

Clause c(x) of the lease agreement states that "the Lessee will provide structural designing for construction of additional two floors and necessary modifications."

Section 155 "Income from Property" of the Income Tax Ordinance, 2001 states that the rate of tax to be deducted shall be 15 % of the gross amount of rent.

The management of NACTA made a lease agreement with DG ISI on 28.12.2016 for the lease of Capital Hotel situated at G-7/4, Islamabad with covered area of 40225 sq ft at the rate of Rs. 100 per sq. ft. per month and paid Rs. 218,783,600 vide Cheque No. A359268 dated 24.01.2017 as advance rent for a period of three years.

Audit observed that:

i. NACTA paid Rs. 218.783 million as advance rent of Capital Hotel for a period of three years. This amount also included rent of two floors (4th & 5th) which were not constructed at that time. The construction work was not started up to June, 2017.

ii. At the time of agreement the building had only three (3) floors with covered area about 40225 sq. ft. and the two (2) floors (4th and 5th) were to be constructed making it about 60776 sq ft.

iii. NACTA vide letter No. 1/1/BoG/NACTA/2013 (Pt) dated 24.01.2017 mentioned that the amount is provided for the renovation and refurbishment, extension and refurbishing of Capital Hotel for housing NACTA (including Joint Investigation Department). However, this work was not mentioned in the lease agreement.

iv. The period for which rent was paid was not mentioned in the agreement.

v. NACTA did not deducted income tax @ 15 % amounting to Rs. 32.817 million.

vi. NACTA did not provide the construction details, user requirements of space utilization, architectural design and drawings, system/electric drawings, structural design/ drawings and estimated cost of the work to the lessor. Non provision of these documents caused unnecessary delay in the work.

vii. The building was hired without observing the scales of office accommodation fixed by Ministry of Housing of Works.

Audit is of the view that hiring of building without observing the laid down instructions was irregular and unauthorized.

Management in its reply dated 13.11.2017 conceded as fact audit viewpoint that rent for 4th and 5th floor of building was made on which construction had not started yet. It contended that Federal Govt is exempt from Income tax under section 49 of Income Tax Ordinance and that is why withholding income tax was not deducted as ISI is Federal Government organization.

Management has accepted that rent was made for unconstructed floors (4th and 5th floor). This is illogical. Secondly, exemption from income tax cannot be claimed as under section 49 (4) of income tax ordinance 2001 exemption from income tax is disallowed as ISI is a 'institution set up and owned and controlled' by Federal Government for which exemption cannot be claimed.

Audit recommends recovery of income tax and an inquiry constituted to probe for advance 3 year rent payment which included two unconstructed floors (4th & 5th floor).

19.4.37 Non availability of deposited challan of the withdrawn amount from the bank account to deposit into government account - Rs 3.842 million

Rule 92 of FTR Volume-I states that any person paying money into a treasury or the Bank on Government account shall present with it a memorandum (or challan) in Form T. R. 6, showing distinctly the nature of the payment, the person or Government officer on whose account it is made, and all the information necessary for the preparation of the receipt to be given in exchange for the proper account classification of the credit and, where necessary, for its allocation between Government and departments concerned. As far as possible, separate challans shall be used for moneys creditable to different heads of accounts.

Passport office Skardu was maintaining a bank account for deposit of passport fee and an amount of Rs. 91.728 million was withdrawn from the bank account for deposit into government account.

Audit observed that deposit challan of Rs 87.887 million was available with the RPO Skardu and T. R. 6 challan for an amount of Rs. 3.842 million was not available in the RPO Skardu.

Audit is of the view that non-availability of the deposited challan, suspects the transaction of debiting Rs 3.842 million to the bank account for depositing into government account.

The management replied that missing challan and amount variations between bank and treasury is rectified.

Reply was not acceptable because the submitted challans have already been included in the statement of the Audit.

Audit recommends that the matter may be looked into and copy of the treasury challan may be provided to Audit.

19.4.38 Loss to the Government due to non-receipt - Rs.753.249 millions

Para 26 of GFR (Vol-1) states that it is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Accounts they should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the public account.

The management of FC, KPK provided services of its personnel to the Government of Balochistan, Government of Gilgit Baltistan and Pakistan Water and Power Development Authority (WAPDA).

Audit observed from departmental record that platoons of Frontier Constabulary were deployed accordingly. The management did not provide contract agreements in this regard. It is suspected there were not contract agreements. However following amounts of actual dues of Constabulary were found outstanding against above mentioned Governments and Authority.

(Rs. in million)

Govt: Balochistan.	456.200
Govt: of G.B	161.794
WAPDA	135.255
Total:	**753.249**

Audit is of the view that non-receipt of outstanding amounts of Rs. 753.249 million resulted into loss to Government.

The management replied that they have issued reminders to the Secretary Home Department Gilgit Baltistan, the Chairman WAPDA and the Chief Secretary Government of Balochistan to remit the outstanding amount. As and when received DG Audit Islamabad will be informed accordingly.

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

Audit recommends that matter may be brought on higher forum for early receipt of outstanding amounts.

19.4.39 Irregular payment of CAF Allowance to FC Jawans - Rs. 216.392 million

Finance Division (Regulation Wing) office memorandum No.F1(7)IMP/2009-III dated 23.07.2009 states that Government of Pakistan has allowed an allowance equal to one month's pay to the Civil Armed forces (CAF) Personnel including FC KPK & Baluchistan deployed on the western front with effect from 01.07.2009.

The following District Officers Frontier Constabulary under the control of Commandant Frontier Constabulary Khyber Pakhtunkhwa Peshawar paid CAF Allowance to FC Jawans during 2014-17:

Name of Office	Para No	Amount in millions
DOFC Kohistan	03	42.550
DOFC OGHI	03	62.647

DOFC Shabqadar	02	111.195
	Total	**216.392**

Audit observed that CAF Allowance was paid to the employees of DOFCs who were not deployed on the western front in violation of Government instructions contained in Finance Division (Regulation Wing) office memorandum No.F1(7)IMP/2009-III dated 23-07-2009.

Audit is of the view that payment of CAF allowance to the employees of DOFCs not deployed on the western front was irregular and unauthorized which resulted in the loss of Rs. 216.392 million to the Government.

The management replied that F.C falls within the ambit of Armed forces and engaged in operation area where Pak. Army/other security agencies are deployed. The allowance as drawn is admissible to all FC employees under the prevailing of current law and order situation. Also in the Govt. of Pakistan OM No.FI(7)/IMP/2009-III/dated 23-07-2009, no justification/definition of the Western front was mentioned. Hence the drawl is made for all FC Personnel's deployed in KPK. Hence the drawl of 100% CAF allowance is regular.

The reply was not acceptable because Western Front is the boundary of Afghanistan and Iran and CAF Allowance was paid to the individuals who were not deployed on the boundary of Afghanistan and Iran.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.40 Over Drawl of Ration Allowance - Rs. 45.075 million

Para-10(i) of GFR Vol-I, provides that every Government officer shall exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The following District Officers Frontier Constabulary under the control of Commandant Frontier Constabulary submitted their Strength Returns showing available strength and men on leave to the Commandant Frontier Constabulary for onward submission to Ministry of Interior.

Audit observed that the management concerned, has drawn ration allowance for the men on leave at full rate which resulted in a total loss of Rs. 45.075 million, as worked out below.

Name of Office	Para No	Amount
DOFC Malakand	06	32.796
DOFC SWAT	10	12.279
Total		**45.075**

Audit is of the view that the overdrawal of ration allowance is unjustified and irregular, putting the Government to a loss of Rs. 45.075 million.

The management did not reply till finalization of the Report.

Audit recommends the recovery of the overdrawn amount under intimation to audit.

19.4.41 Loss to Government due to non-deposit of Receipts - Rs. 10.127 million

According to Para-8 of GFR Vol-I, it is the duty of administrative department to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury.

Para 26 of GFR Vol-I, provides that it is the duty of the department controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

The District Officer Frontier, Constabulary Shabqadar rented out its shops and canteen and an amount of Rs. 10.128 million was collected as rent of shops and canteen owned by the FC during 2015-17 and deposited into the private bank account.

Audit observed that the amount of rent needs to be deposited into the government treasury instead of private bank account.

Audit is of the view that non-deposit of government receipt deprived the government of its due receipt.

The management replied that as per past practice and decision of DAC, 10% of the total receipt of 198 shops and canteens has already been deposited into Govt. treasury by challan.

The reply was not acceptable because DAC was not the competent form for such orders. Further, no evidence was provided in support of the reply.

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

19.4.42 Loss to Government due to non-deduction of Sales tax – Rs. 24.814 million

According to clause-2 of the contract agreement(s) signed by the IGFC KP Peshawar with different contractors for the supply of Firewood "the rates of firewood were inclusive of GST".

According to C.B.R circular No.11 circulated vide No.1-167(1)ITP/98-EC dated 25/7/1998, income tax at the prescribed rate shall be recovered from the contractors irrespective of their residential status.

According to Collectorate of Sale Tax Peshawar letter No. ST (Tech) Govt/31/2001/4191 dated 13/6/2001, sales tax shall be deducted @ 17% and invoice shall be got verified from the sales tax Collectorate where the supplier is located.

The management of Tochi Scouts paid Rs. 145.967 million to M/s Ihsanullah & Co for purchase of firewood during 2012-17.

Audit observed that the payment was made to the contractor without deduction of 17% GST, i.e. Rs. 24.814 million.

Audit is of the view that due to non-deduction of sales tax the Government was deprived of its due receipt.

The management did not reply till finalization of the Report.

Audit recommends that the amount of Rs 24.814 million may be recovered and deposited in to the treasury.

19.4.43 Non-Reconciliation of expenditure with accounts office - Rs. 4,570.157 million

Para-89(5)(3)(viii) of GFR Vol-I provides 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 books unless in any case there are special rules or orders to the contrary, such as those contained in Paragraph 90, the reconciliation should be made monthly.

The management of Khattak scouts at Manzai has incurred a total expenditure of Rs. 4,570.157 million on pay & allowances & operating expenses during 2014-17. Details are as under:

Year	Allotment	Expenditure
2014-15	892,114,000	1,233,815,717
2015-16	1,608,096,000	1,454,577,594
2016-17	1,828,287,164	1,881,763,673
Total	**4,328,497,164**	**4,570,156,984**

Audit observed that the management has prepared department expenditure statements but the same were not reconciled with the accounts officer Tank to authenticate the expenditure and to see any variations in the funds allocation or expenditure and any misclassification.

Audit is of the view that expenditure in absence of reconciliation with accounts office cannot be authenticated.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.44 Non-transparent bidding and award of contracts valuing-Rs.5,847.991 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.

During audit of works accounts of Inspector General Frontier Corps Khyber Pakhtunkhwa Peshawar it was observed that no contractors have been enlisted with the Headquarter Frontier Corps Peshawar. The local head quarter executed works on 03 No civil works/construction of buildings during 2015-16. Tenders for the award of these works were invited through daily newspapers on various dates. In the building process of all the works only 02 contractors participated and for each work in all schemes only 03 contractors took part out of which in all cases lowest rate equal to estimated cost were approved and all the works were awarded to the following 04(four) contractors.

i. S. Builders.

ii. Ihsanullah & Co.

iii. Atif Khan Khattak.

iv. Zenith Construction & Engineering

The management of Frontier Corps HQ KP Peshawar floated tenders for execution of various PSDP schemes during 2015-16. The work was awarded to following contractors:

Name of Work	Sub Work	Cost	Contractors participated in Bidding	Cost	Contractor selected
(PR 1054) Const: Accommodation for 3 * Wings at chota data khelgharlamai, &Gharyam NWA	1. Chota data Khel	410.517	1. M/S Atif Khan Khattak	431.898	Ihsanullah Const: & Co
			2. Zenith Const: &Eng:	424.071	
			3.Ahsanullah Const: Co	402.217	
	2.Gharlamai	410.517	1.M/S Atif Khan Khattak	427.599	Ihsanullah Const: & Co
			2.S.Builders	432.134	
			3.Ahsanullah Const: Co	402.217	
	3.Gharyam	410.517	1. Zenith Const: &Eng:	414.253	S.Builders
			2. M/S Atif Khan Khattak	425.108	
			3. S.Builders	402.217	
(PR 1055) Const: Accommodation for 4 * Wings at Wachabibi,QamarIsha, AppiFaqir&Dwa Toi NWA	1. Wachabibi	410.517	1. Zenith Const: &Eng:	402.217	Zenith Const: &Eng:
			2.S.Builders	417.347	
			3.Ahsanullah Const: Co	425.903	
	2. Qamar Isha	410.517	1. Zenith Const: &Eng:	402.217	Zenith Const: &Eng:
			2.S.Builders	423.618	
			3.Ahsanullah Const: Co	430.265	
	3. AppiFaqir	410.517	1. S.Builders	402.217	S.Builders

			2. Zenith Const: &Eng:	418.293	
			3. M/S Atif Khan Khattak	425.209	
	4. Dwa Toi	410.517	1. Zenith Const: &Eng:	427.954	Ihsanullah Const: & Co
			2. M/S Atif Khan Khattak	420.759	
			3.Ahsanullah Const: Co	402.217	
3.(1056 Const: Accommodation for 3 * Wings at Jhalar, Ghurbaz&Saidgai NWA	1. Jhalar	410.517	1.M/S Atif Khan Khattak	402.217	M/S Atif Khan Khattak
			2.S.Builders	434.160	
			3.Ahsanullah Const: Co	421.698	
	2. Ghurbaz	410.517	1. Ahsanullah Const: Co	424.498	S.Builders
			2. M/S Atif Khan Khattak	412.720	
			3. S.Builders	402.217	
	3. Saidgai	410.517	1. Zenith Const: &Eng:	427.372	M/S Atif Khan Khattak
			2.Ahsanullah Const: Co	415.246	
			3. M/S Atif Khan Khattak	402.217	
Const: of 01 additional wing accommodation for Dir Scouts Samabagh		403.935		403.935	Ihsanullah
Const: of 01 additional wing accommodation for Thall scouts		433.638			M/S Atif Khan Khattak
Const: of 01 additional wing accommodation for Shawal Rifles		494.731			Zenith Const: &Engrng
S.S.B Wing at Shahkas		410.517			M/S Atif Khan Khattak
		5,847.991			

Audit observed as under:

i. Only formality for participation of 04 bidders were fulfilled.

ii. The bidding process was pre-managed and the schemes were distributed to the favorite pre-selected contractors.

Audit is of the view that due to distribution and execution of schemes through a pre-managed bidding process compromised the economical, transparent, competitive and effective approach of PPRA and as well as GFR as quoted above.

The management stated that the contracts have been awarded to the registered contractors after inviting tenders through open media. In all the cases contracts have been awarded to the lowest bidders. No compromise was done during competitive process.

The reply of the management is not acceptable, as no documentary evidence in support of reply was produced.

Audit recommends that responsibility may be fixed besides stoppage of such practice in future under intimation to audit.

19.4.45 Less recovery of income tax - Rs. 54.878 million

According Section 153 of Income Tax Ordinance 2001 Income Tax at the prescribed rate should be deducted from the contractors, suppliers.

According to FBR SRO “the required Income tax for contractors are 7.5% from Filer and 12.5% from non-filer”.

The management of Frontier Corps KP has paid a total amount of Rs. 1067,570,325 to various contractors on account of execution of different schemes during year 2016-17.

Audit observed that income tax @ 7.5 % was deducted from contractor.

Audit further observed that the contractors were non filer and the tax deduction was required to be made @ 12.5% as per above SRO.

Audit is of the view that due to less deduction of Income tax the Government has been put to a loss of Rs.54,878,520 {Rs.133446293-78567770 (12.5%-7.5%)}

The management stated that income tax (7.5%) was deducted from contractor according to rules and no less recovery of income tax was made as all contractors were active filler.

The reply was not acceptable, as no documentary evidence i.e. proof showing as active tax-payer etc. was produced to audit.

Audit recommends either proof showing active tax-payer may be produced or recovery may be made under intimation to audit.

19.4.46 Irregular expenditure on civil works - Rs. 48.848 million

Para 192 of GFR Volume-I, states that ‘When works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.’

Para-56 of CPWD Code, Work on a scheme may not be started unless it is Technically Sanctioned by the competent authority.

Rule 395 FTR Vol-I, provides the payments of all works done shall be made the basis of measurements recorded in measurement book kept for the purpose. Claims for such payments shall be prepared by the claimant themselves in authorized forms of bills and no payment may be authorized unless the correctness of claim in respect of quantities and rates as well as the quality of the work done have been accepted.

Para-3.8 of Guidelines for Project Management all the projects irrespective of the cost are to be considered by the DDWP. The projects costing up to Rs. 40 million are approved by the DDWP.

Para-9.1 of Guidelines for Project Management after the approval of the project, the executing agency implements the project according to the provision of PC-I. There is no need for revision of PC-I if completion cost is within the permissible limit of 15% of the approved cost and scope of the project as approved in the PC-I.

The management of FIA awarded the civil work to M/s Nasrullah Khan & Company, KPK at total cost of Rs. 71,471,874 vide tender dated 24.12.2014. The management incurred an expenditure of Rs. 48.848 million i.e. Rs. 18.413 million and 30.435 million during 2016-17 and 2017-18 respectively. The expenditure was met out of the International Narcotics & Law Enforcement Agency Project funds as agreed in the Project Implementation Letter (PIL). The detail of work is given below:

Description of Work	Estimated Cost	Tender Cost	%age above estimated Cost
Extension of rooms in Eastern/Western & MT Barrack at FIA H/Q G-9/4 Islamabad	12,726,071	15,780,328	24
Construction of FIA Punjab Zonal Office at Lahore	25,672,934	30,907,554	20
Renovation of FIA HQ Building and Academic Building at FIA H/Q G-9/4 Islamabad	20,149,587	24,783,992	23

Audit observed as under:

i. The expenditure was carried out without framing departmental regulations for carrying out Civil Works.

ii. The projects/ scheme were not Technically Sanctioned by the Competent Authority.

iii. Director Admin was not competent to issue expenditure sanction.

iv. No measurement books were maintained to ascertain that the payments were made after due inspection by the concerned engineering staff. The measurement mentioned by the contractor was relied upon while making payments.

v. The projects/ scheme was approved by the project Steering Committee (PSC) which was not a competent forum.

vi. The contracts were awarded 24 % above original cost without revision of the PC-I.

Audit is of the view that expenditure on civil works without framing departmental regulations, technical sanctions of estimates, measurement books, administrative approval and approved PC-I from the competent forum was irregular and unauthorized.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

19.4.47 Irregular payment of transport monetization to the officers availing exclusive use of official vehicles - Rs. 16.895 million

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

Para 2 of the Rules/Policy for Monetization of Transport Facility for Civil Servants (BS-20 to BS-22) circulated by the Cabinet Division vide letter No. 6/7/2011 CPC dated 12.12.2011 states that the basic objective of this transport monetization policy is in line with the observance of the austerity measures and to eliminate any possibility of misuse of official vehicles, as well as, to restrict the maintenance expenditure of the vehicles to the bare minimum, which shall be used as protocol/ operational duty purposes.

According to rule 5 (10) of the Rules for the use of Staff Cars, 1980; an officer requiring a staff car for official duty shall fill Part-1 of the Requisition Slip at Annexure "C" and send it to the Officer-in-Charge of Transport.

The management of Directorate General of Federal Investigation Agency, Islamabad provided official vehicles to the Officer B-20 and above and they were exclusively using official vehicles. The officers were also paid transport monetization amounting to Rs. 16.895 million as detailed below:

S No.	Name,Designation	Period	Monthly	Total
1	Mazhar ul Haq Kaka Khel, Director (GAC-004 Toyota Prius 1800 CC)	01.07.2015 to 30.06.2018	65,950	2,374,200
2	Zahir Ahmad, Director (GAC-019 Toyota Corolla Car 1300 CC)	01.10.2015 to 30.06.2018	65,950	2,110,400
3	Javed Soonharo Jiskani, Director (GAA-094 Vigo 2494 CC)	01.06.2018 to 30.06.2018	65,950	65,950
4	Maqsood-ul-Hassan, Director (GAC-014 Toyota Prius 1800 CC)	01.07.2015 to 30.06.2018	65,950	2,308,250
5	Hazrat Ali, Director (GW-553 Toyota Corolla Car Altis 1800 CC)	01.07.2015 to 30.06.2018	65,950	2,308,250
6	Dr. Muhammad Shafique, Director, (GAC-002 Toyota Prius 1800 CC)	01.07.2015 to 30.06.2018	65,950	2,308,250
7	Capt. (R) Ahmed Latif Addl DG (GAA-021)	01.07.2015 to 30.06.2018	77,430	2,710,050
8	Wajid Zia, Addl Direcotr (GAC-005 Toyota Prius 1800 CC)	01.07.2015 to 30.06.2018	77,430	2,710,050
			Total	**16,895,400**

Audit observed that payment of monetization to the officers who were provided official vehicles for their exclusive use was irregular and in violation of the monetization policy.

Audit is of the view that payment of transport monetization to the officers availing exclusive transport facility was irregular and un-authorized which resulted in the loss of Rs. 16.895 million to the Government.

The management did not reply till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity besides recovery from the person at fault.

19.4.48 Irregular and unauthorized payment of house rent ceiling with monthly salaries to the employees - Rs. 122.325 million

According to the Allocation Rules, 2002 and subsequent instructions for hiring of residential accommodations issued by the Ministry of Housing and Works states that the government servants are allowed to the hiring of residential accommodation at specified stations for which necessary documents are required to be provided and the payments are made to the owners of the house on the basis of lease agreements.

The Ministry of Housing and Works vide O.M. No.F 2(3)/2003-Policy dated 31.07.2014 states that "it is the responsibility of the respective Ministries/Divisions/Departments to hire residential accommodation for their employees within their budgetary resources. The specification, covered area of house and the present rental ceiling of Federal Government Employees (BPS 1 to 22) at the six specified stations should be observed besides adoption of procedure/modalities for hiring of residential accommodation e.g. Application for permission to occupy the house, consent of owner, copy of ownership documents, copy of map / approved plan of house, CNIC of allotte and owner, relevant affidavits on given specimen, issuance of permission letter, inventory report, measurement report, assessment report, execution of agreement etc.

In terms of Ministry of Interior's Notification No.2/24/2006-Estt (FIA) dated 27.05.2015, "consequent upon a summary initiated by M/o Interior, dated 24.04.2015, Prime Minister of Pakistan on 19.05.2015 has been pleased to approve payment of house rent ceiling with monthly salary to the FIA officers in BS-17 and above entitled for Government accommodation".

In terms of Ministry of Interior's Notification No.2/24/2006-FIA/Estt., dated 20.09.2016, "consequent upon a summary initiated by M/o Interior, dated 10.05.2016, Prime Minister of Pakistan has been pleased to approve payment of house rent ceiling for acquisitioning private accommodation with monthly salary to the employees of FIA in BS-16 and below w.e.f. 08.09.2016, entitled for Government accommodation".

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

The management of Director General, Federal Investigation Agency (FIA) Headquarter, Islamabad made payment of Rs. 122,325,059 as house rent ceiling to the employees during the period from 2015-16 to 2017-18. The year-wise detail is given below;

Sr. No.	Period	House Rent Ceiling (at Islamabad Rate)	HRA	House Rent Allowance (including Monthly HRC)
1	2015-16	4,876,544	18,554,399	23,430,943
2	2016-17	44,682,880	3,092,400	47,775,280
3	2017-18	72,765,635	0	72,765,635

Audit observed as under:

i. The drawback of this facility is non-observance and clear violation of standing orders issued from time to time.

ii. This facility has resulted into disparity between Government employees for provision of monthly house rent ceiling only to FIA employees.

iii. The facility of monthly payment of house rent ceiling was provided to all officers and staff irrespective of those already availing the facility of rent of residential accommodation because it was admissible only to those who fulfilled the criteria for hired residential accommodation.

iv. The required documents were not submitted by beneficiaries of the facility who were drawing house rent allowance. Hence, the codal formalities e.g. inspection of house, preparation of inventory report, measurement report, assessment report by the concerned committees etc. were not found fulfilled.

v. The payment of house rent ceiling to the employees' along with monthly salaries, instead of owners of the houses on the basis of lease agreements, without submission of affidavit by the concerned employee(s) for payment of rent to the owner(s) is illegitimate.

vi. The station-wise rate of monthly rental ceiling was not observed due to the reason huge loss was sustained by Public Exchequer.

vii. The complete detail of officers/officials who were already availing the facility of house hiring was not provided. Hence the actual figure of loss can not be ascertained.

viii. Similarly the officer/officials who have taken advance payment of rent before announcement / commencement of this facility, the non-stoppage of monthly HRC for already paid period has resulted into double payment and cause a loss to Public Exchequer.

ix. The entire payment was booked to the House Rent Allowance instead of Monthly Rental Ceiling.

Audit is of the view that expenditure incurred without observing the rules and laid down procedure was irregular and unauthorized.

The management did not reply till finalization of the Report.

Audit recommends that an enquiry may be conducted to ascertain the cases of overpayment than approved ceiling, the cases of individual(s) who have received twice payment for similar period, and those officers/officials who did not submitted documents of house hiring for availing the facility of monthly HRC besides recovery of loss from person(s) concerned.

CHAPTER 20

20. MINISTRY OF KASHMIR AFFAIRS & GILGIT BALTISTAN

20.1 Introduction of Division

Following functions were assigned to Kashmir Affairs and Gilgit-Baltistan Division vide SRO No. 226(I)/2010 (F.No.4-4/2007-Min-I) dated 02.04.2010:

i. Policy, Planning and Development for Gilgit-Baltistan.

ii. Co-ordination with the Government of Gilgit-Baltistan and Gilgit-Baltistan Council.

iii. Co-ordination with the Azad Government of the State of Jammu and Kashmir and the AJ&K Council.

iv. Matters relating to the Settlement of Kashmir dispute, other than those falling within the purview of the Foreign Affairs Division.

v. Administration of Jammu and Kashmir State Property in Pakistan.

vi. Processing of development schemes reflected in the PSDP of M/o Kashmir Affairs and Gilgit-Baltistan at the level of CDWP and ECNEC.

vii. Co-ordination between the Federal Government Organizations and the Government of Gilgit-Baltistan and the Gilgit-Baltistan Council.

viii. Mainstreaming population factor in development planning process, in Azad Jammu and Kashmir and Gilgit-Baltistan (Added vide SRO No. 1100(I)/2010 (F.No.4-17/2010-Min-I) dated 07.12.2010).

ix. Management and distribution of Zakat and Ushr in Azad Jammu and Kashmir and Gilgit-Baltistan and the related and ancillary matter including distribution setup and monitoring and auditing thereof (Added vide SRO No. 1100(I)/2010 (F.No.4-17/2010-Min-I) dated 07.12.2010).

20.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Kashmir Affairs and Gilgit-Baltistan Division for the financial year 2017-18 was Rs. 893.748 million against which the Division utilized Rs. 618.217 million. Grant-wise detail of current and development expenditure is as under:

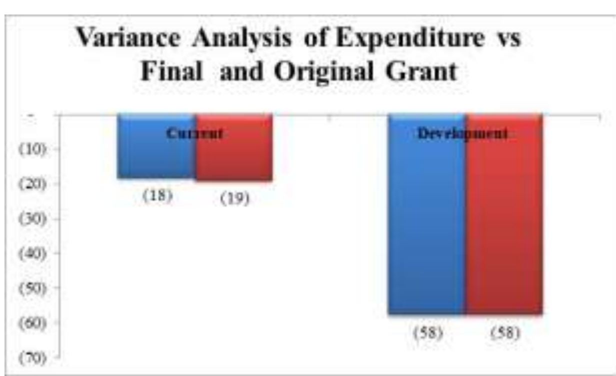
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
73	Current	346,282,000	7,020,000	353,302,000	334,614,578	(18,687,422)	(5)
74	Current	28,872,000	-	28,872,000	26,809,134	(2,062,866)	(7)
75	Current	238,871,000	-	238,871,000	141,324,000	(97,547,000)	(41)
	Sub-Total	**614,025,000**	**7,020,000**	**621,045,000**	**502,747,712**	**(118,297,288)**	**(19)**
132	Development	272,703,000	-	272,703,000	115,469,575	(157,233,425)	(58)
	Total	**886,728,000**	**7,020,000**	**893,748,000**	**618,217,287**	**(275,530,713)**	(31)

Audit noted that there was an overall saving of Rs. 275.530 million.

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. 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 18%, which, after accounting for Supplementary Grants changed to saving of 19%. In development expenditure, savings was 58%.



20.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Kashmir Affairs & Gilgit-Baltistan	1992-93	11	11	8	0	3
	1994-95	4	4	2	0	2
	2006-07	6	6	3	0	3
	2009-10	5	5	1	0	4
Total		**26**	**26**	**14**	0	**12**

20.4 AUDIT PARAS

Irregularity & Non Compliance

20.4.1 Unauthorized transfer from Investment – Rs. 20.577 million

Rule 6 (1) of the Jammu & Kashmir (administration of Property) Rules, 1961 states that the sale proceed Account of immovable property of Jammu and Kashmir State shall be opened in any scheduled bank in the name of Administrator or any other person authorized for this purpose by the Federal Government and shall be operated upon by him.

Rule 7 of the Jammu & Kashmir (administration of Property) Rules, 1961 states that the sale proceeds of the property or any part thereof may at any time be withdrawn from the Account mentioned in rule-6(1) and deposited in any scheduled bank as fixed deposit or utilized partly or in full for the purchase of Government Security Bonds or invested in Government Development Loans or in any other investment approved by the Federal Government for this purpose.

Rule 8 of the Jammu & Kashmir (Administration of Property) Rules, 1961 states that no portion of income accruing from the amount invested under Rule 7 shall be utilized except for:

a. A purpose directly connected with the rehabilitation, welfare of the refugees from the State of Jammu and Kashmir;
b. Grant of stipends or financial assistance to students from the State of Jammu and Kashmir;

c. Purpose connected with the furtherance of the objects of the Kashmir Liberation Movement;
d. The development of the property.

On the recommendation of the Management Committee, Jammu & Kashmir State Property, Lahore incurred Rs. 9.000 million for remuneration and Rs. 11.577 million for construction of road from the profit of the investments during 2017-18.

Audit observed that the expenditure was not covered under Rule 8 of the Jammu & Kashmir (Administration of Property) Rules, 1961.

Audit is of the view that the decision of the Management Committee to draw the amount from the Investment Account was unauthorized.

The management replied that the amount was profit on investment but not the principal amount. The amounts have been spent on the development of the property under Rule 8(d) of Jammu and Kashmir (Administration of Property) Rules 1961.

The reply was not acceptable because the expenditure was incurred in violation of the rules.

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

20.4.2 Loss due to irregular investment of funds in non-transparent manner - Rs. 25.707 million

Para 3 of Finance Division O.M.No.F.4(a)/2002-BR-II dated 02.07.2003 states that public sector enterprises and local/ autonomous bodies can deposit their working balance required for their operations with any public or private bank subject to condition;

Para 3(a) for the state of safety and security of deposits, the bank/ financial institutions taking a deposit should have a minimum "A" rating (Long

Term) as appearing on the website of the State Bank of Pakistan. This "A" rating refers to the rating scale used by Pakistan Credit Rating Agency and JCR-VIS credit Rating Company for banks incorporated in Pakistan and Moddy's Fitch's and Standard & Poor's rating for foreign banks operating in Pakistan. Rating scales of other agencies acceptable to the State Bank should be equivalent to the rating of the above mentioned companies. Information and clarification on this manner may be obtained from Banking Policy Department of the State Bank of Pakistan.

The management of office of the Administrator, Jammu & Kashmir State Property, Lahore invested a sum of Rs. 2.081 billion in National Bank of Pakistan, Sheikh Zayed Hospital Branch, Lahore at the interest rate of 6.05%.

Audit observed that the Zarai Taraqiati Bank Limited, Model Branch, 47-C, the Mall, Lahore quoted the highest rate of return and its rating was AAA and also fulfills the criteria as per Finance Division but the Management Committee decided to make investment in National Bank of Pakistan, Sheikh Zayed Hospital Branch, Lahore at lower rate of interest. The detail is as under:

Amount Available	Bank	Rating	Rate Offered	Estimated Profit	Difference/ Loss	Remarks
593,348,492 621,581,369 748,691,018	ZTBL	AAA	6.60 %	129,598,978	11,781,725	Invested in NBP at lower rate
	NBP	AAA	6.00 %	117,817,253		
619,343,528	ZTBL	AAA	6.50 %	40,257,329	2,477,374	Invested in NBP at lower rate
	NBP	AAA	6.10 %	37,779,955		
628,906,241 658,834,374 793,715,980	ZTBL	AAA	6.60 %	137,374,867	11,447,906	Invested in NBP at lower rate
	NBP	AAA	6.05 %	125,926,961		
				Total:	**25,707,005**	

Audit is of the view that undue favour was extended to a bank who did not offer the higher interest.

The management replied that the Management Committee in its meeting held on 22.07.2016, 15.08.2016 and 14.07.2017 recommend reinvesting of funds with National Bank of Pakistan @ 6.0%, 6.10% and 6.05%, respectively. National Bank of Pakistan is one of the most credible banks and also performs the functions on behalf of the State Bank.

The reply was not acceptable because the investment was made in violation of the rules.

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

20.4.3 Unauthorized payment of honorarium to the Ministry staff - Rs. 20.498 million

Rule 10(3) of the Jammu and Kashmir State Property Rules, 1961 states that the amount of the rent or lease money or other receipts of the property may be utilized for the following purposes namely:

a. Grant of stipends or financial assistance to students of the state of Jammu & Kashmir
b. For the purpose connected with the furtherance of the objects of the Kashmir Liberation Movement.

The management of Jammu & Kashmir State Property, Lahore paid Rs. 5.050 million and Rs. 15.448 million during 2016-17 and 2017-18 as honorarium.

Audit observed that the honorarium was paid to the employees of the Ministry of Kashmir Affairs and Gilgit-Baltistan who were not on the strength of J & K State Property.

Audit is of the view that payment of honoraria to the staff of the Ministry was irregular and unauthorized.

The management replied that the expenditure was incurred on the recommendations of the Management Committee which was duly approved by the Competent Authority i.e. Secretary/PAO, Kashmir Affairs & Gilgit Baltistan Division, Islamabad.

The reply was not acceptable because the payment was made in violation of rules.

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility beside recovery of already paid amount.

20.4.4 Doubtful disbursement/assistance to the students - Rs. 8.210 million

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

The management of the Jammu and Kashmir State Property, Lahore released an amount of Rs. 8.210 million to the Ministry of Kashmir Affairs and Gilgit-Baltistan as Grant of Stipends and Financial Assistance to Students from the State of Jammu and Kashmir and Refugees during 2016-18.

Audit observed as under:

i. An amount of Rs. 4.000 million was disbursed to 120 and 135 students during 2016-17 & 2017-18, respectively.
ii. The minutes of the stipend selection committee were not provided.
iii. There was no proof showing their belonging to State of Jammu and Kashmir was available in the record.
iv. The payment was not supported with acknowledgment of students/refugees.
v. Whereabouts of remaining amount of Rs. 4.210 million was not known as the management did not provide the bank statements.

Audit is of the view that the unspent amount should have been recovered from the Ministry and deposited into Government Treasury.

The management replied that minutes of the stipend selection committee for award of fresh stipends the year 2016-2017 are enclosed. In the note portion name of each university/college from where the student belongs to have been clearly mentioned. However, the merit lists of each discipline showing the student where from belong is enclosed.

The reply was not acceptable as no information was found attached with the replies and the required information was not provided during the audit for scrutiny.

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the unspent balance of Rs. 4.210 may be recovered and deposited into Government Treasury under intimation to audit.

20.4.5 Irregular expenditure on construction and rehabilitation of building - Rs. 7.882 million

Para 157 of F.T.R. Vol-I states that "all payment exceeding Rs.500/- should be made through crossed cheque".

The management of Jammu & Kashmir State Property, Lahore incurred an expenditure of Rs. 7.882 million on account of Repair and Rehabilitation of existing building. Crossed cheques amounting to Rs. 7.882 million were issued to M/s Shah Zaib Yaseen (Contractor) as evident from the Administrative Officer (Accounts) letters.

Audit observed that all payments were made in cash as evident from the bank statement while the management showed payments through crossed cheques.

Audit also observed that there were no copies of cheques available in the record.

Audit is of the view that the crossed cheques could not be encashed as shown in bank statements which is suspicious.

The management replied that copies of cheques in the shape of counter folio of cheque book are available.

The reply was not acceptable because counter folio could not fulfill the requirement of copy of cheques as it could not be presented to bank as evidence of payment.

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that an inquiry committee may be constituted to inquire the matter and fix the responsibility under intimation to audit.

20.4.6 Irregular payment on account of rent of residential accommodation – Rs. 12.418 million

Para 2(iv) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that each Ministry/Division/Department will constituted an Assessment Committee comprising three officers headed by a BPS-19 officer (in the case of Departments, Chairman of the Committee will be a representative of the administrative Ministry/Division) to assess the rent of the house and submit Assessment Report keeping in view the rental ceiling of the allottee and the covered area according to specification as prescribed in the Accommodation Allocations Rules, 2002.

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that 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 the Jammu & Kashmir State Property, Lahore incurred expenditure on account of rent of residential accommodation Rs.12.418 million. Detail is as under:

Financial Year	Total Amount (Rs.)
2016-17	6,074,207
2017-18	6,344,618
Total	**12,418,825**

Audit observed as under:

i. The assessment of the covered area was not carried out.

ii. The payment was made to the employee instead of owner of the house without entering into lease agreement with the owner by the J & K State Property, Lahore.

iii. The payments were made in cash on monthly basis.

iv. Income Tax was not deducted on these payments.

v. Payments were made without determining rural/urban areas.

Audit is of the view that payment as rent of residential building was made without assessment of the covered area to the employee instead owner of the house without entering into lease agreement is irregular. Moreover payments were made in cash on monthly basis without deducting the income tax is violation of the rules.

The management replied that residential buildings were hired for the employees of the Office of the Administrator, Jammu and Kashmir State Property after observance of codal formalities i.e. assessment of covered area, ceiling of the employees, building plan and lease agreement. Payment is made on monthly basis after receiving the proper receipt from the owner in writing. All the buildings are situated in the urban areas. As far as the deduction of income tax is concerned, no payment made on account of house requisition falls within the prescribed limits for deduction of income tax.

The reply was not acceptable as relevant record was not shown during the audit. Further the plea of the management regarding non-deduction of income tax is unjustified.

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be stopped forthwith and comply with the government rules for hiring of residential accommodation under intimation to audit.

20.4.7 Loss to government due to non-recovery of transfer fees and rent - Rs. 8.761 million

Section 3 A(1) of the Ministry Kashmir Affairs & Gilgit-Baltistan Division Notification No. SRO-(82)(KE)/2012 dated 10th July, 2012 states that the Administrator shall upon the express consent in writing of the previous tenant charge the tenancy of a unit in favour of new tenant subject to:-

a. Payment of outstanding arrears of rent or any other outstanding dues, and
b. Execution of fresh tenancy agreement by the new tenant at the rent determined in the rule
c. Payment of transfer fee equal to two years rent at the rate prevailing immediately before the newly fixed rate in the case of agriculture, commercial and residential property.

The management of Jammu & Kashmir State Property, Lahore rented out the residential flats, shops of Poonch House Complex and other properties to the various tenants.

Audit observed that 38 properties were occupied illegally at various places in Rawalpindi without payment of transfer fee of Rs. 8.761 million equal to two years rent.

Audit is of the view that due to illegal occupancy, the J & K State Property deprived of its due receipt amounting to Rs. 8.761 million.

The management replied that notices were issued to all the illegal occupants under the Jammu and Kashmir (Administration of Property) Ordinance, 1961.

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

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the transfer fee may be recovered without any delay and new rent may be charged to the tenants under intimation to audit.

20.4.8 Non-recovery from the Government of Punjab - Rs. 30.400 million

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

The management of the Jammu & Kashmir State Property, Lahore sold 176 kanals of land to the Government of Punjab @ Rs. 400,000 per kanal. Punjab Government paid Rs. 40 million in 1992 for 100 kanals while Rs.30.400 million for the remaining 76 kanals is still outstanding.

Audit observed that the issue was highlighted in the Audit Report 2005-06 and the Public Accounts Committee on 28.12.2016 directed to take up the case again with the Government of Punjab for recovery but the management did not take any action to-date.

Audit is of the view that non-recovery of the pending amount deprived the Government from its due amount and interest thereof.

The management replied that the matter has been brought into the notice of Ministry of Kashmir Affairs & Gilgit Baltistan to take up the matter with the Government of Punjab for the recovery of outstanding amount of Rs. 30.400 million. As soon as the matter is resolved, the audit will be informed accordingly.

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

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the recovery of amount may be expedited beside fixing of responsibility for not following the PAC directives.

20.4.9 Loss due to non-revision of rate of lease against agricultural land at village Rehmanpura/Sultanpura - Rs. 170.969 million

Rule 4A(1)(e) of the Jammu & Kashmir (Administration of Property) Rules, 1961 prescribes procedure for raising rent that in case of agricultural land the lagan or rent of the similar land in similar condition in the locality at the time of and during the period of twelve months prior to the date of making application or notice.

The management of J&K State Property leased agricultural land measuring 2,150 Acres at village Sultanpura & Rehmanpura Lahore.

Audit observed that the land was leased @ Rs. 120 per Acre per year as compared to Rs. 40,000 per Acre per year for similar land at surrounding areas resulting in loss of Rs. 170.969 million @ Rs. 39,880 per Acre per year.

Audit is of the view that due to non-revision of lease rates the government sustained an annual loss of Rs. 170.969 million.

The management replied that in the year 2013, notices were issued by the management to the tenants of Sultanpura/Rehmanpura for enhancement of lagan. The Ministry of Kashmir Affairs & Gilgit Baltistan constituted a Rent Enhancement Committee in this regards.

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

The PAO was informed on 07.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the rates may be revised to protect the interest of the government.

CHAPTER 21

21. MINISTRY OF LAW, JUSTICE AND HUMAN RIGHTS

21.1 Introduction

The Ministry of Law, Justice and Human Rights tenders advice to the Federal Government on legal and constitutional questions as well as to the Provincial Governments on legal and legislative matters. It also deals with drafting, scrutiny and examination of bills, legal instruments, international agreements, adoption of existing laws to bring them in conformity with the Constitution, legal proceedings and litigation throughout Pakistan concerning the Federal Government and other subjects, consultation with the Attorney General, administrative control of two Autonomous Bodies and a number of Courts working as sub-ordinate offices located in various cities of the country. Its main functions are:

i. Advice to Ministries/Divisions on all legal and constitutional questions arising out of any case and on the interpretation of any law.

ii. Advice to Provincial Governments on legal and legislative matters.

iii. Drafting, scrutiny and examination of Bills, Ordinance, and legal and other instruments.

iv. Dealings and agreements with other countries and international organizations in judicial and legal matters.

v. Arrangements for publication and translation of Federal Laws and other statutory rules and orders, copyright in Government Law publication.

vi. Adoption of existing laws to bring them in conformity with the Constitution.

vii. Legal proceedings and litigation concerning the Federal Government (except the litigation concerning Revenue Division).

viii. Administrative control of the Income Tax Appellate Tribunal and the Customs, Central Excise and Sales Tax Appellate Tribunal.

ix. Special judges under the Criminal Law (Amendment) Act, 1958.

x. Federal Government functions in regard to the Supreme Judicial Council, the Supreme Court and the High Courts.

xi. Attorney General and other Law Officers of the Federation.

xii. Federal functions in respect of the Family Law Ordinance and the Conciliation Courts Ordinance.

xiii. Consultation with the Attorney-General for Pakistan, etc.

xiv. Administrative Courts for Federal subjects.

xv. Administrative control of Law Colleges.

xvi. Administrative control of Pakistan Law Commission.

xvii. Review of human rights situation in the country, including implementation of laws, policies and measures.

21.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Law and Justice Division for the financial year 2017-18 was Rs. 9,096.406 million including Supplementary Grant of Rs. 278.106 million out of which the Division utilized Rs. 8,107.316 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
76	Current	513,794,000	87,258,000	601,052,000	537,983,321	(63,068,679)	(10)
77	Current	3,717,940,000	50,543,000	3,768,483,000	3,551,591,548	(216,891,452)	(6)
78	Current	103,567,000	10,358,000	113,925,000	112,415,344	(1,509,656)	(1)
79	Current	357,851,000	13,652,000	371,503,000	370,024,159	(1,478,841)	(0)
80	Current	2,438,547,000	116,291,000	2,554,838,000	2,464,613,436	(90,224,564)	(4)
	Sub-Total	**7,131,699,000**	**278,102,000**	**7,409,801,000**	**7,036,627,808**	**(373,173,192)**	**(5)**
133	Development	1,200,000,000	3,000	1,200,003,000	620,728,243	(579,274,757)	(48)
I	Charged	486,601,000	1,000	486,602,000	449,960,250	(36,641,750)	(8)
	Total	**8,818,300,000**	**278,106,000**	**9,096,406,000**	**8,107,316,301**	**(989,089,699)**	**(11)**

Audit noted that there was an overall saving of Rs. 989.090 million mainly due to savings in current as well as development expenditure.

21.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Law & Justice and Human Rights (including Devolved M/o Women Development)	1989-90	1	1	1	0	0
	1990-91	4	4	3	0	1
	1992-93	4	4	3	0	1
	1997-98	1	1	0	0	1
	1999-00	20	20	0	0	20
	2000-01	25	25	15	0	10
	2003-04	9	9	6	0	3
	2005-06	9	9	0	0	9
	2006-07	6	6	4	0	2
	2007-08	1	1	0	0	1
	2008-09	2	2	1	0	1
	Total	**82**	**82**	**33**	0	**49**

21.4 AUDIT PARAS

Irregularity & Non Compliance

21.4.1 Irregular appointment on contract basis and expenditure on pay and allowances - Rs. 58.731 million

Section 11 (3) of Federal Judiciary Academy (FJA) Act, 1997 states that appointments of the members of the staff to posts in Basic Pay Scale 17 and above shall be made by the Chairman. Section 15 of the Act states that Board may with the approval of Federal Government, make rules for carrying out the purpose of this Act.

Establishment Division O.M. No. F. 8/10/2000-CP.I dated 05.01.2002 states that posts BPS 20 and above should be advertised, Establishment Division O.M. No. 8/10/2000-CP.I, dated 23.12.2000 states that extension of appointments of BPS 20 and above beyond two years required the approval of Prime Minister and Establishment Division OM No. 6/4/96-R.3, dated 26.05.2000 states that Prime Minister shall be the approving authority for the posting of BPS21 and above.

The management of FJA appointed the following officers on contract basis and paid salaries and allowances. Detail is as under:

S. No.	Name and Designation	Period	Amount (Rs)
1	Mr. Pervaiz Ali Chawla Director General BPS-22	28.10.2009 to 14.05.2015	16,093,282
2	Mr. Fakhar Hayat, Director General (Acting Charge) BPS-22 & Director BPS-21	08.10.2012 to 15.05.2018	18,350,617
3	Mr. Khalid Amin Khan, Director BPS-21	11.02.2011 to 10.02.2016	14,766,566
4	Mr. Salman Farooq, Director BPS-21	29.01.2016 to 29.01.2018	5,692,618
5	Dr. Faqir Hussain, Director General BPS-22	15.05.2014 to 15.05.2015	3,828,768
		Total	**58,731,851**

Audit observed that above appointments were made without framing service rules as required under FJA Act and in the absence of these rules, federal government rules were not followed. Appointment of Mr. Pervaiz Ali Chawla, Director General (BPS-22), Mr. Khalid Amin, Director (BPS-21) and Dr. Faqir Hussain, Director General (BPS-22) was made without advertisement and all above appointments were made without seeking prior approval from the Federal Government as service rules of FJA were not framed.

Audit is of the view that appointments without framing Service rules were irregular.

In DAC meeting, Federal Judicial Academy stated that all the Powers vested to the BoG and Service Rules of the Academy are in process of approval by the BoG. However, Audit was of the opinion that in absence of Service Rules of the FJA, the Federal Government rules for appointments in BS-20 and above have not been followed therefore views of the M/o Law & Justice may be sought.

Audit recommends that the decision of DAC may be implemented.

Audit recommends that responsibility may be fixed.

CHAPTER 22

22.MARITIME AFFAIRS DIVISION

22.1 Introduction

In view of paramount importance of the marine sector, the Ministry of Ports & Shipping was created on 02.09.2004. The Ministry was renamed as Maritime Affairs Division. The Division 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 Division 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.

Marine Fisheries Department was transferred to Ministry of Ports and Shipping vide Cabinet Division Notification No. 4-5/2011-Min-1 dated 05.04.2011.

Welfare of Seamen was transferred to Ministry of Ports and Shipping vide Cabinet Division Notification No. 4-9/2011-Min.1 dated 29.06.2011.

Directorate of Dock Workers Safety, Karachi

22.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ports and Shipping for the financial year 2017-18 was Rs. 13,506.792 million including Supplementary Grant of Rs. 6.505 million out of which the Division utilized Rs. 1,827.299 million. Grant-wise detail of current and development expenditure is as under:

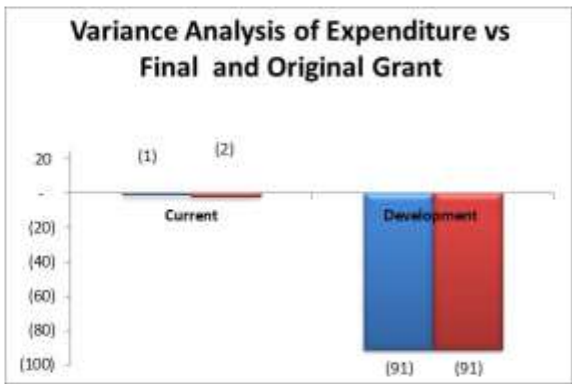
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
91	Current	724,617,000	6,505,000	731,122,000	718,180,036	(12,941,964)	(2)
149	Development	12,775,670,000	-	12,775,670,000	1,109,118,867	(11,666,551,133)	(91)
	Total	**13,500,287,000**	**6,505,000**	**13,506,792,000**	**1,827,298,903**	**(11,679,493,097)**	**(86)**

Audit noted that there was an overall saving of Rs. 11,679.493 million mainly due to savings of Rs. 11,666.551 million in Development Grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. 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 1%, which increased to 2% after accounting for Supplementary Grants. In development expenditure, savings against original budget were 91%.



22.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Maritime Affairs	1992-93	1	1	1	0	0
	2000-01	10	10	6	0	4
	2001-02	1	1	0	0	1
	2003-04	30	30	12	0	18
	2006-07	4	4	1	0	3
	2009-10	2	2	1	0	1
Total		**48**	**48**	**21**	0	**27**

22.4 AUDIT PARAS

Non Production of Record

22.4.1 Non-production of record

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

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

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

Despite repeated requests the following record was not provided for audit:

i. Record relating to purchase/transfer of land to KDLB Employees and Dock Workers Cooperative Housing Society as mentioned in Note 13 of the Financial Statements for the year ended on June, 2013.

ii. Audited Financial Statements for the year 2015-16 and 2016-17.

iii. Complete record relating to the investments of Rs. 4,027.255 million.

iv. Bank statements of MCB and Habib Metro Bank for the last three years.

v. Reconciliation statements with Stevedore regarding wages, incentive and overtime for the last three years.

vi. Record relating to Data Recovery Procedure.

vii. Database Log.

viii. Record relating to verification of degrees / certificates from Higher Education Commission or respective Board / Institute.
ix. Evidence of Withholding Tax deduction on profit by the banks at source for the last three years.

Audit is of the view that non-production of record was violation of the orders of the Supreme Court of Pakistan and attracts Section 14(3) of AGP's Ordinance, 2001.

The management replied that the related record available which may please be seen in next Audit/verification.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides fixing responsibility under Section 14(3) of the AGP Ordinance.

Irregularity and Non-compliance

22.4.2 Operation of chartered pilot boat for full time - Rs. 39.937 million

Clause 3 of the agreement between Karachi Port Trust (KPT) and M/s Seamax Marine Services, Karachi dated 24.09.2016 states that the Board shall pay for the operational use of the pilot boat at the daily quoted rate of Rs. 59,786 per day assessed at about 200 day out of 365 days of a year, up to the hour and day of redelivery of the pilot boat at the Port of Karachi.

The management of KPT signed an agreement on 24.09.2016 for hiring of services of M/s Seamax Marine Services, Karachi for providing Pilot boat on as and when required basis w.e.f. 01.07.2016 and paid an amount of Rs. 41.631 million as rent during 2016-18.

Audit observed that KPT used the pilot boat from October, 2016 to June, 2018 for the whole year instead of on as and when required basis and paid Rs. 39.937 million @ Rs. 59,786 per day for 668 days despite the fact that KPT already had two operational pilot boats, namely Zohra and Marvi.

Audit is of the view that due to underutilization of KPT fleet of boats the Trust was suffered a loss of Rs. 39.937 million.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility for extending undue favour to the contractor.

22.4.3 Loss due to non-investment of unspent balance – Rs. 7.415 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 other either reinvest the proceeds in other such securities or credit the same to the general funds of the Board. But the money so invested by the Board shall not exceed such amount annually, or in the aggregate, as shall from time to time be prescribed by the Government.

KPT maintained a daily product account in Habib Bank Ltd and NIDA account in National Bank of Pakistan. The closing balances on 30.06.2018 were Rs. 551.112 million in NBP NIDA and Rs. 307.438 million in HBL DPA.

Audit observed that KPT earned profit amounting to Rs. 244.431 million (Rs. 226.607 million from HBL and Rs 17.824 million from NBP) on the unspent balances remained in the NIDA accounts at the rate of 3.5% and 5.31% by HBL.

Audit observed that the amount of profit could have been increased by Rs. 7.415 million if the whole amount was placed in HBL who offered higher rates as compared to NBP.

Audit is of the view that due to weak financial management and non-determination of working balances the Trust sustained a loss of Rs. 7.415 million.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that working capital of KPT may be worked out and the surplus amount should be invested in profitable securities as per KPT Act.

22.4.4 Overpayment of overtime allowance – Rs. 1,103.760 million

KPT vide Board Resolution No 4893 dated 14.11.1990 approved the Memorandum of Settlement dated 23.10.1990 arrived with the Collective Bargaining Agents in full and final settlement of their Charter of Demands raised under provision of the IRO 1969. Under demand no 2 overtime of all workers of KPT may be fixed double to their basic pay. The settlement is valid for a period of 2 years from 01.04.1990 to 31.03.1992.

The management of KPT paid an amount of Rs. 1,103.760 million, Rs. 161,998,176 million to indoor and Rs. 941,761,400 to outdoor employees on account of overtime allowance during the year 2017-18 on the basis of Memorandum of Settlement dated 23.10.1990.

Audit observed that the Memorandum of settlement was expired on 31.03.1992 but the management continued payment of overtime allowance on the basic of double pay rate.

Audit is of the view that payment of overtime allowance after expiry of memorandum of settlement was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends inquiry may be held to fix the responsibility.

22.4.5 Irregular payment of bonuses – Rs. 955.585 million

According to the KPT Board Resolution, Bonus at the rate of basic pay be paid to the officers at par with the employees, however, it should be based on profit of KPT and linked with individual's performance/efficiency.

Bonus is defined as an amount of money added to wages on a seasonal basis, especially as a reward for good performance.

KPT paid an amount of Rs 955.584 million on account of bonuses for the year 2017-18 on the occasion of Eid-Ul-Fitar and Eid-Ul-Azha.

Audit observed that all employees were paid four bonuses without linking it with the individual's performance and KPT profit during 2017-18.

Audit is of the view that payment of 4 basic pay as bonus to all employees without linking their performance was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for undue benefit besides discontinuing the irregular practice in future.

22.4.6 Irregular payment of allowances to officers – Rs. 426.064 million

Section 79B of Karachi Port Trust Act, 1887 states that notwithstanding anything hereinbefore contained or any law for the time being in force or in the terms and conditions of service, where in any case or matter not specifically provided in this Act, the provisions of the Civil Servants Act, 1973 or the rules made there under shall, as far as may be, apply to the officers of the Port.

The management of Karachi Port Trust paid an amount of Rs. 426.064 million to the officers of KPT on account of different additional allowances not allowed to the civil servants during the year 2017-18. Details are as under:

S. No	Allowance	Amount for the month of June	Total Amount
1	Education allowance	3,709,500	44,514,000
2	Harbor Allowance	8,255,672	99,068,064
3	Port Allowance	6,191,779	74,301,348
4	Compensatory Allowance	6,191,779	74,301,348
5	Utility Allowance	10,481,577	125,778,924

6	GM Allowance	300,000	3,600,000
7	HOD Allowance	375,000	4,500,000
Total		**35,505,307**	**426,063,684**

Audit observed that the allowances were paid to the KPT employees in violation of the Act as these allowances were not admissible to the civil servants.

Audit is of the view that the payment of allowances in violation of Act was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be stopped immediately and amount already paid may be recovered.

22.4.7 Irregular investment in shares and non-receipt of dividends - Rs. 8.076 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 invested an amount of Rs. 1.432 million in 11,456 shares of Industrial Development Bank of Pakistan from 1961 to 1970.

Audit observed as under:

i. Investment in shares was not allowed at per KPT, Act.

ii. Neither the shares were dis-invested nor dividend received since 1971.

iii. The management had lost an amount of Rs 8.076 million on account of interest at an average rate of 12%.

Audit is of the view that investment in the shares was irregular and unauthorized and loss to the KPT.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the shares be got disinvested and the amount may be invested in a profitable securities as per KPT Act provisions.

22.4.8 Less claim of lease rent from TOC – Rs. 3,463.577 million

Article 8.2.1, 8.2.2 and Schedule 13 of the Pakistan Deep Water Container Port Concession Agreement between KPT and Terminal Operator Company (TOC)/Sponsor, M/s SAPTL, states that Lease Rent for the sale payable by TOC to KPT shall at a minimum unit rate of Dollars 12.00 (twelve dollars) per square meter per annum in respect of the area of the Site occupied by and /or handed over to the TOC.

The lease rent payments are shown in Schedule 13 which shows a compounded escalation calculated at a rate of fifteen percent (15%) at the end of every 3 years based on the immediate preceding of rental payments.

The TOC shall pay the following fees to the KPT in consideration of this Agreement and the right to perform the operations: a lease rent of $12 (US dollars twelve) per square meter per annum for the period until the first escalation of Lease rent in accordance with the concession Agreement. This rental charges will be subject to an increase of 15% every three years with the first such increase occurring on the third anniversary of Possession Date Phase 1A, subject to the related provisions provided in the Concession Agreement.

KPT claimed and submitted adjustment bill of Rs 1,315.097 million to the TOC up to 2017-18.

Audit observed that KPT did not claim lease rent as per articles of the agreement and under billed for Rs 3,463,577 million with the TOC/Sponsor.

Audit is of the view that due to under billing, KPT received less amount of Rs. 3,463.577 million from SAPTL.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix responsibility for granting undue favour to the contractor.

22.4.9 Irregular procurement on account of purchase of medicines - Rs 26.788 million

Clause 8 of the terms and conditions for supply of medicines on annual contract basis for the year 2017-18 states that the supply should be from fresh stock at least 80% shelf life.

KPT purchased medicines from various manufacturers, wholesalers and distributors during the year 2017-18

Audit observed that medicines having value of Rs 26.788 million had shelf life less than 80% (ranging from 36% to 79 %).

Audit is of the view that supply of medicines having shelf life less than 80% was violation terms and conditions.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be investigated at appropriate level for fixing responsibility.

22.4.10 Less deduction of income tax – Rs. 3.286 million

Section 153(1)(a) of the Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person for the sale of goods @ 4.5% of gross amount.

According to 24A the rate of tax, under clause (a) of sub-section (1) of section 153, from distributors of cigarette and pharmaceutical products 2 [and for large distribution houses who fulfill all the conditions for a large import house as laid down under clause (d) of sub-section (7) of section 148, for large import houses,] shall be 1% of the gross amount of payments.]

KPT purchased medicines of Rs. 93.887 million from M/s Taj Medicos, Karachi and deducted an amount of Rs. 0.939 million as Income Tax @ 1% as applicable to the distributors of pharmaceutical products during 2017-18.

Audit observed as under:

i. M/s Taj Medicos, Karachi was not a distributor of pharmaceutical products.

ii. An amount of Rs. 3.286 million was less deducted from M/s Taj Medicos, Karachi as income tax should have been deducted @ 4.5% instead of 1%.

Audit is of the view that less deduction of income tax from M/s Taj Medicos, Karachi deprived the government of its due share of receipts.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

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

22.4.11 Investment without determination of working balance - Rs. 22,350.000 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 other either reinvest the proceeds in other such securities or credit the same to the general funds of the Board. But the money so invested by the Board shall not exceed such amount annually, or in the aggregate, as shall from time to time be prescribed by the Government.

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003 states that working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division.

KPT invested an amount of Rs 22,350 million in various government securities and earning income of at the rate of 12% and 7% per annum from government.

Audit observed the investments were made without determining working balances in violation of the instructions of the Finance Division.

Audit is of the view that investments without determining working balances with the approval of the administrative Ministry in consultation with Finance Division was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity besides determining the working balance as per rules.

22.4.12 Irregular payment of consultancy services – Rs. 479.661 million

KPT Board vide BR No 649 dated 02.05.2011directed that if the contractor is not entitled for the extension in completion, the supervision services cost beyond contract completion date is to be recovered from Contractor in addition to the recovery of Liquidated Damages as per the provision of Clause 46.1 of General Conditions of Contract with M/s CWE.

Planning Commission (Physical and Housing Section) O.M No 1(765)PP&H/PD/2007 dated 28.02.2008 states that to adopt comprehensive consultancy process and engage he services of Consultancy Firms for each project to reduce the overall cost and improve the quality, the PEC Has made explicit guidelines for standardizing the procedure for procurement of consulting services. The consultancy charges of 2-4% for Design /works and 3-5% for supervision of work may be allocated during the appraisal stage of project.

Pakistan Deep Water Container Port- Dredging and Reclamation Work-Top & Site Supervision Consultancy Services were awarded to M/s Royal Haskoning UK in association with M/s Techno Consult International Karachi for Rs 127,944,786.

Audit observed that the consultancy was time and again extended it escalated up to Rs 667,980,645 up to 31.12.2017. An amount of Rs 607,605,463 was paid to the firm till completion of audit. First extension for 27 months was approved vide BR No 649 dated 02.05.2011 for Rs 132,899,613 million for the period 20.02.2011 to 30.06.2012. The extended period includes 3 month and 10 days of original consultancy period i.e. 20.02.2009 to 31.05.2011. Additional consultancy cost of the extended period was paid by KPT and it was not recovered from the contractor. Audit also observed that the entire supervision cost was increased very high as compared to allowed 5% in the project appraisal stage.

Audit is of the view that non recovery of the additional amount from the contractor and payment of 3 months and 10 days period already included in the original consultancy charges was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount may be recovered from the contractor and deposited into KPT account

22.4.13 Non encashment of performance guarantee by the banks – Rs. 4,692.904 million

According to clause 10.1 of the conditions of particular application of the construction of Quay Wall Contract Volume I states that the contractor shall provide Performance Security to the Employer in the prescribed form. The said security shall be furnished or caused to be furnished by the Contractor within 28 days after the receipt of the Letter of Acceptance. Such Security shall be in the form of either (a) a bank grantee from any Scheduled Bank of Pakistan or (b) a bank grantee from a bank outside Pakistan duly counter grantee by a Scheduled Bank of Pakistan

The contractor submitted a bank grantee of Rs 1,9369,212,455 and CNY 38,353,290 for faithful performance of the works relating to construction of Quay Wall for the Pakistan Deep Water Container Port (PDWCP) on 23.02.2010.expiry date was February 28.2014.

The guarantor, Bank Al-Falah, Main Branch, Karachi waiving all objections and defences under the contract, do herby, irrevocably, immediately and independently guarantee to pay to the employer without delay, upon the employer's first written demand through Chief Accounts Officer (CAO), KPT without cavil or arguments and without requiring the employer to prove or to show grounds or reasons for such demand any sum or sums up to the amount of Rs 1,369,212,455 and CNY 38,353,290 against the employer's written declaration that the contractor has failed to perform the obligations under the contracts which payment will be affected by the guarantor to employer's designated band and account number provided also the employer shall be the sole and final judge for dealing whether the contractor has duly performed his obligations under the contractor or has defaulted in fulfilling said obligations and the guarantor shall pay without objection any sum or sums up to the amount stated above upon first written demand from the employer forthwith and without any reference to the contractor or any other person.

KPT Board BR No 181 dated 15.01.2018 allowed imposition of LD of Rs 1,799,676,514 through encashment of Performance Bond. CAO KPT issued notice on 15.01.2018 to the guarantor for encashment of the performance bond but the same was not en-cashed and the contractor obtained stay order from Sindh High Court on 20.02.2018.

KPT also paid an amount of Rs. 141.483 million to the contractor without deducting liquidated damages during 2017-18.

KPT Board BR No 199 dated 28.02.2018 received on 27.03.2018 sanctioned to en-cash performance bond worth of Rs 2,893,227,528 to recover the liquidated damages from the contractor. CAO issued notice to the Guarantor, M/s Bank Al-Falah for the encashment of the performance bond. The bank did not en-cashed the amount and a stay order was issued by Sindh High court on 30.03.2018.

Audit observed that KPT did not take further action against the guarantor, M/s Bank Al-Falah and case was not taken with the State Bank of Pakistan being regulator of the banking sector for necessary action such as imposing penalty, and black listing.

Audit also observed that instead of deducting liquidated damages from the contractor's amount the management of KPT paid Rs. 141.483 million to the contractor.

The management did not reply till finalization of the Report.

Audit is of the view that non encashment of performance bond by the guarantor; Bank Al-Falah was breach of the agreement.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the case may be taken with the State Bank of Pakistan besides fixing responsibility for delaying the process.

22.4.14 Non imposition of liquidated damage on the contractor - Rs 5.165 million

Clause 47.1 of the agreement for reconstruction of jetty at Boat Basin Kemari, Karachi between KPT and the contractor M/s Iqbal Crescent (JV) states that if the contractor fails to comply with the time for completion for the whole of the works or any section within the relevant time prescribed, then the contractor shall pay to the Employer the relevant sum stated in the Appendix to tender as liquidated damages for such default and not as a penalty for every day or part of a day which shall elapse between the relevant time for completion and the date stated in a taking over certificate of the whole of the works or the relevant section subject to the applicable limit stated in the Appendix to the tender.

Contract for Reconstruction of Boat Basin Jetty was awarded to the contractor M/s Iqbal Crescent (JV) for Rs 516,459.341.

Audit observed that commencement of the project was 25.05.2016 and was to be completed by 24.05.2018. The project was not completed till 30.11.2018 and reported 75% progress on the site. Due to delay in the project and extension granted to the contractor consultancy for supervision of the work awarded to M/s Zaheer-ud-Deen would be increased by 10%. Supervision consultancy was awarded for cost of Rs 27,240,928 million for the period 26.04.2016 and completion date 25.07.2018. Supervision consultancy was initiated one month before commencement of construction. Supervision cost is also higher than 5% of the project cost.

Engineer has made recommendation for extension of time and execution of the remaining work up to 01.09.2019. The major extension of 275 days out of 465 days was given on the reason that construction drawing was issued in April 2017 after delay of 10 months of commencement of construction i.e. May 25, 2016 by M/s NESPAK, the design and drawing consultant. The consultancy firm had already paid the design and drawing cost Rs 6.533 million prior to April 2017. The last payment as per payment schedule submitted to Audit was 24.02.2015 while last payment of Rs 450,000 regarding submission of design and drawings of Boat Basin Jetty was made on 10.01.2013.

Audit is of the view that liquidated damages along with additional supervision consultancy cost should be recovered from the contractor for the delay.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter requires investigation regarding late submission of drawings by NESPAK despite payment of all dues regarding design and drawings on 10.01.2013.

22.4.15 Loss due to grant of extension in the time period- Rs 7.376 million

According to 44 of the terms and conditions of agreement for assistance in Establishment of a Certifiable EHS Management System (ISO 14001:2004 & OSHAS 1808: 2007) at Karachi Port Trust between KPT and M/s Applus Velosi Integrity and Safety Pakistan states that the whole of the Works and, if applicable, any Section required to be completed within a particular time as stated in the Appendix to tender for the whole of the Works or the Section (as the case may be), calculated from the Commencement Date, or such commencement Date, or such extended time as may be allowed under Clause 44.1

Clause 44.1states that extension of time for completion is permissible in the event of

a) The amount or nature of extra or additional work,
b) Any cause of delay referred to in these Conditions,
c) Exceptionally adverse climatic conditions,
d) Any delay, impediment or prevention by the Employer,

Contract for assistance in Establishment of a Certifiable EHS Management System (ISO 14001:2004 & OSHAS 1808: 2007) at Karachi Port Trust was awarded to M/s Applus Velosi Integrity and Safety Pakistan for an amount of USD 196,702. Completion date of the project was 25.01.2015. KPT

Board vide BR No 268 dated 13.06.2018 granted extension up to December, 2018.

Audit observed that none of the above mentioned situation was aroused for extension of the completion period but extension was granted. The project was still incomplete on completion of the audit and extended period of December, 2018. As the project was in foreign currency Due to extension in the project KPT was required to pay more rupee due change in exchange parity of Pak Rupee to USD. PKR conversion rate into USD as on 30.01.2015 was Rs 101.108 whereas as on December 2018 it was Rs 138.61. Details of increase in contract cost are given as under:

Period	**Contract value in USD**	**Exchange rate**	**Contract value in PKR**	**Difference in PKR**
Dec-15	196,702	101.11	19,888,539	
Dec-18	196,702	138.61	27,264,864	7,376,325

Audit is of the view that liquidated damages should be imposed on the firm for delay to avoid further losses and ensured timely completion of the project.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that necessary action may be taken to complete the projects within the given time lines to avoid losses in term of time and money.

22.4.16 Non completion of project - Rs. 17.768 million

Planning and Development Division of KPT awarded contract for establishment of Environment Friendly Multipurpose Bulk Terminal at East Wharf including consultancy to M/s NESPAK for Rs 43,213,524.

The project was commenced with effect from 06.09.2016 and was to be completed on 16.05.2017. KPT paid an amount of Rs 17,768,725 to the firm up to 30.06.2018.

Audit observed that the project was not completed till of completion of audit in December, 2018 and consultancy assignment was is in progress.

Audit is of the view that non completion of the project with the agreed time is violation of the agreement.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that efforts should be made to complete the project as soon as possible and liquidated damages should be imposed on the firm for delay.

22.4.17 Defective repair maintenance of BD Aftab - Rs. 122.176 million

KPT awarded the work of inspection of inclined main ladder BD-Aftaab to M/s Karachi Shipyard and Engineering Works (KS&EW) Ltd at a cost of Rs.975,000. The team of M/s KS & EW visited the subject craft on 10.06.2015 and suggested that the visit of OEM will ascertain the defects leading to the missing alignment of the ladder.

The representative of M/s FVT (Germany) Mr. Thomas Staracke visited the vessel and inspected it on 13.09.2017 .The inspection report submitted by the Engineer is as under:

According to current knowledge, the existing condition and skidding is due to several factors. Among other things, the required maintenance interval has probably not been complied with. In addition, the spare parts originally intended for use have either not or only partially been used. Furthermore, the installed spare parts were not or were only conditionally installed in the condition intended by the DWE shipyard. The periphery used for installation has apparently not been put in the technically required condition prior to installation of the spare parts.

As a result, chain links and buckets with worn (too large and out-of-round or non-cylindrical holes are in use. This then leads to the bushing not being firmly seated. The chain link and /or the bucket material could not verify. Nor could any factory certifications be presented. Several materials are probably in use. The pins and bushings used are not or are only to a small extent the forged XI20Mnl2 (1.3401) version intended by the OEM. On the contrary, “magnetic” materials primarily from domestic production are in use. Without confirmation, cast X120Mnl2 (1.3802) bushings with complete inner and outer mechanical machining were also in use. Here the slit has been subsequently mechanically produced. In doing so, no permanent firm seating in the hole can be expected. And the cast version will be probably have resulted in broken blushing. No details provided for the press –in values achieved. It was not possible to obtain statements on the qualities used and their processing conditions (manufacturing method, structure, strength, hardening, geometry, etc)

The poor conditions of bushings, pins chain links and buckets- paired with major wear in some cases-results in an extremely great deal of clearance may be appox. 10 -14mm or more. These values are far above the maximum intended value of 3.5 mm for the pin- bushing combination. Due to the in some cases major damage in the holes, a new production of the parts is assumed. Repairs to the holes would lead to greatly weakening the statics on buckets and /or chain links. There would then be a great risk of losing the entire chain.

Audit observed that prior to the inspection report of the OEM, repair and maintenance of the BD-Aftab was either carried out by M/s KS&EW or by CMEE. An expenditure of Rs 163.554 million an amount of Rs 22.251 million was for ladder work of the ship during the year 2010. During the year 2015-18 an amount of Rs 75.739 million spare parts and Rs 24.186 million repair and maintenance was incurred by KPT on the ship. After receipt of the report KPT did not initiate any inquiry regarding the finding of the report for fixing the responsibility.

Audit is of the view that previous repair and maintenance was not taken properly and original spare parts were not used by the repairing firm.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level for fixing responsibility for the loss.

22.4.18 Irregular expenditure on hiring of private vehicles - Rs.8.236 million

Para 10 (I & II) of GFR Volume-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. The expenditure should not be prima facie more than the occasion demands.

KPT paid an amount of Rs 8.236 million to M/s J.J Hydraulic Pneumatic System (PVT) Ltd Karachi on account of hiring of 02 Suzuki Cultus vehicles for pick and drop of harbor pilots during the year 2017-18.

Audit observed that according to the agreement provision of fuel to the two hired vehicles was the responsibility of KPT. Audit further observed that KPT purchased 20 vehicles (including 02 Suzuki Cultus) for Rs 40.638 million during the year 2017-18 to cater the deficiency of vehicles in performing its functions. According to the list of vehicles for the year 2017-18, KPT was maintaining a pool of 358 various makes and models vehicles for entitled officers and official duty purposes. 49 vehicles were placed on general duty pool and following six vehicles were standby for further allocation.

S. No	Vehicle No.	Model/make
1	GP-5583	Suzuki Cultus , 2010
2	GP-3020	Toyota Corolla, 2012
3	GA-4572	Toyota Corolla, 2003
4	CT-5631	Suzuki Hiroof, 2011
5	GA-9218	Suzuki Mehran, 2003
6	GP-7725	Toyota Double Cabin, 2011

Audit is of the view that incurrence of expenditure on hiring of private vehicle despite availability of vehicle at KPT pool was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level to fix the responsibility.

22.4.19 Additional payment of night allowance- Rs 18.738 million

KPT vide Board Resolution No 128 dated 23.04.2015 approved salary revision for the pilotage staff of KPT for the year 2014-15. As per serial 1, 2, &3 of the variable allowances the pilot will receive the following allowances:

i. Acts during Nights/Sunday/Holidays at the rate of Rs 6,000 per act
ii. Ships up to 700 feet (Day and Night) at the rate of Rs 8,000 per act
iii. Ships over 700 feet (Day and Night) at the rate of Rs 10,000 per act

KPT paid an amount of Rs 18.738 million on account of night allowance during the year 2017-18.

Audit observed that the pilots were paid for the acts performed for 700 feet ships (Day and Night) at the rate of Rs 8,000 per act and 700 feet (Day and Night) at the rate of Rs 10,000 per act. In addition to these allowances Rs 6,000 per act was paid to the pilots for performing these acts during night timing. Audit observed that the management taking the benefit of the allowance approved for acts during Nights/Sunday/Holidays at the rate of Rs 6,000/act while it was meant for the act performed on Sundays and public holidays otherwise it was understood that Rs 8,000 and Rs 10,000/ act is for the act performed during day and night. The rate is inclusive for the act performed during day and night.

Audit is of the view that payment of night allowance for the acts performed during the night was irregular and unauthorized,

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount may be recovered and deposited into KPT account.

22.4.20 Irregular and extra expenditure on DC bungalow and Chairman Huts - Rs 7.577 million

KPT Karachi was maintaining a bungalow named as Deputy Conservator (DC) bungalow at Manora, Karachi. The main purpose of maintaining this bungalow is only that guests and other dignitaries often visited and stayed there from time to time.

KPT incurred an expenditure of Rs 7.577 million during the year 2017-18 for maintaining this bungalow and Chairman Huts. Details are given as under:

S. No	Particulars	Amount in PKR
1	Salary of Senior Care taker of bungalow	1,466,712
2	Salary of Sanitary Worker of bungalow	885,294
3	Expenditure of Sui Gas	557,850
4	Expenditure of Civil Work	299,248
5	Expenditure of Electricity	324,800
Total		**3,533,904**

S. No	Detail of Exp	Amount in PKR
1	Salary of Chairman's Hut (2017 -2018)	2,867,980
2	Repair & Maintenance of Hut	997,020
3	Purchase of 01 Generator 15	11,80,000
4	Repair of Generator Room	98,385
Total		**4,043,396**

Audit requested the management to provide the detail of the guests/dignitaries stayed in the bungalow and huts during the year 2017-18 but no record was available.

Audit is of the view that incurrence of such expenditure without any genuine need is disregard of austerity measures initiated by Government of Pakistan.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that necessary planning may be carried out for effective utilization of this asset in line with the objectives of KPT.

22.4.21 Non observance of Board directives and continuation of past practice - Rs. 106.039 million

The KPT Board vide Resolution No B.R No 153 (Item-III) dated 15.06.2015 stated that no tangible efforts have so far been made to implement its B.R No.105 (Item-V) dated 26.06.2014 in which the Board directed that efforts be made to pursue Karachi Water and Sewerage Board to supply the required quantity water through pipe line. In this regard Board also requested Mr. S.M Tariq Huda and Mr. Nasir ud Din Mehmood, Port Trustee to help resolve this issue. General Manager (CW/E) is coordinate and also study the possibility of having KPT's own desalination plant containing the full requirement of KPT.

Therefore, the Board again directed that concerted efforts be made to get water from alternate avenues and possibility be also explored to have KPT's own desalination plant catering all requirements of KPT.

Audit observed that M/s M. Sohail &Brothers, water tanker was paid Rs 106,038,724 on account of supply of sweat water to KPT through water tankers during the year 2017-18. Audit observed that to measure the water in the tanker meter was not installed at any place. The payment was made on the basis weight taken at the initial stage. In the laboratory tests of the water color of the water was mentioned as 'white, which shows the quality of the testing laboratory. Biological test of each tanker was not carried out.

Audit is of the view that non-compliance of Board directives and continuation of previous practice is negligence on the part of management.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that board resolution may be implemented in letter and spirit and avoid heavy expenditure on purchase of water from private water tankers.

22.4.22 Irregular payment of legal charges – Rs 15.950 million

Section 18 (4) of the KPT Act, 1886 states that on plan and estimate for new work costing over rupees (one million). In the case of every contract in respect of any new work, the estimated cost of which exceeds (one million) rupees the sanction of the Board on a plan and estimate submitted to and considered and approved by them, is required.

KPT paid an amount of Rs 15.950 million on account of professional fee/miscellaneous expenses in respect of petitions filed by KPT employees in High Court of Sindh, Karachi to M/s Zamir and Malik Advocate.

Audit observed that the contract was made by splitting to avoid sanction of the Board. Most of the cases were of the same nature.

Audit is of the view that payment of legal fee of a petition of same nature and without approval of the Board was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be looked into and fix responsibility for the irregularity.

22.4.23 Irregular procurement of by splitting and re-grouping- Rs 29.560 million

Rule 9 of Public Procurement Rules, 2004 states that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website.

Karachi Port Trust (KPT), Karachi incurred an expenditure of Rs 6.941 million on account of purchase of PVC cables and Rs 6.937 million on craft named TSHD ABUL, Additive fuels for Rs 1.983 million and welding gas cylinders for Rs 2.516 million during the year 2017-18.

Audit observed that the procurement was made by splitting to avoid tender.

Audit is of the view that benefit of competitive rate could not be obtained due to splitting of purchased to avoid tender.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that annual planning of all possible procurement should be in practice to obtained competitive bidding benefits.

22.4.24 Hiring of non-panel advocates - Rs 16.755 million

KPT Board Resolution No 52 dated 20.08.2003 authorized the Manager Legal Affairs (MLA) to sign Plaints, written statements, Vakalantnamas in respect of Suits filed by or against Karachi Port Trust in all the Courts.

KPT paid an amount of Rs 16.755 million on account of hiring of non-panel advocates for the year 2017-18. Details are as under:

S. No	Name of Panel	Amount in PKR
1	M/s Badar Alam Advocates	1,290,000
2	M/s Khalid Anwer & Co Advocates	425,345
3	M/s Shahid Anwar & Co	83,700
4	M/s Mushtaq A Memon Advocates	950,000
5	M/s Muhammad Ashiq ASSI Advocates	77,000
6	M/s Faruqui & Co Advocate & Consultants	5,625,000
7	M/s Kamal Azfar	200,000
8	M/s Usmani & Iqbal Co	300,000

9	M/s Imarn Malik, Advocate	45,000
10	M/s Khalid Javed Advocate	7,758,858
	Total	**16,754,903**

Audit observed that payment was made in advance to the non-panel advocates and all these activities were performed through MLA. In the number of cases it was observed that higher fees were paid without keeping in view the same nature of the cases.

Audit is of the view that in spite of authorizing only MLA for all affairs of hiring non panel advocate, matter should be dealt through a committee.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that a Committee comprising of the head of the department and legal team would help in deciding right advocate from panel as well as non-panel advocates for legal matters.

22.4.25 Overpayment to individual consultant domain expert - Rs. 1.00 million

The Management of KPT hired an individual consultant Mr. Shahab Zafar domain expert (SAP) and following tasks were to be performed by him.

- The Domain Expert will Prepare TORs/REP for the firm consulting services required for above mentioned project implementation, present recommendations for approval.
- Review and provide feedback on deliverables of consulting firms e.g. ERP Feasibility , gap analysis return on investment analysis , return of investment analysis , business process engineering solution analyst report , business blue print, project plans , training document, user and systems documentation , data migration , technical support documents , BCP (Business Continuity Planning) specifications, hardware and communication policies , and ERP implementation.

- Assist the short listing of firms and Subsequent selection of consulting firm and -organize associated tasks such as bid and pre-bid meetings, answering bidder questions and circulating answers prepare meeting minutes. Carry out bid evaluation and recommendations for the award of works.
- Review and provide feedback on Draft Contract Agreement.
- Prepare progress and status reports, present to PM ERP Cell.
- Resolve issue or facilitate their resolution in so far as is possible.

Audit observed that the consultant was hired for two month on a monthly lump sum fee of Rs. 250,000. The main function of the expert was to monitor and facilitate the entire process of implementation of the ERP system but the system was not purchased despite having allocation for the SAP. The firm was required to pay only Rs 500,000 as per agreement but he was paid Rs 1,500,000.

Audit is of the view that overpayment of Rs 1.000 million without implementation of the core function was wastful.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

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

22.4.26 Unauthorized expenditure on hiring of individual consultant for preparation of revised PC-I - Rs.2.22 million

The Management of KPT hired the services of Mr. Ahmed Pathan individual consultant for preparation of revised PC-I for Karachi Port Improvement Project (KPIP) LN-7956 at the lump sum fee of Rs. 2 million.

The Ministry of Ports & shipping vide letter No.F.No.8(9)/2007-P&S-I dated 22.06.2017 directed to get NOC from Planning and Development Division for the extension of the Project.

Audit observed that despite non availability of NOC from Planning & Development Division contract for revision of the PC-I was awarded to the consultant. It was observed that the original PC-I was also prepared by the same consultant. No changes were made justifying Rs 2.22 million. Audit also observed that Rs 222,228 was paid by KPT on account of withholding tax of the consultant.

Audit is of the view that there was no need to revise the PC-I without obtaining NOC from Ministry of Planning and Development and Reforms.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter needs to be inquired for fixing responsibility.

22.4.27 Lapse of funds - Rs. 498.093 million

An MOU of the project titled "Karachi Port Development Project" was signed between KPT and World Bank on August 13, 2010. The original closing date was December, 2015 which was extended to December, 2017. The World Bank granted loan of US $ 116.40 million for the said project.

Audit observed that KPT could not spend the loan despite the fact that the time period for closing the project was time and again revised. An amount of Rs.498.093 million was lapsed on 30.06.2018 due to non-utilization of the KPT.

Audit is of the view that lapse of the allocated fund despite expanded period of implementation reflect inefficiency in execution of development project.

Audit is also of the view that due to non-spent of the loan the desired objective could not be availed and also resulted in payment of interest and commitment charges for non-utilization of the loan.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that proper planning should be carried out to execute development project timely to avoid losses.

22.4.28 Irregular payment of movement allowance - Rs. 1.015 million

KPT Board vide Resolution No 128 dated 23.04.2015 approved Movement Allowance for GMO, DC, HM, DM and DHM. KPT Board vide BR No 203 dated 22.09.2015 deleted the word GMO as the post does not demand practical involvement/performance of Pilotage/ashore job like Marine Officers, who face high risk to life due to their nature of job.

KPT paid an amount of Rs 36,890,400 on account of Movement Allowance the rate of Rs 1800 per act to the Deputy Conservator, Harbor Master, Deputy Harbor Master, Dock Master and Deputy Dock Master during the year 2017-18.

Audit observed that in the total acts performed during the year includes the included the act performed by the DC, HM, DM and DHM. The number of acts for which double payment was made was 564 acts for the year 2017-18. An amount of 1.015 million was overpaid to DC, HM, DM and DHM. Derails are as under:

Movement Allowance @ Rs 1,800 for year 2017-18						
Name	Pilots	DC	HM	DM	DHM	Total
No of Acts	4706	125	162	152	125	564
Amount	8,470,800	225,000	291,600	273,600	225,000	1,015,200

Audit also observed that various discrepancies were pointed out at various forums a committee was also constituted to resolve the issue but it was not place before the Board for rectification of error.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be resolved immediately and all unauthorized and irregular allowances paid already may be calculated from the date of payment and recovered from the beneficiaries.

22.4.29 Suspected payment on account of underwater inspection and clearance - Rs. 2.791 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.

KPT paid an amount of Rs 2.791 million on account of underwater inspection and clearance of KPT crafts, boats, tugs and dredgers during the year 2017-18.

Audit observed that the job was carried out by Mr. Muhammad Amir Yameen, Diver, a full time employee of KPT and service charges were paid in the name of M/s Seven Star Marine Services, Karachi.

Audit is of the view that payment of services charges, in the name of a diving firm to a full time diver of KPT in addition to his regular pay and allowance was undue favor to the employee.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level for fixing responsibility and amount already paid may be recovered.

22.4.30 Irregular procurement of furniture - Rs. 3.929 million

Rule 38 of Public Procurement Rules, 2004 states that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

Rule 36(a) of Public Procurement Rules, 2004 states that under single stage – one envelope procedure each bid shall comprise one single envelope containing, separately, financial proposal and technical proposal (if any). All bids received shall be opened and evaluated in the manner prescribed in the bidding document.

KPT placed an advertisement in for procurement of furniture for traffic department during the year 2017-18 under Rule 36 (a) of PPR- 2004 and the tender were opened on 25th January, 2017

Audit observed that according to the comparative statement M/s Eastern Trading Corporation was the lowest bidder while M/s EMCO Offisys was second lowest bidder.

Purchase Committee rejected the lowest bidder due to non-provision of sample of furniture according to the specification of KPT and ordered purchase order to the second lowest bidder. According to the purchase order the furniture was to be supplied within 30 days i.e. 25th February, 2017 but the firm could not deliver it within given time period and the delivery period was extended up to 17.10.2017 vide KPT letter No.ST/ADVT-152/2018/428 dated 19.10.2018. The supplied furniture was time and again returned due to disagreement with the specification.

Audit is of the view that award of bid to the second bidder was just loss of having competitive rates as the second bidder was also failed to provide the furniture in accordance with the specification.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be looked into and responsibility may be fixed for the loss.

22.4.31 Excess fuel consumption - Rs 3.356 million

KPT placed a tender for hiring of pilot boats on 01.06.2016 bids were opened on 21.06.2016 and two firms namely, M/s Seamax Marin Services, Karachi and M/s Ocean World (Private) Ltd., Karachi participated in bidding.

The technical evaluation committee inspected and carried out test and trial, to ascertain their authentication in accordance with the requirements of the pilot boats, offered by the firms; M/s Seamax Marin Services and M/s Ocean World (Private) Ltd., Karachi. Both boats were found fit for pilot operations in Karachi Port and declared both the firms technically qualified. Due to surrender of M/s Ocean World (Private) Ltd., Karachi from financial bidding process, contract was awarded to M/s Seamax, Marin Services, Karachi.

According to the inspection report fuel consumption of the pilot boats Seamax Pride was approximately 75 to 80 liters per hour.

Audit carried out an analysis of fuel consumption and time in hours spent during two month of 2016-18.

Audit is of the view that issuance of excess fuel as compared to the fuel consumption noted at the time of selection of the hired boat was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the excess amount may be calculated for the entire period and recovered from the owner.

22.4.32 Excess issuance of fuel to the hired pilot boat - Rs 1.547 million

KPT placed a tender for hiring of pilot boats on 01.06.2016 bids were opened on 21.06.2016 and two firms namely, M/s Seamax Marin Services, Karachi and M/s Ocean World (Private) Ltd., Karachi participated in bidding.

The technical evaluation committee inspected and carried out test and trial, to ascertain their authentication in accordance with the requirements of the pilot boats, offered by the firms; M/s Seamax Marin Services and M/s Ocean World (Private) Ltd., Karachi. Both boats were found fit for pilot operations in Karachi Port and declared both the firms technically qualified. Due to surrender of M/s Ocean World (Private) Ltd., Karachi from financial bidding process, contract was awarded to M/s Seamax, Marin Services, Karachi.

According to the inspection report fuel consumption of the pilot boats Seamax Pride was approximately 75 to 80 liters per hour.

KPT hired the pilot boat for the months; July, August and September 2016 and issued fuel to the boat. Details are as under:

Year	Month	Liter	Amount (Rs.)	No of days hired	fuel issued for acts in hours
2016-17	July	8800	640,552	1	117
2016-17	August	12540	906,235	7	167
		Total	**1,546,787**		

Audit observed that heavy quantity of fuel was issued against less number of hours/days used for pilotage.

Audit is of the view that issuance of excess fuel as compared to number of acts (in hours) performed by the hired boat was undue favor and irregular use of fuel.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the excess amount may be recovered and deposited into KPT account.

22.4.33 Irregular payment on account of law charges - Rs 1.5 million

According to KPT Board Resolution No 199 dated 24.01.2013, payment of professional fee of Arbitrator and Advocates for KPT sanction Rs 10,000,000 to Mr. Justice ® Nazim Hussain Sidiqi, Ex Chief Justice of Pakistan, Arbitrator from KPT side and Rs 6,000,000 to M/s Badar Alam, Ex-Deputy Attorney General of Pakistan and KPT advocate.

Audit observed that KPT paid an amount of Rs 7,500,000 to the advocate KPT.

Audit is of the view that excess payment of Rs 1.5 million in addition to the agreed amount was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount may be recovered and deposited into KPT account.

22.4.34 Irregular provision of official vehicles to KPT Union - Rs.1.676 million

Para 3 & 4 of Transport Policy of the Karachi Port Trust states that the policy shall govern all types of road vehicle, as describe hereunder or any other categories, which are presently owned or will be acquired in future through purchase or against development projects by KPT:

a.	Staff vehicle	Cars & jeeps	Allocated to eligible officers
b.	Pool vehicle	Cars & jeeps	Held in Central vehicle Pool
c.	Utility vehicle	Jeeps , trucks, pickups, vans, motor cycle, cycles	Allocated to officers/staff for operation duties and

			other essential duties
d.	Special vehicles	Fire fighting, snorkel ,water tankers, forklifts, mobile cranes, buses, tower ,ladder pickups etc	Allocated to Departments/Sections for operation, repair, maintenance, logistic purpose.

Staff vehicles are to be allocated to officers by designation and name as per eligibility and entitlement while utility vehicles are to allocated to departments and sections thereof through a due process as described in following paragraphs. Certain number of vehicles and jeeps are held in Central vehicles Pool at KPT Head Office under the control of S.O (Coord) to Chairman for use of officers /dignitaries visiting KPT or for allocation as staff vehicles. Special vehicles are to be used by Mechanical & Electrical Engineers, Civil Works Estate, Traffic Departments or any other departments for designated duties.

Karachi Port Trust (KPT), Karachi allocated 07 vehicles for KPT employees union during the year 2017-18. Details are as under::

S. No	Vehicle No.	Model/make	Users	Repair & Expenditure (Rs)	POL cost in PKR	Total Amount in PKR
1	GP-7624	Suzuki Cultus ,2011	President CBA	1,41,850	126,317	541,167
2	GP-8726	Toyota Corolla, 2003	G. Sec, CBA	156,050	112,792	268,842
3	BNG-659	Suzuki Cultus, 2016	Chairma n, CBA	54,00	156,772	162,172
4	GPA-732	Toyota Van, 2017	CBA	33,200	19,936	53,136
5	GP-5505	Toyota Van, 2009	CBA	114,160	286,529	400,689
6	CX-5110	Suzuki Hi Roof, 2018	CBA	34,100	30,912	65,012
7	GP-8521	Suzuki Hi Roof, 2010	CBA	87,100	98,550	185,680
					Total	**1,676,698**

Audit is of the view that allocation of KPT vehicles to KPT employees union and expenditure on these vehicles on account of POL and repair and maintenance is irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued and responsibility may be fixed for the irregular and unauthorized allocation of vehicle to employees union.

22.4.35 Irregular provision of three vehicles to Ministry - Rs. 2.41 million

Section 7 of the Federal Minister and Ministers of State (Salaries, Allowances and Privileges) Act 1975 states that the Ministers are entitled to avail the facility of one official vehicle only.

Rule 3 (3) of Rules for Use of Staff Cars, 1980 states that the Division concerned will be responsible for provision of staff cars to Minister and Minister of State and Advisors etc.

Karachi Port Trust (KPT) incurred an expenditure of Rs 2.41 million on account of POL and repair and maintenance. Details of vehicles and expenditure thereon are given as under:

S. No	Vehicle No.	Make/Model	Repair	POL	Total Amount in PKR
1	BF-3421 ,4000 CC	Toyota Parado Jeep 2010	428,315	676,478	1,104,793
2	GPA-015, 4663 CC	Toyota Parado 2007	661,600	547,743	1,209,343
3	CW-6649, 2500 CC	Toyota Pickup 2017	74,780	22,305	97,085
Total					**2,411,221**

Audit observed that three vehicles were used by the Minister of Maritime Affairs, Islamabad.

Audit is of the view that allocation of vehicles to the Minister by KPT was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

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

22.4.36 Non-recovery of dues from government departments and agencies - Rs 1,423.444 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.

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.

KPT had outstanding recoveries amounting to Rs 1,423,443,857 from different government departments and agencies. Major part of outstanding dues Rs 1,076.869 million pertains to WAPDA on account of storage charges.

Audit is of the view that necessary action was not taken against the defaulters as per KPT Act which resulted outstanding receivables from government agencies.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be resolved in accordance with the KPT Act.

22.4.37 Non-auction of unclaimed goods having storage cost – Rs 1,829.429 million

Section 50A (1 & 2) of the Karachi Port Trust Act, 1886 states that when delivery of goods placed in the custody of the Board is not claimed by the owner before the expiration such period as may be prescribed by by-laws made under this Act, the Board shall cause a notice to be served upon the owner requiring him to remove the goods within such period as may be specified in the notice. Such notice shall be published and served in the manner prescribed in paragraph 2, 3, and 4 of the Section, but where the owner is not known, or the notice cannot be served upon him or he does not comply with the notice, the Board may sell the goods by public auction after the expiration of thirty days from the date on which such goods were place in the custody of the Board as may be prescribed by by-laws made under this Act.

The auction able cargos having a storage cost of Rs 1,829.429 million as reported by the traffic department as on 30.06.2018 are as under:

S. No	Particulars	Amount in Rs
1	West Wharf	1,749,051,047
2	East Wharf	80,378,366
	Total	**1,829,429,413**

Audit observed that the unclaimed goods had occupied the space of KPT and allied expenses are also being incurred on it and storage charges are outstanding against the consignees.

Audit is of the view that non-auctioning of unclaimed goods is violation of the KPT Act and has deprived the KPT from its due share of receipts.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that efforts should be made for auctioning of the unclaimed goods under provisions of KPT Act.

22.4.38 Non-recovery of KPT charges from sales proceeds of auctioned goods- Rs. 730.821 million

Section 38 of the Karachi Port Trust Act, 1886 states when government appoint, under the provisions of any Act for the levy of sea custom duties, any wharf, quay, stage, jetty, pier, warehouse or shed or portion provided under this Act for the use of seagoing vessels to be wharf for the landing or shipping, or a warehouse for the storing of goods within the meaning of such Act, the Board shall set apart, maintain and secure on or in such wharf, quay, stage, jetty, pier warehouse or shed such portion thereof or place therein, or adjoining thereto, for the use of the officers of customs as the Federal Government approves or appoints in that behalf.

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.

The Collectorates of Customs East and West Karachi disposed of unclaimed goods through open auction and outstanding charges of KPT were also collected by them as reported by the KPT.

Audit observed that Collectorates of Customs East and West Karachi did not pay the dues of KPT charges amounting to Rs. 730.821 million which they already collected through auction. Details are as under:

S. No.	Collectorates	Rupees in million
1	East Karachi	673,875,261
2	West Karachi	65,945,488
Total		**739,820,749**

Audit is of the view that non recovery has deprived the KPT Board from its due share of receipts.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that efforts should be made for recovery of the dues from Collectorates of Customs East and West Karachi.

22.4.39 Irregular expenditure on construction of boundary wall at Machar Colony Rs. 1.694 million

According to Para 10 of GFR Vol-1, every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

KPT Board vide B.R. No.229 dated 26.11.2015 approved construction of boundary wall at Machar Colony at a cost of Rs. 56,542,237.

The management of KPT, Karachi incurred expenditure of Rs. 1,694,569 on construction of boundary wall at Machar Colony during the year 2017-18

KPT floated tender on PPRA website as well as in print media. M/s. United Technologies was selected as lowest bidder and awarded the contract for construction of boundary wall.

Audit observed that the contractor wrote a letter on 9th and 30th November 2016 about the delay and financial loss suffered by the contractor due to hindrance at site but no action was taken to clear the site from the encroachers for making boundary wall.

Audit further observed that the KPT Board discharged the tender for construction of boundary wall at Machar Colony vide B.R. No. 87 dated 28.03.2017.

The contractor submitted claim for Rs. 1,694,569 incurred on the material, security and other allied expenditure. The management paid the amount without any supporting documents.

Audit is of the view that the management of KPT failed to vacate the land from the encroachers by taking the help from law enforcing agencies and the job could not be completed

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for initiating a contract without proper planning and strategy

22.4.40 Irregular expenditure on pay and allowances - Rs 8.222 million

According to Para 10 of GFR Vol-1, every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

The management of Port Security Force, KPT, Karachi incurred expenditure of Rs. 8,222,025 on pay and allowances to excess staff hired on deputation basis during the period 2017-18.

Audit observed that as per sanctioned and working strength following staffs were working over and above the sanctioned strength:

(Rupees)

Designation	Sanctioned Strength	Working Strength	Excess Staff	Pay per month	Pay for 12 months
Sr. Sub. Inspector (Navy)	10	15	05	63,897	319,485
Sr. Sub. Inspector (Marine)	01	11	10	71,973	719,730
Sub. Inspector (Navy)	Nil	34	34	57,533	1,956,122
Asst. Sub. Inspector (Marine)	05	37	32	47,372	1,515,904
Security Guard (Navy)	Nil	66	66	37,655	2,485,230
Security Guard (Marine)	42	75	33	37,138	1,225,554
				Total Rs.	**8,222,025**

Audit is of the view that expenditure over and above the sanctioned working strength was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that excess staff may be repatriated to their parent department besides fixing responsibility for appointing excess to the sanctioned strength.

22.4.41 Non-renewal of lease agreement and non-recovery of lease, rent and license fee- Rs 1,603.335 million

According to terms and conditions of allotment or lease, in case of the Tenants failing to pay the rent hereby reserved or any outgoings payable in respect of the premises or any building, structure or erection thereon or any part of the said rent or outgoings for one month after the same have become payable.

KPT allotted various land to private parties on lease and rent basis at various rates.

Audit observed that an amount of Rs 1,603.335 million was outstanding against various tenant.

Audit is of the view that KPT failed to implement its terms and conditions of the lease and rent.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be inquired and responsibility be fixed for unnecessary delay and non-implementation of terms and conditions of lease, rent.

22.4.42 Irregular refund of partial payments by KPT- Rs 7.645 million

According to the terms and conditions of lease the lessee is bound to pay the rent on monthly/yearly basis.

KPT refunded an amount of Rs 7.645 million to the less due to partial payment of rent due to non-acceptance of the new rate or due to non-renewal of the lease agreement. Details are as under:

S. No	Name of Plot	Date of Cheque	Cheque No	Amount
1	Plot No.28 , Timber Pond , Keamari, Karachi	8/30/2017	10348859	169,926
2		12/7/2017	10365211	169,926
3		2/13/2018	11607271	169,926
4		5/23/2018	10394274	169,926
5		8/18/2018	10409859	169,926
6	Plot No 16 , Jungle Shah Area Kemari, Karachi	5/22/2017	18268735	300,000
7		12/6/2018	21563729	234,000
8	Plot No. 9-C, Maripure Road, Kemari, Karachi	12/31/2018	4878150	500,000
9	Plot No.18 Jungle Shah Area Kemari ,Karachi	12/6/2018	21563728	200,000
10	Plot No.28 , Timber Pond , Keamari, Karachi	2/27/2018	19646319	293,000
11		4/9/2018	20209642	293,000
12		1/10/2018	19645750	293,000
13		9/13/2017	1201023815	293,000
14		7/5/2018	19611640	293,000
15	Plot No.3-B, 3-C, and 3-E	10/10/2018	19642473	496,800
16		10/8/2018	19642463	500,000
17	Plot No 20 &21 at West Wharf, Kemari Karachi	8/2/2018	9440	520,219
18		8/2/2018	9441	366,902
19		8/2/2018	9442	352,765
20		9/10/2018	8046	520,219
21		9/10/2018	8047	366,902
22		9/10/2018	8048	352,765
23		4/18/2018	7240	260,109
24		4/18/2018	7243	183,451
25		4/18/2018	7244	176,382
Total				**7,645,144**

Audit observed that in past partial payments were account for and it was kept in D&R account. After removal of the disputes the partial amount was adjusted. Audit reviewed few files of leased plots and it was observed that partial payments were refunded to the lessee. It is pertinent to mentioned that in all cases if the case resolved and cancelled the lessee is required to pay all dues. Audit further observed that the Board approval was not obtained for this practice.

Audit is of the view that non-acceptance of partial payment is loss to KPT and undue benefit to the lessee.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired whether the practice was observed in all cases leases where there is dispute or in few cases to favor the lessee.

22.4.43 Irregular payment on account of operational support - Rs 7.032 million

A Memorandum of Agreement was signed between KPT and The Citizens Foundation (TCF), a company limited by Guarantee incorporated under the Companies Ordinance, 1984 on 30.01.2009.

According to agreement TFC was will to establish and maage/operate KPT schools for promotion of education. In this regard KPT provided class rooms, chairs and library books. The building was handed over to TFC for a period of 15 year w.e.f. August 2004. TFC shall collect fee from the private students in accordance with TFC fee structure. The children of KPT employees shall be provided education on a fee of Rs 125/ per month per child. Any increase should be with mutual consent of both parties. Repair and maintenance of the building will be carried out by KPT after every 2 years. The school shall be run on non-profit basis. For the academic year 2007-08 a sum of Rs 7.5 lacs along with 7.5% escalation per year will be provided by KPT. TCF shall maintain proper accounts of all the funds and shall put up for review to KPT at the close of every academic year.

KPT paid an amount of Rs 7.032 million including Rs 5.653 million for the period 2011 to 2016 to TCF during the year 2017-18.

Audit observed that there were only 40 students of KPT employees while the other students were private. According to the agreed rate an amount of Rs 60,000 annually (125x40x12) was required to pay the TCF. Surplus of income over expenditure for the year 2016-17 of TCF was Rs 4,876,059,000 while on the other hand it was stated that it will run on non-profit basis. Manager account regarding nonpayment of Rs 5.653 million it was stated that the old record is not available in the Education Department. All the relevant files were lost. As the files are not available, hence reasons for nonpayment cannot be identified as no correspondence was available on record. The number KPT employees each year was not mentioned in the claim.

Audit is of the view that excess payment of fee with respect to number of student and outstanding due without having any record was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the payment should be made in accordance with the agreement and excess amount should be refunded and deposited into KPT account.

22.4.44 Mis use of leased plot and nonpayment of rent

The KPT Board vide its Resolution No 127 dated 18.08.1976 read with BR. No 374 dated 08.11.1978 and BR No 714 dated 06.02.1980 sanctioned allotment of plot No 58 measuring 7302 square meter to M/s Karachi Dock Labor Board @ Rs 19.25 per square meter per annum plus government and KMC taxes and other out goings for the purpose of secretariat offices, dispensary, Dock Workers Booking Office, etc. on the broad terms and conditions of lease with the provision of a special rent of Rs 10 per square meter for a terms of 25 years w.e.f 01.02.1979 to 31.01.2004 with an option of renewal for a like period and also waived the condition of deposit of the Security Deposit.

On the request of the party the KPT Board vide Resolution No 565 dated 26.01.1983 permitted the KDLB to use the area of 2096 square meters of the total area of 7302 square meters of plot 58 for using call station as a pepper corn rent of Rs 1 per square meter per annum excluding KMC and Government Taxes

Audit observed that according to the area sub-engineer M/s KDLB subletted their portion to eight different parties at Ground Floor. In reply M/s KDLB replied vide their letter dated 29.04.2009, stated therein that building constriction is being used for Secretariat offices and Booking call station and surplus space in the Building was rented out after due approval from the Board (KDLB not KPT) in the meeting held on 30.01.1985, which was presided over by The Chairman, KDLB/KPT and 02 Senior Executives.

KPT Estate Department letter No. E/L/EA-I/71/76/111/774 dated 06.02.2018 on the subject of Plot No 58 at Mics Area Wharf, Karachi stated that you have fixed a banner wherein mentioned that “Office space available” which means that you are going land/ portion on rent basis /subletting of different parties. This state of affairs is serious violation of terms and condition agreed between you and KPT.

Audit is of the view that non cancellation of the leased plot in accordance with the KPT land manual and non-recovery of rent was undue favor and encouragement for the mis users of leased plots.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that necessary action may be taken against the lessee and outstanding amount should be recovered as per KPT Act and by-laws.

22.4.45 Non observance of Board Resolutions

KPT Board vide B.R. No. 4 (Item-I) dated 10-07-2014 sanctioned transfer of lease hold rights only up to the period 08-08-2019 and for the purpose already laid down in lease deed and will not be renewed further due to the reason that the area is required for future Port development scheme and further directed to examine the article of association / trust deed.

In another Board Resolution No. 11 (item-II) dated 24-07-2014 wherein KPT Board deferred the matter regarding Transfer / Assignment of lease hold rights of subject plot.

Plot No. 25, Misc. Area, measuring about 30,949 square meters (37,014 square yards) at the Junction of Talpur Road and Old Queens Road Off. M. T. Khan Road, Karachi was allotted in the name of M/s. B. R. Herman & Mohatta Limited, for a period of 50 (Fifty) years up to: 08-08-1969. The said plot was renewed for a period of 50 (Fifty) years commencing from 09-08-1969 and expiring on 08-08-2019 at Rs. 6.21 per square meter (Rs. 5.25 per square yards) per annum plus Government, KMC and other usual taxes vide Lease Deed dated 25-01-1975.

Party vide letter dated 29-06-2013 through their constituted Attorney requested for permission of Assign / Transfer lease hold rights in the name of M/s. Dawat-e-Hadiya (Pakistan).

The transferee viz M/s Dawat-e- Hadiya (Pakistan) also filed suit bearing No 1603/14 in the High Court of Sindh at Karachi against the trustees of the Port of Karachi.

KPT Board vide B.R No 222 dated 05-11-2015 sanctioned the transfer/Assignment of lease hold rights of Plot No. 25 Misc. Area Old Queens Road in the name of M/s. Dawat-e-Hadiya (Pakistan) subject to withdrawal of suit bearing No. 1603/2014 filed in the High Court of Sindh. Accordingly, Board decision conveyed to the party vide letter dated 14-12-2015.

M/s. Tayebaly & Co on behalf of the party viz. M/s Dawate- Hadiya (Pakistan) letter dated 28-12-2015 informed that their client accept the terms and conditions and also get the Suit No. 1603 / 2014 decreed on the terms and conditions of this department letter dated 19-03-2014 and further informed that all the requirements have been fulfill and the Supplemental deed is now required to be executed as already agreed by KPT.

Dawate- Hadiya (Pakistan) letter dated 26.01.2016 sent a compromise application along with Court order dated 06.01.2016 and assignment deed dated 05.06.2014.

KPT has filed application in the Court under section 12 (2) regarding challenging / amendment the decree / Court decision as per KPT Board vide B. R. No. 301 (Item-II) dated 05.04.2016.

M/s. Mohsin Tayebaly & Company vide letter dated 21.02.2017 submitted the copy of supplemental deed dated 19.01.2017 duly executed by the Nazir of the High Court of Sindh on behalf of Trustees of the Port of Karachi duly registered. In this deed an ambiguity has found in clause 5 of the supplemental deed dated 19.01.2017 which is reproduced as under

"That the tenant shall use the premises for commercial purpose and KPT undertake to renew the lease period for further 50 years on such terms & conditions at the currently prevailing rate.

Audit is of the view that non-compliance of clear Board Resolution and submission of compromise settlement mentioning for use of the plot for commercial purpose was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the inquiry report in light of Board Resolution and details of action taken against the person held responsible may be provided to Audit.

22.4.46 Irregular and unauthorized settlement of case through compromise

The KPT Board vide BR No, 1025 (Item-III) dated 08.03.2012 read with BR No.1046 dated 12.04.2012 (Item-IX) sanctioned allotment of plot 14, Oil Installation Area in lieu of Plot 67 Oil Installation Area, Keamari for the residue period ending on 13.06.2014 and subject to withdrawal of suits from the court.

Plot No 67 Oil Installation Area measuring 6214 sq meters was allotted to M/s System and Technology (Pvt.) Limited for a period of 25 years w.e.f 14.06.1989 for Import of Edible Oil and Molasses vide B.R No. 295 dated 30.09.1989. Possession of plot was handed over on 14.06.1989. The party failed to submit NOC from Naval Authorities for construction of tanks, as Defense Cabinet Committee put ban thereon. The party was defaulted in payment of KPT dues. The party also started construction of tank pad without NOC from the Naval Authorities.

KPT Board vide B.R No 390 dated 08.05.2002 sanctioned cancellation of Plot in question. The party filed suit against KPT bearing No. 842/97

Party vides their letter dated: 01.11.2010 and 29.12.2010 & 04.05.2011, requested for out of court settlement. The matter was placed before the out of Court Settlement Committee who sent the case to KPT Board for allotment of Plot No. 14 Oil Installation Area Keamari in lieu of Plot No.67 Oil Installation Area Keamari on the same terms and conditions as well as rate of rent.

The party went into the court for compromise application dated 23.06.2015 made by the than Manager Legal Affairs, KPT Advocate, Party representative and Party Advocate which was submitted in the court and accordingly on the basis of Compromise application dated 23.06.2015 the court passed order dated 29.06.2015 for the purpose of storage and or commercial and accordingly order to the Nazir of the Court for Execution of lease documents on behalf of KPT.

Accordingly the Nazir of the Court has execute the lease documents on behalf of KPT for the from 07.02.2014 to 06.02.2019 @ Rs. 140 per square meter per annum with 7% escalation every year with purpose of Storage and / or commercial

Audit is of the view that MLA and KPT Advocate in violation of KPT Board Resolution went for compromise and negates KPT stance that the part could not construct tank without NOC.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level to fix the responsibility and the inquiry report along with details of action taken against the persons held responsible.

22.4.47 Non effort for implementation of the court decision

Plot No. 01, Timber Pond Area, Keamari, Karachi measuring 1350 square yards to M/s. Eastern Services Limited for storage of non-hazardous goods @ Rs. 5.25 per square yard per annum excluding KMC and Govt. Taxes for the period ending on 06.04.1977 vide Lease Deed dated 20.05.1967.

Plot No. 69/2, Timber Pond measuring 200 square meters was allotted on temporary basis to Mr. Jairam Karacasia for the purpose of Workshop of Barjes, Boat Building Yard which was expired on 30.06.1987.

Plot No. 30, Timber Pond, Keamari, measuring 792 square meters has been allotted to Mr. Ghulam Moinuddin Saifuddin Kharb & brothers for the period w.e.f. 07/04/1952 to 06.04.1977 for the purpose of storage of Timber Pond and allied building materials etc. and for such other purposes.

Lease period of the above three plots was not renewed for further period as the plot falls under future development scheme of KPT. In this connection, notice was served to the allottees of the Timber Pond Area. Upon receiving notice, party went to Court and filed Suits against KPT in the High Court of Sindh and obtained Stay orders.

The Suits filed by above lessees was dismissed in favor of KPT and accordingly KPT took over the possession of the plot on 19.07.2018.

Audit observed that possession of the above three plots have been taken by KPT but on the other hand renewal of other 62 plots in Timber Pond Area is pending due to future development plan of KPT in the area and the lessees had filled petition in court against KPT decision. KPT did not made effort to implement this decision in the other same nature cases pending in the same courts.

Audit is of the view that non making effort for implementation of the court decision in other cases is negligence on the part of KPT.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that efforts should be made to implement the court decision in other same nature cases to resolve long court cases and providing justice to all tenants.

22.4.48 Unauthorized retention of plot by M/s Shahnawaz Limited

Lease agreement between M/s Shahnawaz Limited and Karachi Port Trust was signed on 15.08.1959 for lease of Plot No.7 measuring 4,787 square meters at Industrial Area, West Wharf, Karachi. The purpose of lease was to establish Assembly Plant for Motor Car and Trucks and additional purpose was construction of warehouse, store office and repair work shop. The KPT Board vide B.R No.114 dated 13.08.1985 sanctioned renewal of lease period for the period of 25 years with effect from 01.10.1984 to 30.06.2009.

Audit observed as under:

i. The plot was not utilized for the main purpose of allotment as M/s Shahnawaz Limited did not fix Assembly Plant for Motor cars and Trucks despite lapse of 50 years.

ii. M/s Shahnawaz vide letter dated 01.08.2009 applied for renewal of lease for further period of 25 years. Despite lapse of 9 years neither lease has been renewed nor party has vacated the plot.

Audit is of the view that non utilization of the plot for which it was leased was violation of the lease agreement.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that immediate action as per KPT Act and KPT Estate Manual to resolve the issue. Further it should also be ensured that the plots leased at discounted rate are utilized in accordance with the purpose of allotment

22.4.49 Loss due to non-auction of the vehicle through open auction

Rule 26 of Rules for Use of Staff Cars, 1980 states that all vehicles shall be disposed of through public auction

KPT placed an advertisement in daily Dawn dated 28.09.2017 inviting sealed bids for disposal of various types of vehicles on as is where basis.

KPT store department disposed of the following vehicle on the basis of highest bid offered. Detail of reserve price and auction price is given as under:

S. No	Vehicle No	Make & Model	Reserved Price	Highest Offer
1	Suzuki Mehran No GA-0548	1993	30,000	46,000
2	Suzuki , Mehran No.1005	1996	40,000	56,363
3	Suzuki , Mehran No.0547	1993	40,000	40,000
4	Suzuki , Mehran No.0549	1993	25,000	40,000
5	Suzuki , Mehran No.0598	1993	30,000	35,000
6	Suzuki , Mehran No.0593	1993	30,000	51,000
7	Nissan Sunny No.GA-0064	1993	65,000	81,000
8	Nissan Sunny No.GA-0202	1993	110,000	113,400
9	Suzuki , Mehran No.3102	1993	110,000	150,000
10	Kia Sportage No.GA-9027	2005	300,000	307,800
11	Kia Sportage No.GA-9028	2004	280,000	302,400
12	Kia Sportage No.GA-9029	2004	280,000	302,400
13	Kia Sportage No.BD-0297	2005	300,000	324,000
14	Suzuki , Khyber W-2989	1993	65,000	105,000
15	Suzuki , Hiroof No.5175	1987	30,000	82,000
16	Nissan Ur Van No.CJ-9995	1992	100,000	236,000
17	Suzuki , Hiroof GA-5135	1985	110,000	141,000
18	Suzuki , Hiroof No GA-5524	1992	35,000	99,000
19	Toyota Pickup No. GA-5118		100,000	227,000
20	Suzuki , Hiroof No GA-7030	1993	40,000	98,000
21	Nissan Pickup No EX- 3495	1987	95,000	187,000
22	Suzuki , Hiroof No GA-5117	1988	28,000	98,000
23	Suzuki , Hiroof (Accidental) No GA-5831	1994	20,000	56,000
24	Nissan Pickup No GA-6145	1988	90,000	207,000

25	Hino Truck 120, 180 HP No. GA-4168 Model 1983	1983	290,000	736,000
26	Isuzu Truck No GA-4165	1988	270,000	419,375

Audit observed that the vehicles were auctioned at nominal rates. The basis of reserved price is very low. Scrap value of such vehicles may be greater than the reserve value fixed by the concerned department.

Audit is of the view that due non auction of the vehicle through public auction rates were offered very low as compared to market rate. The reserve price of the vehicle was also very nominal.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level for auctioning the valuable assets at nominal value.

22.4.50 Non tendering of non-residential plots, lease period of those are expired and waiting for renewal since long

Para 15 of the Estate Manual Lands and Building of Karachi Port Trust, Karachi, 1983 states that land and buildings will be disposed of by inviting tenders in case of non-residential plots and through auction in case of residential plots.

Audit observed that a large number of non-residential and industrial plots were allotted on lease basis on personal requests. Lease period of these allotments were expired and renewal of the leases were in process since long.

Audit is of the view that these valuable plots were allotted at nominal rates and without tender, after the expiry of the lease period it was required to allot after tendering to obtain a competitive rates.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that all expired lease of non-residential plots should be allotted through tendering.

22.4.51 Non-preparation of financial statements

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.

Audit observed that audited financial statements of Karachi Port Trust Karachi were neither prepared nor audited.

Audit is of the view that non-provision of audited financial statements was a violation of the KPT Act.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that financial statements may be prepared and audited from chartered firm.

22.4.52 Non-maintenance of cashbook and reconciliation with the Banks and ledger balances

Rule 77 of FTR Volume-I states that Cashbook should maintain in Form T. R. 4, all monetary transactions should be entered in the cash book as soon as they occur and attested by the head of the office The cash book should be closed regularly and completely checked. The head of the office should verify the totaling of the cash book or have this done by some responsible subordinate other than the writer of the cash book, and initial it as correct. At the end of each month, the head of the office should verify the cash balance in the cash book and record a signed and dated certificate to that effect.

KPT maintaining the following bank accounts for receipts and expenditures.

Audit observed that cashbook for receipt and expenditure was not maintained by KPT therefore reconciliation with the bank accounts was not carried out nor it was possible.

S. No.	Bank Name	Type	Account No.
1	Habib Bank Ltd.	Current	1-39
2	Habib Bank Ltd. (Project account)	Current	3-91
3	Habib Bank Ltd. (Pension Account)	Current	1297-13
4	Habib Bank Ltd. (D & R)	Current	1422-40
5	Habib Bank Ltd.	Current	11-01
6	Habib Bank Ltd. (Daily Product Account)	PLS	7900063
7	National Bank of Pakistan (NIDA)	PLS	12

Audit is of the view that non maintenance of cashbook and non-reconciliation of departmental receipt and expenditure with bank's receipt and expenditure was negligence on the part of accounts department.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that cashbook may be maintained and reconciliation with the banks may be carried out on monthly basis to rectify any error between the books of account.

22.4.53 Irregular appointment through deputation

Regulation 23 (a & b) of KPT Employees Service Regulations, 2011 states that the ratio of promotion and initial appointment should be 60% and 40% respectively in all Cadres/Pay Scales. No initial appointment or deputation shall be made to posts in BPS 16 and BPS 18 to BPS 21 except in cases where the Internal Selection Committee/ Board Selection Committee could not find a suitable candidate to be recommended for promotion.

Audit observed that officers of BPS 16 and BPS 18 to BPS 21were appointed on deputation basis.

Audit is of the view that appointment through deputation of the above mentioned officers and staff is violation of Service Regulation and hindrance in promotion of eligible KPT employees.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued forthwith and posts may be filled by observing KPT employees Service Regulations.

22.4.54 Irregular appointment of pilots

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.

KPT vide NO GM (O)/PS/D-2/90 dated 31.05.2018 appointed the following pilots for pilotage duties

i. Capt. Syed Tanweer Qaim
ii. Capt. Imtiaz Kazi
iii. Capt Khalid Mehmood
iv. Capt Muhammad Anwar Khan

Audit observed that advertisement along with the required qualification, certificates, license, age and experience was not published in the printed media. Furthermore according to one of the terms of reference SAPTL will ensure Administrative Control with respect to payments and all payments made will be adjusted in the next Royalty payments due to KPT.

Audit is of the view that appointment without advertisement and proper competition is irregular and unauthorized. Further SAPTL is Terminal Operator Company who performs its duty under the agreement and could not pay royalty charges to the payment of pilot's perks and privileges.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired at appropriate level for fixing responsibility.

22.4.55 Irregular expenditure on repair and maintenance of KV-43 G-Type building at Nagina Centre, Keamari - Rs. 8.768 million

Para 10 of GFR Vol-I stipulates that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Public moneys should not be utilized for the benefit of a particular person or section of the community. 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. Similarly, 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.

Engineering Department, KPT, Karachi incurred expenditure of Rs. 8,768,529 on repair and maintenance to KV-43 G-Type building at Nagina Centre, Keamari during the period of audit.

Audit observed as under:

i. The Engineering Department prepared estimates for incurrence of expenditure on the above job amounting to Rs. 7,567,560 whereas, the lowest bid submitted by the firm M/s. Patel Construction Co. for Rs. 8,768,529 which was 15.86% high from the budget estimates.

ii. As per note portion of the file the Port Intelligence Officer also showed his concern regarding high side bid amount but the

Engineering Department did not go to the retendering process for healthy competition.

iii. Expenditure approximately Rs. 2.000 million had already been incurred on the same building in the year 2013 and 2015.

iv. The contractor i.e. Patel Construction Co. has only Rs. 2.000 million state capital as mentioned in their tender documents which is very much low against award of more than Rs.8.000 million of work.

v. As per Engineering Department letter dated 07.06.2018 written to the contractor regarding rectification work which is still pending after completion of project on 24.03.2018 which is very much surprising.

Audit is of the view that award of the contract to the contractor having higher cost as compared to the estimates prepared by the engineering department was undue benefit to the contractor.

The management did not reply till finalization of the Report.

The PAO was informed on 31.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be justified to Audit.

22.4.56 Un-authorized and wasteful expenditure - Rs. 97.571 million

The KPT Board vide BR No. 554 dated 13.01.2011 sanctioned and awarded the work of Reconstruction 0f Jetties at Baba and Bhit Islands to M/s. Echo West International at a cost of RS. 251.652 million. Agreement with M/s. Echo West was signed on 20.07.2011 with completion periods as 18 months; work was started on 03.10.2011 and was required to be completed on 02.04.2014.

In an other BR No. 684 dated 16.06.2011, the KPT Board sanctioned and awarded the consultancy work “Top and Site supervision services for Reconstruction of Jetties at Baba and Bhit Islands to M/s. A.A. Associates at a cost of Rs. 14.042 million.

The management of KPT paid Rs. 75.547 million to M/s. Echo West and Rs. 21.924 million to M/s. A.A. Associates till June, 2017 for reconstruction of Jettis at Baba and Bhit Island.

Audit observed as under:

i. Reconstruction work was stopped by the contractor in 2014.
ii. An Amount of Rs. 7.882 million (Rs. 21.924 million – Rs. 14.042 million) was paid in excess of the contract amount, i.e. Rs. 14.042 million to the consultant despite the fact that the work was stopped in January, 2014 and the contract was terminated by the KPT Board on 26.02.2015.

Audit is of the view that due to termination of contract, the entire expenditure of Rs. 97.571 million was wasted.

The management replied that due to contractor's nonprofessional attitude a period of more than three and a half years has been passed, but no work has started on the existing jetties and the work was totally stopped in January, 2014 and KPT Board terminated the contract vide BR No. 104 dated 26.02.2015 against which contractor filed a suit in the Sindh High Court.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

22.4.57 Irregular expenditure on consultancy charges without tender – Rs. 10.110 million

Para 12(2) of PPRA 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 management of KPT awarded a consultancy contract vide BR No. 227 dated 03.03.2016 to M/s. Indus Associated Consultants (Pvt.) Ltd for checking Engineer Services in the Quay Wall on the Quay Wall Construction Work and paid an amount of RS. 10.110 million to the Contractor from 16.03.2016 to August, 2017 at a monthly rate of Rs. 886,929/-

Audit observed that the work was awarded without open competition.

Audit is of the view the award of contract without open competition was irregular and unauthorized.

The management replied that tenders were invited and the work was awarded to M/s. Nespak which was not materialized and later on the work was awarded to M/s. Indus Associated Consultants (Pvt.) Ltd.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for award of work without tender.

22.4.58 Irregular expenditure on establishment of a certifiable EHS Management System – RS. 31.234 million

Karachi Port Trust executed an agreement with M/s. Applus Velosi vide BR No. 303 dated 09.05.2013 to carry out Environment Health and Safety Management System in KPT at a cost of US $ 196,702/- inclusive tax.

As per contract the entire work consist of three phases was required to be completed in 18 months during 26.07.2013 to 25.01.2015. The payment was also to be made in phases

The KPT Board vide BR No. 38 dated 08.12.2016 increased the cost of contract from US $ 196,702/- to 280,473/- inclusive taxes and completion time up to December, 2017.

Audit observed as under:

i. Despite lapse of 26 months in September 2016, the firm M/s. Velosi completed just Phase-1 of the contract which was required to be completed in first three months from the date of start of work i.e. in the month of April, 2015.

ii. An amount US $ 188,165.52 (RS. 18.541 million) was paid to the contractor till Jan, 2017 out of total allocation of US $ 280,473 (RS. 31.234 million).

iii. The scope work was reduced from whole of the KPT to berths 10-17 and OP-I – OP-II, as such since the scope of work was reduced, therefore, cost of the work should have also been reduced but the situation was quite reverse i.e. quantum of work reduced and cost / time increased.

Audit is of the view that work was started without proper planning, dire need and in-house preparation and as such it is fear that the entire exercise and amount will go waste.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

22.4.59 Loss due to non-completion of repair of BHD Ali Dredger – Rs. 169.806 million

KPT Board vide B.R 96 dated 22.01.2015 approved the offer of M/s Keller Gear Box and Pumps BV for undertaking the repair work at a total cost of Euro 1,480,905 including all applicable taxes and payment to be made in foreign currency through LC being operational emergent nature of work.

The management of CM&EE KPT awarded contract of repair and refurbishment and commissioning of BHD Ali Dredger on Turn Key Basis to M/s Keller Gear Box and Pump BV Netherland of Euro 1,480,905. The payment has been made to the contractor Euro 1,110,678. The work was to be completed in 12 weeks (03 months). The work order was issued on 06.02.2015. The ERP commenced on 04.06.2015 by M/s Keller Gear Box and Pump BV's Technical team with their authorized local consultant /Engineer. The inspection of Excavator completed on 07.07.2015. All dismantled parts delivered on 28.08.2015 for cleaning, packing and shipment to Amsterdam/Rotterdam Netherland. First visit for inspection and dismantling of dredger was carried out from 01.11.2015 to 06.11.2015. 2nd visit was paid on 06.12.2015 to 12.12.2015. The parts and equipment of BHD Ali arrived on 12.02.2016 at PICT from Netherland. The KPT management paid 75% (Rs. 127.355 million) of the total contract amount to the contractor up to 15.11.2015.

Audit observed that despite lapse of three years the repair work is still not yet completed.

Audit is of the view that despite expenditure of Rs. 127.355 million the Dreger is still not in working condition.

The management replied that due to additional work cropped up after the dismantling of the associated machinery the case sent to competent authority for approval of additional work, but the case is not materialized. Therefore, delay in completion period occurred. KPT suffered dredging of maintenance close to the berths. The advance was paid as per KPT work order.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides making efforts to complete the repair work.

22.4.60 Irregular and un-authorized expenditure on conversion of vehicle No.Gp-015 into bullet and bomb proof - Rs. 4.962 million

Rule 24(2) of Rules for the Use of Staff Cars, 1980, provides that a Federal Minister is entitled to 1800cc vehicle which will be provided by the

Cabinet Division from Central Pool of Cars. Further the rules also provides that cars, jeeps and wagons having engine capacity of more than 2000cc have a life of 8 years or 200,000 kilometers whichever is earlier.

The management of Chief Mechanical and Electrical Engineering (CMEE) Department incurred expenditure of Rs.4.962 million for converting a Land Cruiser, Model 2007, 4463 CC on bullet and bomb proof of vehicle (Land Cruiser 4463 CC Model 2007) from M/s Karachi Armoring Facility, Islamabad.

Audit observed as under:

i. The expenditure on old/used vehicle was contrary to principle of value for money under the Rule 4 of Public Procurement Rules 2004.

ii. The subject vehicle has completed its useful life under Rule 5(b) of Rules for the Use of Staff Cars, 1980.

iii. The vehicle was under the use of Minister for Ports and Shipping despite the fact that it is the responsibility of the Cabinet Division to provide a vehicle to the Minister from Central Pool of Cars.

Audit is of the view that expenditure on old vehicle and its placement with the Minister was irregular and in violation of rules.

The management replied that the vehicle was in use of Minister apart from VVIP duty.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

22.4.61 Irregular payment of allowances - Rs 2.950 million

Section 6(1) of the Karachi Port Trust Act, 1886 states that Government shall from time to time appoint a person to be Chairman of the Board. The person so appointed may be public officer or not. The Chairman shall be a trustee.

Section 16(1) of the Karachi Port Trust Act, 1886 states that the Chairman's remuneration and other conditions of service shall be determined by the (Federal Government).

Establishment Division vide No 1/10/2014-E-6 dated 23.11.2017 appointed Rear Admiral, Jamil Akhtar as Chairman Karachi Port Trust (KPT), under Ministry of Marine Affairs for a period of three year.

Audit observed that the Chairman assumed the charge on 23.11.2017. Chairman's remuneration and other conditions of service were not determined by the Federal Government. Date of retirement of the officer is 12.05.2019. According to the LPC of the Chairman an additional allowances amounting to Rs. 245,842 per month were drawing by the Chairman. An amount of Rs. 2,950,104 was paid on account of additional allowances w.e.f 23.11.2017 to 22.11.2018. Details of additional allowances are; Deputation Allowance Rs. 12,000/month, Senior Post Allowance Rs. 1,750/month, Orderly Allowance Rs. 12,000/month, Harbour Allowance Rs. 68,624/month, Conservator Allowance Rs 100,000/month, Compensatory Allowance Rs. 51,468 /month.

Audit is of the view that payment of additional allowances without the approval of the terms and conditions of appointment from the Federal Government is irregular and unauthorized.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregular practice may be discontinued till approval of terms and conditions of appointment from Federal Government, and amount already paid may be recovered.

22.4.62 Allotment of 250 acres of KPT land to M/s United Workers Forum, KPT Co-operative Employees Housing Society

Section 18 of KPT Act 1886 states that the Board shall be competent, subject to the restrictions contained in sub-section (2) to lease, sell or otherwise transfer any moveable or immoveable property which may for the purposes of this Act, have become vested in or been acquired by them and so far as is not inconsistent with the provision and purposes of this Act, and subject to the restrictions contained in sub-sections (3) and (4) to enter into and perform all such contracts as they may consider necessary or expedient in order to carry into effect the said provisions and purposes.

(2) Subject in certain cases to sanction of Government. In the case of every lease of immoveable property for a term exceeding (twenty five years with an option to renew for a like period of twenty five), in the case of every sale or other transfer of any such property, the previous sanction of Government is required.

Section 17 of the Manual for the estate department states that long term leases will be granted on Rental basis or on Premium-cum-Rental basis in any of the following manners; by inviting tenders, by auction, by private treaty.

KPT Board vide Resolution No 696 dated 18.10.2006 allotted 250 acres of land at Sandspit along Hawksbay Road Karachi for KPT employees society to M/s United Workers Forum.

Audit observed that the lease was made for 99 years with Rs 0.10 per square meters per annum excluding all Government taxes. The other terms and conditions as per standard format of 99 years lease. The allotment was not made by inviting tender, or auction. By- laws of the society was also not available. Lease agreement was also not provided. The society has not achieved the purpose of the allotment and still the plots have not developed and allotted to the employees of KPT. Seniority list and number of KPT employees benefited from the society was not provided.

Audit is of the view that allotment of land to KPT employee's union housing society and non fulfillment of the purpose of the allotment was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the current status and the relevant documents may be provided to Audit for further scrutiny.

22.4.63 Allotment of 78 acres of KPT land China Creek Black Water Area M.T Khan Road to KPT Co-operative Housing Society, Karachi

Section 18 of KPT Act 1886 states that the Board shall be competent, subject to the restrictions contained in sub-section (2) to lease, sell or otherwise transfer any moveable or immoveable property which may for the purposes of this Act, have become vested in or been acquired by them and so far as is not inconsistent with the provision and purposes of this Act, and subject to the restrictions contained in sub-sections (3) and (4) to enter into and perform all such contracts as they may consider necessary or expedient in order to carry into effect the said provisions and purposes.

(2) Subject in certain cases to sanction of Government. In the case of every lease of immoveable property for a term exceeding (twenty five years with an option to renew for a like period of twenty five), in the case of every sale or other transfer of any such property, the previous sanction of Government is required.

Para 15 of the Estate Manual Lands and Building of Karachi Port Trust, Karachi, 1983 states that land and buildings will be disposed of by inviting tenders in case of non-residential plots and through auction in case of residential plots.

Para-17 Para 15 of the Estate Manual Lands and Building of Karachi Port Trust, Karachi, states that long term leases will be granted on Rental basis or on Premium-cum-Rental basis in any of the following manners; by inviting tenders, by auction, by private treaty.

KPT leased an area 0f 78 acres of KPT land to M/s Karachi Port Trust Officers Co-operative Housing Society Ltd Karachi on 17.05.1990.

Audit observed that the lease was made for 99 years with Rs 0.10 per square meters per annum excluding all Government taxes. The other terms and conditions as per standard format of 99 years lease. The allotment was not made by inviting tender, or auction. By- laws of the society was also not available. Lease agreement was also not provided. The society has not achieved the purpose of the allotment and still the plots have not developed and allotted to the officers of KPT. Seniority list and number of officer benefited from the society was not provided.

Audit is of the view that allotment of land to KPT employee's union housing society and non fulfillment of the purpose of the allotment was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the current status and the relevant documents may be provided to Audit for further scrutiny.

22.4.64 Irregular payment of Minimum Guaranteed wages – Rs. 860.712 million

Section 29 of Karachi Dock Workers (Regulation of Employment) Scheme, 1973 states that wages has the same meaning as in the Payment of Wages Act, 1963, but shall not include remuneration for overtime work.

"Guaranteed Minimum Wages in a month.-(1) A registered dock worker in Register-I shall be paid wages for such minimum number of days in a month as may be prescribed from time to time at the wage rates prescribed, appropriate to the category to which he permanently belongs even though no work may be found for him for the prescribed number of days in a month. The days on which work is allotted to a registered dock worker shall be counted towards the prescribed number of minimum days. The guaranteed minimum wages excluding overtime in a month that may be decided by the Board from time to time shall not be less than those guaranteed under any law, award or settlement whichever is more:

The Payment of Wages Act, 1936 describes "wages" as all remuneration, capable of being expressed in terms of money, which would, if the terms of the contract of employment, express or implied, were fulfilled, be payable, whether conditionally upon the regular attendance, good work or conduct or other behavior of the person employed or otherwise, to a person employed in respect of his employment or of work done in such employment and includes any bonus or other additional remuneration of the nature aforesaid which would be so payable and any sum payable to such person by reason of the termination of his employment, but does not include:

a) the value of any house accommodation, supply of light, water, medical attendance or other amenity, or of any service excluded by general or special order of the Government;
b) any contribution paid by the employer to any pension fund or provident fund;
c) any travelling allowance or the value of travelling concession;
d) any sum paid to the person employed to defray special expenses entailed on him by the nature of his employment; or
e) any gratuity payable on discharge.

The KDLB guaranteed Average Minimum Wage of 2,756 dock workers of day shift and night shift @ Rs. 31,400 for a month during 2015 to 2017 which come to Rs. 2,076.921 million annually.

The management of KDLB paid an amount of Rs. 37.149 million to 2721 dock workers during the month of December, 2016 as Minimum Guaranteed Wage.

Audit observed as under:

i. During the month of December, 2016, Stevedore paid an amount of Rs. 110.184 million to these 2,721 dock workers as

Wage and Incentive excluding overtime which is already more than the guaranteed wage in a month, i.e. Rs. 85.439 million.

ii. The management paid an amount of Rs. 37.149 million to these workers in excess of the guaranteed minimum wage in a month.

iii. During 2015-17, the employers (Stevedores) paid an amount of Rs. 2,438.197 million to KDLB management as wages of dock workers.

iv. Minimum guaranteed wage for two years for 2,756 dock workers comes to Rs. 2,076.921 million which is less than the wages earned by the dock workers during 2015-17.

v. An amount of Rs. 860.712 million was paid by the management during 2015-17 in excess of the guaranteed minimum wage.

Audit is of the view that the minimum wages paid by the KDLB Board in excess of the guaranteed wage was irregular and unauthorized and in violation of Section 29 of the Scheme.

Audit is also of the view that this act of the management put extra financial burden to the Board.

The management replied that no excess wages were paid. It is evident that the basis of fixing of Guaranteed Minimum Wages (GMW) in a month is "number of days" and not a fixed sum of money. Whatever a dock worker may earn at the port on engaged days is the responsibility of his employer (i.e. stevedore) and the payment of GMW for idle days is the responsibility of KDLB.

The reply was not acceptable because the management paid wages in excess of the guaranteed minimum wage already earned by the dock workers.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.65 Overpayment on account of superannuation - Rs. 1,160.382 million

The KDLB Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f. 01.07.1996. Wage guaranteed under Clause 29 of the Karachi dock Workers (Regulation of Employment) Scheme, 1973 form the basis for calculation and payment of pension to the dock workers.

The management of KDLB sanctioned pension of 400 dock workers during the period 2013-17 and paid 1,365.163 million as 100% pension commutation.

Audit observed as under:

i. The government pension is based on pay scale whereas the pension of the dockworkers is paid on the basis of minimum guaranteed wage revised after two years after allowing increase of about 40%.

ii. Management has adopted pension scheme for Dockworkers as per Government rules but did not follow the government pension scheme in totality.

iii. As per government Pension Rules 35% of the gross pension is commuted and remaining 65 is paid as net pension whereas the KDLB commuted 100% pension to retiring dock workers in violation of government pension scheme. The accumulative financial impact of 65% commutation over and above the permissible limit come to Rs. 887.357 million in respect of 400 dockworkers retired during 2013-17.

iv. The management applied Commutation Table introduced by Finance Division vide O.M. No. F.10(3)REG dated 01.07.1986 which was replaced with new table vide Finance Division O.M. No. F-1(5)Imp/2001 dated 04.09.2001 whereas the management of KDLB was calculating pension of dock workers on basis of Commutation Table of 1986 which created an abnormal anomaly. The rates of commutation table of 1986 were 20% higher than rate of commutation table of 2001 therefore, by applying unrelated rate an overpayment of Rs. 273.032 million was made to pensioners.

Audit is of the view that pension was paid in violation of government pension scheme which resulted in extra financial burden on the Board Fund.

The management replied that in Charter of Demands submitted for the period of 1995-1997 approved vide B.R.No.09/96 Demand No.03 states that "Pension be fixed for dock workers alike KPT workers". It was agreed that a Pension Scheme will be made applicable from 01.07.1996, in line with Government Rules. It is admitted that commutation table of 1987 was made a part of KDLB Pension Scheme and since no change in this table has been made by the Board through any Charter of Demands as such the applicability of the table introduced by the government in 2001 does not arise. The new table was applicable in case of only those employees who will opt for new scales of 2001. KDLB workers being daily wagers of casual employment nature could not and did not consider these amendments for KDLB's own pension scheme.

The management accepted that government rules of pension were not adopted in true spirit. Further, if the dock workers are on daily wager then they were not entitled for pension as per rules.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

22.4.66 Irregular payment on purchase of medicines - Rs. 98.066 million

Clause 9(c) of the Scheme states that the Chairman shall have full administrative and executive powers to deal with all matters relating to the day-to-day administration of this Scheme and in particular to supervise and control the working of the Administrative Body and to take suitable steps if any irregularities are detected by him or brought to his notice.

The following chemists were at panel of KDLB for provision of medicines on Local Purchase basis.

i. Platinum Medical Store

ii. Danish Medical Store

iii. AA Medicos

iv. Al-Haider Medicos

The out-door patients of KDLB purchased medicines from these stores. The expenditure for the years 2014-17 comes to Rs.202.920 million.

Audit observed as under:

i. The medical stores were selected without adopting open competition.

ii. Neither any rules nor policy framed by the management to regulate the medical facilities including facility of local purchase of medicines provided to the Dock workers, officer and staff of the Board

iii. Local purchase was made by out-door patient on the prescription of the specialist directly from the selected chemist/stores. No mechanism exists to confirm whether the out-door patient has actually purchased the medicines.

iv. Payment was made without any proof of prescription of the specialist with the claim submitted by the chemist nor with the management.

v. The chemist at Serial No. 4 is jointly owned by Mian Jehanzeb and Rahim Khan.Mr. Rahim Khan is a registered dock worker as is evident from Computerized Payment Receipt (CPR) in which same CNIC No. 15602-0243480-1 was used for Income Tax on Salary and Withholding Tax on Services on the bills of M/s Al-Haider Medicos.

vi. Drugs license issued in favour of Mian Jehanzeb and Rahim Khan expired on 28.04.2012.

vii. In 326th Board meeting held on 20.01.2013 Mr. Mohammad A. Rajpar, Member in charge medical affairs informed the Board that according to intelligence report thorough KPT Department 2 of the stores on panel of KDLB belong to dock workers/relatives which needs to be streamlined to avoid conflict of interest.

viii. Despite having information and proof the management did not make any corrective measures to rectify the irregularity.

ix. The management purchased medicines amounting to Rs. 98.066 million from M/s Al-Haider Medicos during the period 2014-17.

x. A senior executive of the KPT being the Member of KDLB expressed his serious concerned over uncontrolled expenditure on medical expenditure as is evident from BR.No.06 of the minutes of 245th ordinary meeting of KDLB held on 20.06.2017.

Audit is of the view that existing system of purchase of medicines is not only against the rules but vulnerable to fraud and further in such circumstances when the store is owned by the worker of the Board the scheme of LP of medicines has become most conducive for fraud and misappropriation.

The management replied that a system of panel chemist was introduced to save the patient from inconvenience and difficulty in obtaining medicine the board decided to have on panel only those chemists which are in the vicinity of the KDLB medical centres. At that time there were no PPRA rules to follow and the chemist were selected after due diligence and care. On the instruction of the board an advertisement was published in the local newspapers for the year registration of the chemist under PPRA rules. In response only one chemist participated which was already on KDLB panel. Local Purchase slips were handed over to patients to collect medicine at any panel store. On next visit empty strips, vials, containers are collected from patients before issuing medicine or reference letter for consultation. These procedures confirm the purchase / consumption of medicines issued from panel store. The prescription slips of medicine are retained by the patients for follow up consultation at panel hospitals. However a copy of such prescription slip is now being retained by medical department as advised by Audit. Since the nature of employment of Dock workers is “casual” therefore board didn’t impose any restriction on any other employment/business.

The reply was not acceptable because being a government entity purchases should be made as per Public Procurement Rules, 2004. Further, in absence of medicine prescription the authenticity of the expenditure could not be ascertained. The management accepted that some medical stores are run by the employees/Worker of the KDLB.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the Ministry may conduct inquiry on payment without evidence.

22.4.67 Doubtful payment of wages in absence of authentic attendance record of the workers- Rs. 366.890 million

Clause 417(1) of the Schemes states that states subject to the conditions set out in this clause and clause 42, when in any wage period a registered dock worker in Register I is available for work but is not given employment or full employment, he shall be entitled to receive from the Board such amounts as may be admissible to him under Clauses 29, 30 and 32.

Clause 27(3) of the Scheme states that register dock workers of each category shall be allocated work by rotation.

The management of KDLB maintaining a roster of 2,756 registered dock workers. The averaged employment of the dockworkers for the last many years was almost 50% of the total strength.

Audit selected two months, i.e. December, 2016 and July, 2017. During these two months 749 dockworkers were engaged for work by the employers for 7 to 11 days whereas for the remaining 20 to 24 days no work was found for them and the management paid minimum guaranteed wage to them.

Audit observed as under:

i. The number and name of the dockworkers were same in both months which create doubt that either the rotational system was not followed or someone marked proxy.

ii. The management did not devise any system for marking attendance of the dockworkers to ascertain the physical presence of the dockworkers.

iii. The attendance for the period during which the dock workers is booked/employed by employers is also not marked as a token of his attending office for award of work.

iv. The monthly minimum guaranteed wage is Rs. 38,351 and Rs. 43,289 for day and night shift, respectively. The average monthly wages for the selected 749 workers come to Rs. 30.575 million with annual financial impact Rs. 366.890 million.

Audit is of the view that in absence of computerized and authentic attendance system, the existing manual system for marking attendance is most conducive to extend undue favors to the dockworkers with the connivance of the station master/supervisor which is tantamount to misappropriation.

The management replied that majority of the dock workers are illiterate who cannot sign. Attendance is marked in front of the worker by the Booking Staff. Two staff members for each shift were deputed to reduce the favour extending to absent workers. KDLB's attendance system had been computerized by installing Biometric Machine since 2012, but due to some technical reasons it was not a success. Now a new system of face recognition has been introduced to minimize the potential risk of undue favour as pointed out by Audit.

The reply indicates that the management has accepted the audit observation regarding unauthentic attendance system.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.68 Irregular appointment of dock worker and expenditure - Rs. 827.160 million

Clause 2(1) of the Scheme states that the objective of the Scheme are to ensure greater regularity of employment for dock workers and to secure that an adequate number of dock workers and to secure that an adequate number of dock work, expeditious and economic turn-round of ships and speedy transit of goods through the Port.

Clause 8(b) of the Scheme states that the Board shall be responsible for increase or decrease the number of registered dock worker in any category on the register from time to time as bay be necessary after a periodical review of the registers and anticipated requirements {provided that the decrease in number of registered dock if required, shall be on the principle of last in first out basis and once number of registered dock workers on the raster of the Board is identified as surplus, the Board shall not allow any fresh registration of dock workers, including registration of sons of the retired or deceased dock workers in their place.

In order to improve economic viability of the KDLB Scheme at the Karachi Port, the Board in its 287th meeting held on 18.11.2008 decided as under:

i. The required level of registered dock workers to remain on KDLB Roster Shall be 1700 workers.

ii. In order to rationalize the surplus strength from 3,793 workers to required level, the dock workers be offered Voluntary Retirement Scheme with lump-sum financial package inclusive of all their legal dues.

iii. In case the required level of registered dock workers on KDLB roster is not achieved through Early Voluntary Retirement Scheme then under the provision of Clause 8(b) of the Scheme the number of registered dock workers shall be decreased on principle if last in first out basis or any other steps be taken to reduce the number of registered dock workers in accordance with the law.

The management of KDLB has appointed 452 dock workers during the period 2007-17.

Audit observed as under:

i. The management appointed 452 sons of dock workers who retired on medical ground during the period 2007-17.

ii. The management is maintaining the roster of 2,756 dock workers against required level of 1,700 workers and resultantly 1,056 workers are retained over and above the required strength.

iii. The average salary expenditure on retention of 452 dock worker based on dock workers' wages and allowances for the years 2012-13 comes to Rs. 30,500 per-head and annually Rs. 165.432 and for last five years Rs. 827.160 million.

Audit is of the view that despite clear instructions of the Board the management failed to maintain the required level of dock workers and appointment of additional 452 workers resulted an extra expenditure of Rs.165.432 million annually.

The management replied that government has imposed ban on registration of dock workers under son quota effective from October, 2000. No fresh registration made and no worker registered on son quota for the workers retiring on superannuation. Strength of workers in Register-I has been reduced from 5646 to 2295 during 2000 to 2018. 457 Junior Workers up to July, 2018 including death cases are registered under Clause 14(II), 17 and Clause 19 of the Scheme which states the powers of criteria for registration of new dock workers. CBA never agreed to this strength of 1700 dock workers and recorded their decent in 288th (O) Board Meeting held on 15.07.2007. Board under Memorandum of Settlement with CBA of Dock Workers in 2007, 2009 & 2011 vide B.R.No.60/2007, 44/2009 & 20/2011 registered 452 sons of dock workers in Register-II who died while in service OR declared medically unfit. By registering workers in Register-II Board has created Reserve Pool as per Clause 14(II) of the scheme. Audit advice has been noted for compliance.

The reply was not acceptable because neither the Board nor CBA was competent to make decision in violation of the Scheme.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.69 Unjustified retention of dock workers and expenditure - Rs. 2,513.302 million

Clause 2(1) of the Scheme states that the objective of the Scheme are to ensure greater regularity of employment for dock workers and to secure that an adequate number of dock workers and to secure that an adequate number of dock work, expeditious and economic turn-round of ships and speedy transit of goods through the Port.

Clause 8(b) of the Scheme states that the Board shall be responsible for increase or decrease the number of registered dock worker in any category on the register from time to time as may be necessary after a periodical review of the registers and anticipated requirements provided that the decrease in number of registered dock if required, shall be on the principle of last in ,first out basis and once number of registered dock workers on the raster of the Board is identified as surplus, the Board shall not allow any fresh registration of dock workers, including registration of sons of the retired or deceased dock workers in their place.

The management is maintaining the roster of 2756 dock workers. The annual expenditure on dock workers' wages and allowances for the last five years comes to Rs. 6,215.573 million. Details are as under:

S. No.	Year	Amount(million)
1	2011-12	1,019.095
2	2012-13	1,008.429
3	2013-14	1,274.247
4	2014-15	1,456.901
5	2015-16	1,456.901*
	Total	**6,215.573**

*financial statement not provided figures based on last financial year.

In order to improve economic viability of the KDLB Scheme at the Karachi Port, the Board in its 287th meeting held on 18.11.2008 decided as under:

i. The required level of registered dock workers to remain on KDLB roster shall be 1,700 workers.

ii. In order to rationalize the surplus strength from 3,793 workers to required level, the dock workers be offered Voluntary Retirement Scheme with lump-sum financial package inclusive of all their legal dues.

iii. In case the required level of registered dock workers on KDLB roster is not achieved through Early Voluntary Retirement Scheme then under the provision of Clause 8(b) of the Scheme the number of registered dock workers shall be decreased on principle if last in first out basis or any other steps be taken to reduce the number of registered dock workers in accordance with the law.

Audit observed as under:

i. The management is maintaining the average roster of 2,859 dock workers during 2012-14 against required level of 1700 workers and resultantly 1,145 workers are retained over and above the required level.

ii. According to state of employment of registered dock workers for the years 2012-13 and 2013-14 the average daily engagement of dock workers comes to 938 which is 33% of the total strength

iii. The average 1,627 dock workers remained unemployed during 2012-14 which is 57% of the total strength.

iv. Average 293 workers remained on leave/absent during 2012-14 which is 10% of the total strength.

v. The average salary expenditure on retention of 1,627 dock worker based on dock workers' wages and allowances for the years 2012-16 comes to Rs. 502.660 million annually Rs. 2,513.302 million for last five years.

Audit is of the view that despite clear instructions of the Board and actual requirements the management failed to maintain the required level of dock workers which resulted an extra expenditure of Rs. 502.660 million annually.

Audit is also of the views that increase in containerization and mechanized handling of cargo which is mostly in bulk form has eventually reduced the need of manual dock work which required to be rationalized in accordance with required need of employers for efficient and economic turn-round of ships and vessels which was the prime objective of establishing KDLB.

The management replied that as per KDLB Scheme, the affairs relating to appointment, and all other terms and conditions of service are regulated by the management in accordance with Labour Laws applicable to Province of Sindh. The Board is represented by Government nominees, Employers nominees and the CBA nominees. For the purpose of retrenchment, the Board has been reluctant to exercise this option due to financial constraints and the apprehension of unrest among workers resulting in disturbance in industrial peace and smooth functioning of Port of Karachi under Clause 45 of the Scheme & CBA's right given by the Labour Laws, do not allow KDLB to reduce the strength through retrenchment as observed by the Audit. As regards induction of 452 dock workers, it is stated that the KDLB and the CBA entered into Agreement for induction of the sons of the dock workers, who died in the accidents during the course of employment and or due to illness developed during duty. All the powers are vested to the Board. The Policy decisions like induction, termination and or Schemes are the prerogative of the Board. The Executive and other officers just follow and implement the orders of the Board. The Voluntary Retirement Scheme can be allowed only if the finances of KDLB allow payment which is not practicable at present.

The reply was not acceptable because the Board in its 287th meeting held on 18.11.2008 decided to reduce the number of workers to 1700 which was neither implemented nor changed.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.70 Unjustified payment of pensionary benefits on medical ground - Rs. 438.726 million

Clause 50 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

The Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f 01.07.1996.Wage granted under clause 29 of the Karachi dock Workers(Regulation of Employment)Scheme 1973 form the basis for calculation and payment of pension to the dock workers.

As per government pension rules an invalid pension is awarded, on his retirement from the public service, to a government servant who by bodily or mental infirmity is permanently incapacitated for the public service, or for the particular branch of it to which he belongs. The infirmity has, however, to be certified by a duly constituted Medical Board.

In order to improve economic viability of the KDLB Scheme at the Karachi Port, the Board in its 287th meeting held on 18.11.2008 decided as under:

i. The grant of pension on the ground **“medical unfit”** is not covered in government pension scheme.
ii. The management has not adopted government pension scheme in totality.
iii. The management has appointed sons of retired dock workers who retired on medical ground in violation of the provision of the scheme.
iv. Instead of making KDLB economically viable by rationalizing working strength as advised by the Board In order to rationalize the surplus strength from 3793 workers to required level, the dock workers be offered Voluntary Retirement Scheme with lump-sum financial package inclusive of all their legal dues.
v. In case the required level of registered dock workers on KDLB roster is not achieved through Early Voluntary Retirement Scheme then under the provision of Clause 8(b) of the Scheme the number of registered dock workers shall be decreased on principle if last in first out basis or any other steps be taken to reduce the number of registered dock workers in accordance with the law.

The management of KDLB approved retirement of 144 Dock Worker during the period 2015-16 and paid an amount of Rs. 438.726 million on account of 100% pension on medical ground.

Audit observed as under:

i. The management has not made rules to regulate the retirement and payment of pension to incapacitated Dock Workers

ii. Pension Scheme in lieu of gratuity scheme was introduced in accordance with memorandum of settlement vide BR.No.31/96 instead of making rules as required.

iii. The retirements on medical unfit basis were recommended by Medical Board of the KDLB instead of an independent medical board.

iv. The management of KDLB has appointed sons of dock workers who retired on medical ground.

v. The management is maintaining the roster of 2756 dock workers against required level of 1700 workers and resultantly 1056 workers are retained over and above the required strength.

vi. Instead of making KDLB economically viable by rationalizing working strength as advised by the Board the management is creating further liabilities and financial burden by employing sons of retired employees .

vii. Declaring medical unfit to a Dock Worker nearing the age of superannuation is introduced just to accommodate the sons of the retiring employees.

Audit is of the view that sanctioning pension close to the age of superannuation is an undue favor to the employees just to accommodate their sons which is irregular and extra burden on the finance of the Board which presently going in loss.

The management replied that KDLB initially introduced pension scheme in 1996 vide B.R.No.09/96. The grant of pension on medical grounds is also admissible under the KDLB Pension Rules. It is stated that cases were processed on the basis of their previous applications which were submitted before one year remaining service. As per Charter of Demands approved vide B.R.No.20/11 the Medical Board constituted by the Chairman for the purpose of declaring dock workers medically unfit allowed to register sons of retired dock workers on medical grounds.

The reply indicates that the management has accepted the audit observation regarding retirement of worker near superannuation on the request of the workers to appoint their sons on medical ground.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.71 Irregular lease of KDLB hospital –Rs.8.559 million

Clause 4(2) of the Schemes states that Board shall be a body corporate by the name aforesaid, having perpetual succession and common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

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

The Karachi Port Trust allotted land measuring 7,108 square meters in the newly reclaimed areas, near timber Pond Keamari vide Memorandum of Agreement date 14.09.1982 for construction of hospital.

The management constructed hospital building on the allotted plot. The charge of the hospital along with residential blocks and allied configuration/ accessories was given to M/s Dr. Ziauddin Hospital, Karachi vide general agreement on 14.04.1996 for provision of medical facilities to the registered persons of the KDLB.

Audit observed as under:

i. The charge of the hospital and residential blocks was given to M/s Zia-uddin Hospital Karachi, without adopting open competition.

ii. The management signed tenancy agreement with M/s Zia-uddin hospital for five years on 14.04.1996 on a monthly rent of Rs.150,000 for the first year,Rs.220,000,250,000,270,000 and Rs.300,000 for second, third, fourth and fifth years respectively.

iii. A supplementary agreement was signed on 13.03 1999 (copy was not provided).

iv. In continuation of general agreement and tendency agreements dated 14.04.1996 followed by a supplementary agreement dated 13.03.1999 the management signed another agreement containing additional terms and conditions on 16.08.2006 for further five years w.e.f.1.06.2006 to 31.12.2010 with the condition that the rent of KDLB hospital building shall be revised and increased by 10% every three years.

v. The hospital is still under the possession of M/s Zia-uddin Hospital Karachi and also on the panel of the KDLB but the record/ agreement/for further extension was not provided.

Audit is of the view that the charge of the hospital and subsequent lease on rent basis without competition was irregular and unauthorized.

The management replied that to run the Hospital it was decided to contract out the management of KDLB Hospital in 1996. Selection of M/s. Ziauddin Hospital was made through open competition through advertisement in the print media through Daily Dawn dated 03.09.2015 under B.R.No.23/96.

The reply was not acceptable because the hospital was handed over to M/s Ziauddin Hospital in 1996 without open competition which remain in their possession till 2015.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.72 Irregular lease of KDLB properties on rent without open competition - Rs. 65.270 million

Clause 4(2) of the Schemes states that Board shall be a body corporate by the name aforesaid, having perpetual succession and common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

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

The management of KDLB rent out five floors of main building to thirty one different organizations. The accumulative annual rent comes to Rs. 65.270 million.

Audit observed that KLDB premises were allotted to different organizations without open competition.

Audit is of the view that the allotment of office accommodation without competition was irregular and unauthorized and deprived the Board of the benefit of competitive rent.

The management replied that KDLB Building was built in 1983. Since then building is rented out. Most of the Tenancy Agreements were executed during 1983-1990 when there was no PPRA Rules. However, the Board has published advertisement time to time to offer open competition through newspaper such as on 05.02.2017 & 11.03.2017, but Board never received any response. The area is more suitable for shipping sector. Offices of the Ministry of Maritime Affairs and Ministry of Manpower & Overseas Employees are also situated in KDLB Building. United Bank and Meezan Bank are also in the Building to facilitate dock workers in disbursement of their payments. Whenever a suitable tenant is available, Board on mutual agreement allocates area on monthly rent basis according to prevailing market value of the area, however Audit instructions have been noted for compliance.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.73 Wasteful expenditure on purchase of software - Rs. 28.355 million

Clause 7(3) of the Schemes states that the income and property of the Board from whatever source derived shall be shall be applied solely towards the objects of this Scheme.

The management of KDLB awarded contract for installation of software to M/s Bahria Enterprise Systems and Technologies (BEST) at cost of Rs.28.355 million on 22.09.2011.The Company was required to develop and deliver the whole project including operation transfer and training within nine month after signing of the contract in accordance with contractual specifications/requirements. According to clause 10 of the agreement the payment of Rs.28.355 million was payable in following manners.

a) On signing contract 20%

b) On delivery of oracle 11g database in hardware for time and attendance Management System and document management system and upon delivery of Beta version 30%

c) Upon completion of both user and technical training, final testing application software, development/commissioning of gold release of application and submission of documentation 50%

Audit observed as under:

i. The project was required to be completed within 180 days w.e.f 22.09.2011 but company has not completed the project despite the lapse of six years and nine months.

ii. The payment to the company was required to be made in accordance with deliverables contained in clause 10 of the management has made full payment to the Company in violation of the Clause 10 of the agreement.

iii. The management did not take any action against the firm for recovery of amount paid or completion of the work.

Audit is of the view that the full payment to firm in violation of clause 10 of the contract agreement was undue favor and resulted in loss to the Board.

The management replied that in response audit observation, matter has been reviewed that M/s. Bahria Enterprises Systems & Technologies has furnished 10 software modules out of 11. Only one software module is outstanding.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.74 Irregular selection of panel hospitals - Rs. 801.637 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

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.

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

The following hospitals are at the panel of the KDLB Karachi.

i. M/s Zaiauddin Hospital

ii. M/s Liaqat National Hospital.

The management of KDLB made payment of Rs. 801.637 million to panel hospitals and other referral hospitals and clinic during 2014-17 as per following detail:

(Rs. in million)

S. No.	Financial Year	Expenditure
1.	2013-14	202.468
2.	2014-15	208.876
3.	2015-16	209.676
4.	2016-17	180.617
	Total	**801.637**

Audit observed as under:

i. The management neither framed any rules nor policy to regulate the medical facilities provided to the Dock workers, officer and staff of the Board.
ii. The panel hospitals were selected without open competition.
iii. This practice is continued for the last many years.

Audit is of the view that the procurement was made in violation of rules and therefore held irregular.

The management replied that the hospital is not a commodity which is easily available in the market and can be procured by inviting competitive bids. In Karachi, the hospitals are being run by private sector on the rates, terms & conditions prescribed by their management recognized and approved by PMDC. Board has selected Dr. Ziauddin Hospital and Liaquat National Hospital amongst the good hospitals.

The reply was not acceptable being irrelevant.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.75 Irregular purchase of medicines - Rs. 309.575 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

Rule 10 of Public Procurement Rules 2004 states that specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”.

The management of KDLB Karachi purchased medicines on bulk basis amounting to Rs. 309.575 million during 2013-16 as per following detail:

(Rs. in million)

S, No.	Financial Year	Expenditure (bulk Purchase)
1	2013-14	63.491
2	2014-15	81.435
3	2015-16	60.502
4	2016-17	104.147
	Total	**309.575**

Audit observed as under:

i. The management neither framed any rules nor policy to regulate the medical facilities provided to the Dock workers, officer and staff of the Board.

ii. Management did not mention the generic specification in the tender documents in order to allow the widest possible competition to obtain the lowest competitive rates.

iii. The management specified the brand name and accordingly all the participating firms were selected on basis of brand of medicines manufactured/distributed by them instead of lowest rates on generic basis
iv. This practice is continued for the last many years.

Audit is of the view that the procurement was made in violation of rules and therefore held irregular.

The management replied that as pointed out by the Audit future purchase of medicines will be made strictly in accordance with PPRA.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.76 Irregular purchase of medicines (local purchase) - Rs. 375.053 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

Rule 10 of Public Procurement Rules 2004 states that specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent”.

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 KDLB Karachi purchased medicines on Local Purchase (LP) for outdoor patient from following medical stores during 2013-17.

i. M/s Haider Medicos
ii. Platinum Medical Store
iii. M/s Danish Medical Store

The management incurred an expenditure of Rs. 375.053 million during 2013-16 as per following detail:

(Rs. in million)

S, No.	Financial Year	Expenditure
1.	2013-14	121.011
2.	2014-15	142.009
3.	2015-16	112.033
	Total	**375.053**

The management of KDLB purchased medicines (local purchase) amounting to Rs.375.053 million during 2013-16.

Audit observed as under:

i. Neither any rules nor policy framed by the management to regulate the medical facilities including facility of local purchase of medicines provided to the Dock workers, officer and staff of the Board

ii. Local purchase was made by out-door patient on the prescription of the specialist directly from the selected chemist/stores. No mechanism exists to confirm whether the out-door patient has actually purchased the medicines.

iii. The record relating to prescription of the specialist is neither available with the claim submitted by the chemist nor with the management.

iv. The specialist usually prescribed costly medicines with specific brand and company name and thus the benefits of competitive rates which could have been obtained through generic specification has lost.

v. The chemists were selected without open competition.

vi. This practice is continued for the last many years.

vii. The local purchase of medicines is almost 68% of total medicines purchased by the management during last three years.

Audit is of the view that the procurement was not only made in violation of procurement rules but in the absence of rules and policy the existing arrangement is most conducive for misappropriation.

The management replied that as pointed out by the Audit future purchase of medicines will be made strictly in accordance with PPRA.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.77 Irregular selection of laboratories - Rs. 14.380 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

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.

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

The following Laboratories and Doctors are at the panel of the KDLB Karachi.

i. M/s Karachi X-Ray's and U.Sound.
ii. M/s the Laboratory.
iii. M/s Karachi Laboratory Diagonostic
iv. DR.Tajuddin Malik.
v. DR.Humara Khatoon
vi. DR.Inayatullah

The management of KDLB made payment of Rs. 14.380 million to panels laboratories and doctors during 2014-16 as per following detail:

(Rs. in million)

S. No.	Financial Year	Expenditure
1.	2013-14	4.272
2.	2014-15	4.979
3.	2015-16	5.129
	Total	**14.38**

Audit observed as under:

i. The panel laboratories were selected without open competition.
ii. This practice is continued for the last many years.

Audit is of the view that the procurement was made in violation of rules and therefore held irregular.

The management replied that the annual service charges of each of the clinic of Dr.Tajuddin and Dr.Humera and panel diagnostic centers are less than as required by the PPRA for inviting Tenders as per PPRA Rule No.42(b).

The reply was not acceptable because open competition is mandatory for all type of consultancies.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.78 Irregular payment of leave encashment and pension benefits over and above the prescribed rates - Rs. 2.269 million

Clause 7(2) of the Scheme states that The Board may make rules, consistent with the Ordinance and Scheme, for giving effect to the provisions of this Scheme.

Rule 44 of Karachi Dock Labour Board Compendium of Service Rules states that if in case of retirement or attaining the age of superannuation, a KDLB employee cannot, for reasons of public service, be granted leave preparatory to retirement duly applied for in sufficient time, he will in lieu thereof be granted lump-sum leave pay for the leave refused to him subject to a maximum of 180 days leave on full pay.

The management of KDLB paid an amount of Rs. 1.809 million to Mr. Waseem Shahzad, Assistant on account leave encashment at the time of retirement on attaining the age of superannuation.

Audit observed as under:

a) The leave encashment for 823 days was paid instead of maximum 180 days resulting in overpayment to Rs. 1.413 million.

b) Similarly, the official was paid an amount of Rs. 855,640 on account of benefits for above 30 years of service in violation of rules as the official was entitled for maximum benefits of 30 years.

Audit is of the view that payment was made over and above the prescribed rate was irregular and unauthorized.

The management replied that encashment of 70% of balance leave i.e. total leave minus 180 days is being paid to staff on retirement under

Memorandum of Settlement singed between Management & KDLB Staff Union on 14.05.2011 and approved by the Board vide B.R.No.13(f)/2011. As per Pension Rules in force in KDLB, the benefits of service exceeding by 30 years is applicable in KDLB as per pension rules. The commutation and length of service as per rules are prevailing in KDLB. The relevant rule was framed/adopted through Memorandum of Settlement dated 04.08.2004 and approved by the Board vide B.R.No.25/2004. It is further stated that the organization like KDLB who work within the province of Sindh are governed by Sindh Industrial Relations Act 2013, Payment of wages Act 2015 and Standing Orders of 2015 and other Labour Laws. Mr. Waseem Shehzad was paid commutation in accordance with the Pension Rules adopted/ framed by KDLB which allow the benefit after 30 years as per old rules.

The reply was not acceptable because KDLB adopted government pension scheme which did not allow such payments. Further, Sindh Industrial Relations Act 2013 and Payment of wages Act, 2015 did not have any provision for payment of pension as being paid by KDLB.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.79 Irregular payment of 100% pension

Clause 50 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

The management of KDLB introduced gratuity scheme for Dock Workers w.e.f 01.07.1993. The provision was made on the basis of 30 days basic wages in each completed year of service. Subsequently the Board instituted a pension scheme in place of gratuity w.e.f.1996.Initialy the 50%

commutation of pension was approved and subsequently allowed 100% pension commutation to Dock workers w.e.f 25.10.2002.

Audit observed as under:

i. The management has not made rules to regulate the payment of pension to the Dock Workers.

ii. Pension Scheme in lieu of gratuity scheme was introduced in accordance with memorandum of settlement vide BR.No.31/96 instead of making rules as required.

iii. The pension paid to the Dock Workers is calculated in accordance with pension and commutation table regulating the compensation Pension, Superannuation Pension, Invalid Pension and Retiring pension as admissible to the government employees. At present the government employees are entitled for commutation of 35% of the gross pension.

iv. The pension is calculated on basis of wage including house rent allowance @45% of the wage instead of wage which is in fact pay.

Audit is of the view that commutation of 100% pension on wage base is not in conformity with the basic criteria and principle of a pension scheme.

The management replied that by allowing 100% commutation Board is not liable to pay any increase or revision in amount paid. Board is paying 30 days Guaranteed Minimum Wages to Dock Workers in accordance with the Memorandum of Settlement signed in 2015 with the CBA of Dock Workers. On workers demand the Guaranteed Minimum Wages is broken into Basic Pay and House Rent to show it on the Voucher only it is not alike being paid to regular employees because there is no pay scale for dock workers. The term ‘Pay’ includes ‘House Rent’ which is part of Guaranteed Minimum Wages. It is agreed that at the time of retirement the pension of the registered dock workers shall be calculated on the basis of pay inclusive house rent referred.

The reply was not acceptable because KDLB adopted government pension scheme which did not allow such payments. Further, Sindh Industrial

Relations Act 2013 and Payment of wages Act, 2015 did not have any provision for payment of pension as being paid by KDLB.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.80 Irregular and unauthorized inclusion of House Rent Allowance in emolument reckonable for pension - Rs. 197.427 million

The Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f 01.07.1996.Wage granted under clause 29 of the Karachi dock Workers(Regulation of Employment)Scheme 1973 form the basis for calculation and payment of pension to the dock workers.

According to the Charter of demand settled between management and CBA and approved by the Board in its 99th meeting held on 30.07.2011 the retirement benefit of 100% pension commutation of registered dock worker shall be counted on the basis of pay granted under Demand No.1(a) which is as follow:

(Rupees)

Shift	Monthly Pay	HRA	Total
Day	10,232	4,604	14,836
Night	11,479	5,166	16,645

The management of KDLB approved retirement of 144 Dock Worker during the period 2015-16 and paid an amount of Rs.438.726 million on account of 100% pension on medical ground which includes Rs. 197.427 million of commuted value of House Rent Allowance.

Audit observed that House Rent Allowance @ Rs.45% of the monthly pay i.e. guaranteed minimum wage was made the part of emolument reckonable for pension.

Audit is of the view that the management has adopted pension scheme per Government Rules for dock workers w.e.f. 01.07.1996 therefore, the House Rent allowance reckonable for pension was neither covered in government pension scheme nor in the Wages Act.1936.

The management replied that the term ‘Pay’ includes ‘House Rent’ which is part of Guaranteed Minimum Wages. It is agreed that at the time of retirement the pension of the registered dock workers shall be calculated on the basis of pay inclusive house rent referred.

The reply was not acceptable because KDLB adopted government pension scheme which did not allow such payments. Further, Sindh Industrial Relations Act 2013 and Payment of wages Act, 2015 did not have any provision for payment of pension as being paid by KDLB.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.81 Irregular payment of allowances - Rs. 43.295 million

The Board vide B.R.No.86/93dated 5.10.1993 as adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announce by the Government from time to time shall also be applicable to KDLB officers.

The management of KDLB incurred an expenditure of Rs.683.582 million on account of salaries and allowances during 2011-15 as per detail given below:

(Rs. in million)

S. No.	Financial Year	Expenditure
1	2011-12	245.769
2	2012-13	137.714
3	2013-14	137.563
4	2014-15	162.536
	Total	**683.582**

Audit observed that management paid an amount of Rs.43.295 million on account of utilities and education allowances to officers as detail given below:

(Rs. in million)

Financial Year	Education Allowance	Utility allowance
2011-12	8.961	10.441
2012-13	9.239	11.519
2013-14	9.309	10.520

2014-15	9.619	10.815
	Total	**43.295**

Audit is of the view that Board has approved adoption of pay scales of the Federal Government for the officers of the KDLB therefore; the payment of allowances over and above the allowances admissible to the Federal employees was irregular and unauthorized.

The management replied that these allowances were paid after obtaining approval of the Board. The payment made on account of education and utilities is within the powers of the Board. The KDLB Officers and staff are not civil servants.

The reply was not acceptable because the Board vide B.R.No.86/93dated 5.10.1993 adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announce by the Government from time to time shall also be applicable to KDLB officers.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.82 Over-payment on account of pensionary benefits - Rs. 4.189 million

The Board vide B.R.No.86/93dated 5.10.1993 has adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announced by the Government from time to time shall also be applicable to KDLB officers.

The management of KDLB sanctioned pension in respect of Mr. Muhammad Safdar Ex Executive Officer w.e.f 31.03.2011 and paid Rs. 7.340 million as 100% commutation of retirement benefit and Rs. 2.256 million as difference of pay and allowances and pension commutation after revision of basic pay scales after retirement.

Audit observed as under:

i. Increase in monthly pension announced by Federal Government from time to time after 01.12.2001 to 2011 which comes to Rs.

13,021 were also commuted. The commuted value of the increases comes to Rs. 1,933,321.

ii. The board has adopted government pay and fringe benefits scheme for KDLB officers but did not make rules in line with government pension scheme.

iii. The management also paid an amount of Rs. 2.256 million (Rs. 1.367 million as difference of pay and allowances and Rs. 0.888 million as difference of pension commutation).

Audit is of the view that the commutation of increases in pension from time to time was irregular and undue favor resulted in loss to the Board.

Audit is also of the view that calculation of difference of pay and allowances and pension commutation on revised pay scales after the retirement was also irregular and unauthorized which needs to be recovered.

The management replied that the difference of Pension Commutation of Rs.0.888 million and Pay & Allowance Rs. 1.367 million to KDLB officer was paid in accordance with Government Pension Rules approved by the Board in accordance to B.R.No.13/2011.

The reply was not acceptable because the increase in monthly pension allowed by the Finance Division was converted to commutation which was not permissible.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.83 Overpayment on account of pensioner benefits - Rs. 12.647 million

The Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f 01.07.1996. Wage granted under clause 29 of the Karachi dock Workers(Regulation of Employment)Scheme 1973 form the basis for calculation and payment of pension to the dock workers.

The management of KDLB paid an amount of Rs. 51.022 million to its employees and dock workers as commutation of retirement benefit with 100% pension commutation. Details are as under:

(Rs. in million)

S. No.	Name	Designation	Date of Retirement	100% Commutation Paid	Rate Applied	100% Commutation Applicable	Actual Rate	Over payment
1	Mr. Ayoum Khan	Dock Worker	22.09.2015	3.194	18.9348	2.555	15.1478	0.639
2	Mr. Abdul Nawab	Dock Worker	26.11.2015	3.223	16.7928	2.344	13.434	0.879
3	Mr. Gul Zamin Shah	Dock Worker	08.10.2015	4.491	24.5816	3.593	11.6653	0.898
4	Mr. Jehanzeb	Dock Worker	04.05.2016	5.465	25.4444	4.372	20.3555	1.093
5	Mr. Said Faqir	Dock Worker	09.10.2015	4.758	15.4649	3.64	11.8632	1.118
6	Mr. Fazzal Wadood	Dock Worker	22.09.2015	3.451	20.46389	2.761	16.371	0.69
7	Mr. Farman Ali	Booking Supervisor	11.10.2016	12.667	15.4649	9.505	11.8632	3.162
8	Mr. Muhammad Iijaz Ahmed	Ship Supervisor	27.10.2016	13.773	15.4649	9.605	11.8632	4.168
			Total	**51.022**		**38.375**		**12.647**

Audit observed that the management paid Rs. 51.022 million as commutation as per Commutation Table introduced by Finance Division vide O.M. No. F.10(3)REG dated 01.07.1986 whereas the actual commutation comes to Rs. 38.375 million as per Finance Division O.M. No. F-1(5)Imp/2001 dated 04.09.2001 resulted in overpayment of Rs. 12.647 million.

Audit is of the view that the commutation valuing Rs. 12.647 million was paid in excess of approved rates and held irregular and unauthorized.

The management replied that in view of Settlement signed with the CBA, the KDLB's own Pension Rules were adopted and thereafter changes were accommodated in accordance with the Memorandum of Settlement. Pension Table of 1986 is applied on workers for calculation of their final benefit. Accordingly commutation was worked out on pension rates of 1986 approved by the Board.

The reply was not acceptable because the Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f. 01.07.1996.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.84 Irregular appointment of Executive Officer

The Board vide B.R.No.86/93dated 5.10.1993 has adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announce by the Government from time to time shall also be applicable to KDLB officers.

Clause 6 of the Scheme states that the Board may appoint an Executive Officer, a Personal Officer and such other officers and staff on such terms and conditions as it may deem fit.

Rule 6(a) (i) of Karachi Dock Labour Board Compendium of Service Rules prescribes the qualification for appointment of Executive Officer Personnel Officer which includes graduate preferably M.B.A with 10 years experience in labour relations in an establishment of repute.

Mr. Muhammad Safdar retired as Executive Officer of KDLB on 31.03.2011.

Audit observed as under.

i. The management has adopted government scale and firing benefits for the officers of the Board but did not prepare appointment and promotion rules in line with government rules and regulations applicable for appointments/promotions of corresponding Basic Scales in KDLB.

ii. According to service rules the post of Executive Officer was required to be filled through direct recruitment.

iii. There was no provision in the service rules regarding scale of the executive officer to regulate and equate the pay and allowances and other privileges.

iv. The officer was appointed as Assistant Personnel Officer on 01.06.1974(BS-17) though open competition.

v. Promoted as personnel officer (BPS-18) on 3.1.1978.

vi. The post of Personal Officer was upgraded from BPS-18 to19 w.e.f. 28.11.1981 as information contained in Performa submitted to move-over committee but no formal approval of the competent authority was found on record.

vii. The officer was granted move over from BPS-19 to BPS 20 w.e.f 01.06.1991.

viii. After retirement of Col. (Rtd) Abdul Hamid Executive Officer the charge of the Post of EO was assigned to the officer w.e.f 30.09.1992.

Audit is of the view that according to service rules (which do not contain the scale) the post of Executive Officer was required to be filled through direct recruitment. The grant of the charge of the Executive officer (BS-20) w.e.f 30.09.1992 to 31.03.2011 to Personal Officer was irregular as the officer was basically regular officer of BS-18 which he got thorough proper promotion, the subsequent scale i.e. BS.19 was attained in form of up-gradation and BS-20 through move over.

The management replied that according to Service Rules post of Executive Officer can be filled through promotion if a competent, qualified & experienced departmental candidate if the required standard is available with the Board. Clause 6(a) of the Service Rules relaxes the condition of qualifications for the officers already in KDLB service to provide greater opportunity to a departmental candidate. The post of Personnel Officer is in BPS-19 Board vide B.R.No. 94/92 read with B.R.No.98/92 gave him charge of Executive Officer on retirement of Col. ® Abdul Hamid in 1992. For up-gradation of post of Personnel Officer Board considered the span of control and degree of responsibilities shouldered by the officer. Subsequently Board vide B.R.No.37/93 promoted Mr. M. Safdar to the Post of Executive Officer.

The reply was not acceptable because the post of Executive Office should be filled trough open competition.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility besides recovery of overpaid amount.

22.4.85 Irregular appointment of Executive Officer

Clause 7(2) of the Scheme states that The Board may make rules, consistent with the Ordinance and Scheme, for giving effect to the provisions of this Scheme.

Clause 6 of the Scheme states that the Board may appoint an Executive Officer, a Personal Officer and such other officers and staff on such terms and conditions as it may deem fit.

Rule 6(a) (i) of Karachi Dock Labour Board Compendium of Service Rules prescribes the qualification for appointment of Executive Officer Personnel Officer which includes graduate preferably M.B.A with 10 years experience in labour relations in an establishment of repute.

The management of KDLB promoted Mr. Ahmed Shehzad as Executive Officer of KDLB on 01.04.2013 vide Office Order No.Part-II .No.54/2016 dated 17.08.2016.

Audit observed as under.

i. The management has adopted government scale and firing benefits for the officers of the Board but did not prepare appointment and promotion rules in line with government rules and regulations to be applied for appointments/promotions of corresponding Basic Scales in KDLB.

ii. According to service rules the post of Executive Officer was required to be filled through direct recruitment.

iii. No mention has been made in the service rules regarding scale of the executive officer to regulate and equate the pay and allowances and other privileges.

iv. The officer was appointed as Audit Officer in BS.17 on 12.12.1988.

v. The post of Audit Officer was upgraded/promoted to BS.18 w.e.f 02.12.1998

vi. The post of audit officer was upgraded/ promoted from BPS-18 to BPS19 w.e.f 11.04.2005.

vii. After the retirement of Mr. Safdar as Chief Executive the charge of the post of the Executive Director (BPS-20) was assigned to Mr. Ahmed Shahzad Audit Officer w.e.f. 01.04.2013.

viii. The officer was confirmed against the post of Executive Officer on 17.08.2016 with retrospective effect, i.e. 01.04.2013.

ix. A senior executive of KPT being member of the KDLB Board and Mr. Hussaini Paryal member of KDLB were of the view that the officer neither qualified for the post of Executive Officer nor covered in Board's rules/regulations as is evident from BR.No.6 of KDLB 345th and BR.25 of KDLB 341st held on 20.06.2017 and 09.08.2016 respectively.

Audit is of the view that the Board has adopted government scales and firing benefits for the officers of the Board but did not frame appointments and promotions rules in line with government rules and regulations to be applied for appointments/promotions of corresponding Basic Scales in KDLB.

Audit is also of the view that the appointment of Executive Officer was neither made in accordance with the existing rules of the KDLB nor in line with government rules and procedures applicable for promotions and appointments of the BPS-20.

The management replied that audit Observation has been noted for compliance.

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

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held for fixing responsibility.

22.4.86 Irregular appointments and subsequent regularization and confirmation of officers

The Board vide B.R.No.86/93dated 5.10.1993 has adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announce by the Government from time to time shall also be applicable to KDLB officers.

Para 3 of the detailed recruitment working procedure approved by KDLB Board vide B.R, 161/82 states that recruitment of officers and staff shall be made through advertisement in daily newspapers.

At present 87 officers/officials are working in the KLDB, however, the management only provide the personal files of 17 officers.

Audit observed that in most cases the initial appointments were made without adopting open competition. Few instances are highlighted below.

S. No.	Name	Designation	Date of Appointment	Date of Confirmation
1	Mr. Karim Gul Durrani	Labour Officer	01.01.1990	06.02.1991
2	Dr.Zahid Hussain	Medical Officer	12.03.2008	13.09.2008
3	Dr.Adil Hussain	Medical Officer	06.10.2008	06.04.2008
4	Dr. Anita Khurshid	Medical Officer	13.03.2008	13.09.2008
5	Dr.Sumayyah Abdullah	Medical Officer	27.10.2010	01.07.2011

Audit is of the view that appointments without adopting open competition were irregular and unauthorized.

Audit is also of the view that management has adopted government scale and fring benefits for the officers of the Board but did not prepare appointment and promotion rules in line with government rules and regulations applicable for appointments/promotions of corresponding Basic Scales in KDLB.

The management replied that while appointing officers Board always advertised for permanent vacant posts in accordance with B.R.No.161/82. However Audit instructions have been noted for future compliance.

The reply was not acceptable because the appointments were made without open competition.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

22.4.87 Overpayment on account of superannuation - Rs. 173.418 million

The Board in its 227th meeting held on 25.01.1995 approved that pension scheme as per Government Rules shall be made applicable to the staff of KDLB w.e.f 01.07.1994.

Clause 6 of the Scheme states that the Board may appoint an Executive Officer, a personal officer and such other officers and staff on such terms and conditions as it may deem fit.

The management of KDLB sanctioned pension of 23 employees during the period 2013-17 and paid 223.998 million as 100% pension commutation.

Audit observed as under:

i. The KDLB has approved KDLB scales for the employees from 1 to 11 which are totally different than the government scale and increases are made after two years in accordance with charter of demand.

ii. From 2013-17 an increase of 156% was made in scales of KDLB employees.

iii. No maximum limit has been fixed for the scales resulting in increase of basic salary of a KDLB-11 scale employee reached more than Rs. 100,000 and the calculation of pension on existing pay has extraordinary financial impact and has created an abnormal anomaly between officers and staff.

iv. The government pension scheme is based on pay scales whereas the pension of the KDLB staff is based on KDLB scales which are revised after two years by granting average increase of 31% in light of Charter of Demand.

v. The pension to KDLB staff on existing scales has no comparison with BPS as the BPS is designed through different technique therefore; the adaptation of government pension scheme for staff is irrational and unjustified.

vi. Management has adopted pension scheme for officers, staff, and workers as per Government rules but did not follow the government pension scheme in totality.

vii. As per government pension rules 35% of the gross pension is commuted and remaining 65% is paid as net pension whereas the KDLB has commuted 100% pension to retiring dockworkers in violation of government pension scheme.

viii. The management applied Commutation Table introduced by Finance Division vide OM No.F.10(3)REG dated 01.07.1986 which was subsequently replaced with new table vide Finance Division OM No.F-1(5)Imp/2001 dated 04.09.2001 whereas the management of KDLB continued to calculate pension of employees on basis of commutation table of 1986 which has created an abnormal anomaly. Therefore, by applying unrelated rate of commutation and computing 100% an overpayment of Rs. 173.418 million was made to 23 pensioners.

Audit is of the view that pension was made in violation of government pension scheme.

The management replied that It is submitted that pension commutation of KDLB officers is being calculated as per prevailing Govt. rules and new table introduced by the Govt. through Finance Division OM No.F-1(5)/Imp/2001 dated 04.09.2001. Govt has introduced new pay scales in 2001 and pension table vide Finance Division OM No.F1(5)/Imp/2001. According to notification adoption of new pay scales were subject to option/adoption of new pension rules introduced through said Notification. As the worker and staff do not opt for the new pay scales of 2001 therefore pension rules of 2001 are not applicable on them.

The reply was not acceptable because the pensioners availed the annual increase notified by the government after 2001 which shows that they adopted new pay scales.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

22.4.88 Irregular promotion of officers in BPS 18

The Board vide B.R.No.86/93dated 5.10.1993 has adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announced by the Government from time to time shall also be applicable to KDLB officers.

Clause 7(2) of the Scheme states that The Board may make rules, consistent with the Ordinance and Scheme, for giving effect to the provisions of this Scheme.

The management of KDLB promoted following officers from BPS-17 to 18 vide Office Order No.122/2012 dated 21.03.2012.

S. No.	Name of Officer	Upgraded post
1	Mr. Nasir Khan, analyst programmer (BPS-17)	Assistant Personal Officer(BS-18)
2	S. Haque Nawaz Sr. Training Officer (BPS-17)	Upgraded(BPS-18)
3	Mr. Imtiaz Ali, Training Officer	Upgraded(BPS-18)
4	Mr. Mobin Iqbal Estate Officer (BP S-17)	Upgraded(BPS-18)

Audit observed as under:

i. The management has adopted government scale and fring benefits for the officers of the Board but did not prepare appointment and promotion rules specifying the method of appointment, qualifications and experience in line with government rules and regulations applicable for appointments/promotions of corresponding Basic Scales in KLDB.

ii. In light of provision of service rules of the KDLB officers (which do not contain the Scales in which the officers will be appointed) the post of Personal Officer is required to be filled through direct appointment.

iii. The officer at serial No. 1 was inducted from clerical cadre into officer group. The clerical staff is placed in KDLB employees' scales which are paid salaries in accordance with chartered of demand. The management has neither framed any policy containing detailed procedure for induction in officer cadre nor do the service rules of the officers have any provision in this regard.

iv. The promotions are made on the request of the officers rather than following the proper procedure required to fill the posts of BPS-18 to 20.

Audit is of the view that promotions of officers in absence of rules were irregular and undue favors.

The management replied that Board appointed separate Selection/ Promotion Committee headed by Chairman who make decision in accordance with prevailing rules of the Board considering merit. Audit observation has been noted for compliance.

The reply was not acceptable because promotions were granted in violation of rules.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

22.4.89 Irregular promotion of officers in BPS 19

The Board vide B.R.No.86/93dated 05.10.1993 has adopted Government pay and fringe benefits for KDLB officers. The Board further decided that any amendment/modification made in the basic pay scale announced by the Government from time to time shall also be applicable to KDLB officers.

Clause 7(2) of the Scheme states that The Board may make rules, consistent with the Ordinance and Scheme, for giving effect to the provisions of this Scheme.

The management of KDLB promoted following officers from BPS-18 to 19 vide Office Order No.122/2012 dated 21.03.2012.

S. No.	Name of Officer	Upgraded post
1	Mr. Abdul Rasheed Samo Senior Accountant	Chief Accountant (BS-19)
2	Mr. Nasir Khan, personal Officer (BPS-18)	Upgraded to BPS-19

Audit observed as under:

i. The management has adopted government scale and firing benefits for the officers of the Board but did not prepare appointment and promotion rules specifying the method of appointment, qualifications and experience in line with government rules and regulations applicable for appointments/promotions of corresponding Basic Scales in KDLB.

ii. In light of provision of service rules of the KDLB officers (which do not contain the Scales in which the officers will be appointed) the post of Chief Accountant having CA qualification is required to be filled through direct appointment.

iii. The promotion of officer at Serial No.1 as Personal Officer was made on the request of the officer on past precedent rather than following the proper procedure required to fill the posts of PBS-18 to 19.

iv. The officer at serial No. 1 was promoted as Senior Personal Officer(BPS-18) on 21.03.2012 vide Office Order No.122/2012 dated 21.03.2012 and after sixteen months on 31.08.2013 the officer was placed in BPS-19 in same cadre.

Audit is of the view that promotions of officers in absence of rules were irregular and undue favors.

The management replied Mr. Abdul Rashid Samo (Sr. Accountant-BPS-18) having charge of Chief Accountant (BPS-19) and Mr. Nasir Khan, Assistant Personnel & Admin Officer (BPS-18) having additional charge of Personnel & Admin Officer (BPS-19). As per Finance Division O.M. No. F.8(4)R-2/97 dated 19.09.2003 regarding appointment of an officer of lower grade to a post of higher grade and grant of Pay of higher grade. Officers were not promoted to BPS-19, they were allowed Pay of the post they are having the charge in accordance with above referred memorandum.

The reply was not acceptable because promotions were granted in violation of rules.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

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

22.4.90 Overpayment of Leave Encashment – Rs. 14.137 million

The Board in its 227th meeting held on 25.01.1995 approved that pension scheme as per Government Rules shall be made applicable to the staff of KDLB w.e.f 01.07.1994.

The management of KDLB sanctioned encashment of leave in respect of employees at the time of retirement. Details are as under:

(Rupees)

S. No.	Name	Leave encashment	Amount paid	Rate	Leave entitled	Amount admissible	Excess
1	Faiz Rasool	568	2,029,256	3,573	365	1,304,011	725,245
2	Muhammad Saleem Shaikh	448	890,475	1,988	365	725,499	164,976
3	S. Kamal Shah	461	12,394,157	26,885	365	9,813,161	2,580,996
4	Waseem Shahzad	823	1,805,704	2,194	365	800,829	1,004,875
5	Noor Ali	979	3,057,384	3,123	365	1,139,883	1,917,501
6	Mehmood Ahmed	650	1,883,787	2,898	365	1,057,819	825,968
7	Ahmed Din	526	1,318,507	2,507	365	914,934	403,573
8	Muhammad Aijaz Ahmed	931	2,991,209	3,213	365	1,172,708	1,818,501
9	Farman Ali	923	2,217,845	2,403	365	877,046	1,340,799
10	Syed Alim Uddin	1,287	3,849,503	2,991	365	1,091,739	2,757,764
11	Muhammad Sharif	603	1,511,520	2,507	365	914,933	596,587
	Total	**8,199**	**33,949,347**	**54,281**	**4,015**	**19,812,562**	**14,136,785**

Audit observed that the leave encashment was made in excess of 365 days as admissible under government pension scheme and resulted in excess payment of Rs.14.137million.

Audit is of the view that management has adopted pension scheme for KDLB employees as per Government Rules therefore; the encashment of leave over and beyond 365 days was irregular and unauthorized.

The management replied that 70% Leave encashment on retirement of a staff was allowed in the charter of demand signed with the CBA of Staff for the period 2010-2012. This is payable in addition to 180 days LPR, through B.R.No.13(f)/2011.

The reply was not acceptable because as per government rules only 365 days leave encashment is allowed. The Board adopted government rules in 227th meeting held on 25.01.1995.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that inquiry may be held to fix the responsibility besides recovery of overpayment.

22.4.91 Irregular and unauthorized settlement with Dock Workers

Section 2(xii) of Payment of Wages Act, 1936 states that "Government" means the Federal Government.

Section 2(xxiv) of Payment of Wages Act, 1936 states that "prescribed" means prescribed by rules.

Section 2(xxix) of Payment of Wages Act, 1936 states that "settlement" means a settlement arrived at in the course of a conciliation proceeding, and includes an agreement between an employer and his workmen where there is no Collective Bargaining Agent, or Collective Bargaining Agent, as the case may be, arrived at or in the course of any conciliation proceedings, where such agreement is in writing, has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to the Government, the Conciliator and such other person as may be prescribed.

The management of KDLB gave following increases in the pay to its staff under the settlement:

S. No.	Year	Percentage of Increase
01.	2008-10	20%
02.	2010-12	36%
03.	2012-14	40%
04.	2014-16	30%
05.	2016-18	30%

Audit observed that neither any rules were framed for settlement nor the KDLB management sent the copies of the settlement to the Federal Government as required under the rules.

Audit is of the view that non-framing of rules and non-disclosure of settlement to the Federal Government was irregular and unauthorized.

The management replied that copies of signed Memorandum of Settlements are regularly forwarded to Federal Secretary of Ministry of Labour and Director Labour, Govt. of Sindh. Director Labour of the Province Sindh is member of KDLB.

The reply was not acceptable because no documentary evidence was produced in support of the reply.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Settlement should be disclosed to Federal Government.

22.4.92 Non-submission of annual report to government

Clause 7(5) of the Scheme states that before the commencement of each financial year, the Board shall submit to the Federal Government an annual report on the working of this Scheme together with an audited balance sheet and other accounts thereof.

The accounts of the board are annually audited by a charted Accountants firm appointed by the Board.

Audit observed that the management did not submit to the Federal Government an annual report on the working of the Scheme together with an audited balance sheet and other accounts thereof.

Audit is of the view that non-submission of annual report to the Federal Government by the management is violation of the provision of the Scheme. In the absence of report, the Federal Government is unaware about the working of the Scheme.

The management replied that under Clause 7(5) of the Scheme Board is required to submit to the Federal Government, an annual report on the working of the scheme along with Balance Sheet and other Accounts. In 1986 Director General, Ministry of Ports & Shipping now Ministry of Maritime Affairs gave certification to the Board that the KDLB enjoys maximum autonomy in its activities and its accounts are not submitted to the Federal Government for scrutiny & approval.

The reply was not acceptable because it is mandatory for the Board to present its annual report to the Federal Government and a Minister was not empowered to relax the conditions of the scheme made under any Act of Parliament.

The PAO was informed on 15.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that annual report should be submitted to the Federal Government.

CHAPTER 23

23. NATIONAL HEALTH, SERVICES, REGULATIONS AND COORDINATION DIVISION

23.1 Introduction

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 Health 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

23.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Health Service Regulations and Coordination Division for the financial year 2017-18 was Rs. 59,410.277 million including Supplementary Grant of Rs. 3,158.055 million out of which the Division utilized Rs. 21,112.048 million. Grant-wise detail of current and development expenditure is as under:

(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
84	Current	1,850,762,000	1,393,601,000	3,244,363,000	3,178,606,082	(65,756,918)	(2)
135	Development	54,401,460,000	1,764,454,000	56,165,914,000	17,933,442,456	(38,232,471,544)	(68)
	Total	**56,252,222,000**	**3,158,055,000**	**59,410,277,000**	**21,112,048,538**	**(38,298,228,462)**	(64)

Audit noted that there was an overall saving of Rs. 38,298.228 million, which was mainly due to saving of Rs. 38,232.472 million in development expenditure.

23.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
National Health Services Regulation and Coordination	1988-89	4	4	0	0	4
	1989-90	7	7	6	0	1
	1990-91	5	5	5	0	0
	1991-92	15	15	0	0	15
	1992-93	15	15	9	0	6
	1993-94	13	13	0	0	13

	1994-95	7	7	7	0	0
	1995-96	9	9	5	0	4
	1996-97	25	25	17	0	8
	1997-98	2	2	2	0	0
	1998-99	106	106	26	0	80
	2000-01	54	54	5	0	49
	2003-04	25	25	5	0	20
	2005-06	3	3	0	0	3
	2006-07	2	2	0	0	2
	2007-08	5	5	0	0	5
	2008-09	5	5	0	0	5
	2009-10	2	2	1	0	1
	Total	**304**	**304**	**88**	0	**216**

23.4 AUDIT PARAS

Non-Production of Record

23.4.1 College of Physicians and Surgeons of Pakistan refused to get their accounts audited

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

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

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

College of Physicians and Surgeons of Pakistan was formed under the Pakistan College of Physicians and Surgeons Ordinance, 1962 and also falls under Schedule-II, Rule 3(3) {Distribution of Business among the Divisions} at Serial No. 24(2) under National Health Services, Regulations and Coordination Division of Rules of Business, 1973.

The management of College of Physicians and Surgeons of Pakistan did not provide the auditable record for scrutiny.

Audit is of the view that non production of record was violation of the orders of the Supreme Court of Pakistan and attracts Section 14(3) of AGP's Ordinance, 2001.

Audit recommends that disciplinary action may be taken against officers involved in hindering the auditorial functions of the Auditor General of Pakistan and defiance of the Order of the Hon'able Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record demanded by Audit.

Irregularity and Non-Compliance

23.4.2 Loss due to procurement of medicines on higher rates - Rs. 53.605 million

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

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

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

The management of Federal Government Polyclinic Hospital, Islamabad purchased 514 different medicines and injections for Rs. 543.596 million during FY 2017-18.

Audit observed that 193 medicines were purchased where the lowest bids were ignored. Out of 193 medicines, audit selected 63 medicines and calculated a loss of Rs. 53.605 million due to ignoring the lowest rate.

Audit is of the view that management did not follow the provisions of Procurement Rules which resulted in loss to Government.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the loss.

23.4.3 Irregular and unauthorized expenditure on repair of buildings - Rs. 19.176 million

Para 192 of GFR Volume-I states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

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

The management of Federal Government Polyclinic Hospital, Islamabad incurred an expenditure of Rs. 19,176,092 on repair of buildings during 2017-18.

Audit observed that:

i. The repair of buildings was neither carried out through Pak PWD nor the expenditure on repair of buildings was incurred by making departmental regulations.
ii. No Measurement Books were maintained in support of the works carried out.
iii. During 2017-18 supply orders were issued and expenditure amounting to Rs. 6,635,500 was incurred on the basis of tender rates which were applicable for the FY 2016-17 i.e. procurements were made on the basis of expired bid rates.
iv. Payments pertaining to FY 2016-17 amounting to Rs. 819,854 were actually made during FY 2017-18 without maintaining a liability register and even without recording the reasons and justifications of non-payments during 2016-17.
v. Expenditure amounting to Rs. 712,200 incurred on Repair of Buildings but the same was booked under the head of account "A03927-Purchase of Drug and Medicines".

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

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility on the person(s) at fault.

23.4.4 Irregular expenditure on hiring of security services - Rs. 12.385 million

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

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

Para 11 of GFR Volume-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

The management of Federal Government Polyclinic Hospital, Islamabad incurred an expenditure of Rs. 12.385 million on hiring of security services during 2017-18.

Audit observed as under:

i. The security services were hired whereas two (02) Security Officers, three (03) Assistant Security Officers and thirty-nine (39) Chowkidars were performing duties on regular basis involving expenditure of Rs. 18.911 million on payment of pay and allowances during 2017-18.
ii. The bio-data of security personnel deputed by the security providing agency was not available with the hospital management to ascertain whether security staff provided and deputed met the prescribed terms and conditions.

iii. Instances were noted where the security staff performed duties beyond 12 hours in violation of prescribed terms and conditions.

Audit is of the view that hiring of security services in presence of hospital's own security staff is not justified.

Audit is also of the view that incurrence of expenditure in violation of prescribed terms and conditions is irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for putting extra financial burden on exchequer.

23.4.5 Irregular payment of Health Allowance to deputationists from provinces - Rs. 4.082 million

The Federal Government vide Finance Division O.M. No. F.2(13)R2/2011-777 dated 06.02.2012 granted benefit of one basic pay of running salary as Health Allowance to the "health personnel" in the employment of Federal Government, in BPS scheme, with effect from 01.01.2012.

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

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

i. A person who is on deputation to the Federal Government from any Province or other authority;
ii. A person who is employed on contract or on work charge basis or who is paid from contingencies.

The management of Federal Government Polyclinic, Islamabad paid Health Professional Allowance amounting to Rs. 4.082 million during 2017-18. Details are as under:

(Rupees)

S. No.	Name / Designation / BPS	Pers. No.	Amount
1.	Shamus Nisa, Gynecologist (B-18)	10867817	117,096
2.	Dr. Maria Azad, Medical Officer (B-18)	50087875	322,000
3.	Dr. Adil Saidullah, Medical Officer (B-18)	50155938	180,000
4.	Dr. Rubina Naz, Medical Officer (B-18)	50187273	180,000
5.	Dr. Asma Shaheen, Medical Officer (B-18)	50335206	438,000
6.	Shandana Abid, Medical Officer (B-17)	789512	463,214
7.	Muhammad Zarar, Assistant Director (B-17)	831194	752,516
8.	Fiza Sehar, Assistant Dental Surgeon (B-17)	831200	436,500
9.	Dr Rehana Gul Kakar, Lady Medical Officer (B-17)	20040350	180,000
10.	Rabia Rafique, Lady Medical Officer (B-17)	20201918	180,000
11.	Faiza Sajjad, Lady Medical Officer (B-17)	20263958	180,000
12.	Aisha Jamil, Dental Surgeon (B-17)	31594355	232,656
13.	Dr Jehan Zeb Khan, Medical Officer (B-17)	50135563	180,000
14.	Dr. Erum Najeeb, Medical Officer (B-17)	50143692	208,516
15.	Arsala Malik, Lady Doctor (B-17)	50256250	32,000
		Total	**4,082,498**

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

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

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends recovery of irregularly paid Health Professional Allowance.

23.4.6 Invalid registration of Doctors with Pakistan Medical and Dental Council

Section 23 (2) of Medical and Dental Council (Amendment) Act, 2012 states that the practitioner shall be deemed to hold a valid registration and entitled to be known and eligible for privileges of a registered medical practitioner if his name is retained on the Register after fulfillment of requirements of continuation of registration as laid down by the Council from time to time and provided he had paid the dues of the Council. The valid registration certificate shall be the licence to practice medicine in Pakistan.

The management of Federal Government Polyclinic Hospital, Islamabad provided a list of 325 doctors posted and working in the hospital.

Audit observed that out of 325 doctors 213 posted in the hospital were working and practicing without either having valid registration or having no registration.

Audit is of the view that without a 'Valid Registration' the persons had no licence to practice medicine, whereas they have been practicing in the hospital.

The management did not reply till finalization of the Report.

The PAO was informed on 18.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that 'Valid Registration' be obtained from doctors failing which responsibility may be fixed for the irregularity.

23.4.7 Unauthorized retention of government receipts of panel fee of autonomous bodies and non-reconciliation with Bank - Rs. 9.163 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal

Government be kept out of the Federal Consolidated Fund of the Federal Government.

According to Rule-77 (v) of FTR Vol-I, all money deposited into Government account should be reconciled with treasury.

The management of the National Institute of Rehabilitation Medicines (NIRM) received an amount of Rs. 9.1634 million from various autonomous bodies who were on the panel of NIRM during 2015-16 to 2017-18 and deposited into current account No. 4010126068 maintained with National Bank of Pakistan F-8 Markaz Branch, Islamabad.

Audit observed that non-deposit of Government receipt into treasury and non-reconciliation is a violation of rules.

The management replied that due to some issues, the account has been declared as dormant by the bank due to which the amount up to June,2018 could not be deposited in treasury. As the matter with the bank is resolved, the amount will be transferred to FTO. Rs.815,344/- has been deposited into SBP, Islamabad and Rs.547,542/- is available in Account. As regards the remaining amount is concerned, the amount seems to belong to Pakistan Bait ul Mal. After reconciliation, the amount will be transferred to Pakistan Bait ul Mal and FTO.

The management accepted the observation.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the remaining amount of Rs. 8,847,605 (Rs. 9,162,949 - Rs. 815,344) which may be reconciled with National Bank of Pakistan and transferred to Pakistan Bait-ul Mal and State Bank of Pakistan under intimation to Audit.

23.4.8 Irregular payment of share to Doctors/Para-medical staff out of departmental receipt - Rs. 6.357 million

Supplementary Rule 10 (3) states that for private bacteriological, pathological and analytical work carried out in Government laboratories and in the Chemical Examiner's Department, 40% of the fees should be credited to Government, the remainder (60%) being allowed to the doctor of the laboratory or the Chemical Examiner, as the case may be, who may divide it with his assistants and subordinates in such manner as he considers equitable.

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 NIRM collected receipts on account of test charges of Physiotherapy, Psychology, Speech therapy, Operations, Consultations, Anesthesia, Pathology as under:

S.No.	Vr No.	Period	Total Receipt	50.746% drawn for Medical/Para-medical Staff	49% available in Govt. Account
1.	111	January to December,2016	4,239,417	2,151,333	2,088,084
2.	112	January to June,2017	1,719,391	938,892	780,499
3.	113	July,2017 to June 2018	5,493,695	3,266,960	2,226,735
Total			**11,452,503**	**6,357,185**	**5,095,318**

Audit observed that:

i. The receipt collected by the management of NIRM was test charges and not fee agreed between the Doctors and the patients.

ii. This receipt cannot be termed fee received as other than professional attendance.

iii. It was the routine duty of the Doctors to check the patients during their duty hours.

iv. The patients visiting NIRM cannot be treated as private work.

v. The rates of each test were not got approved from the Ministry of Finance.

The NIRM replied that all the amounts drawn from the hospital receipts are authorized as per rule and their withdrawal cannot be termed as unauthorized. The hospital receipt is properly deposited into Government exchequer and subsequently the employees share is drawn from the Federal Treasury against the challan deposited and distributed among the employees in accordance with the formula approved by the Secretary, Ministry of Health.

The reply was not acceptable as the Secretary, Ministry of Health was not the competent forum to decide the formula.

Audit is of the view that departmental receipt distributed amongst the doctors and staff was a violation of above mentioned rule.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends to fix the responsibility for the irregularity and recovery be made from the recipients.

23.4.9 Recovery of Health Allowance and Health Professional Allowance - Rs. 1.669 million

Finance Division's U.O. No.F.2(13)R-2/2012-172 dated 27.03.2012 states that the definition of Health Personnel is the same as was provided at section 2(b) of the Career Structure for Health Personnel Scheme Ordinance,2011 which is reproduced below for ready reference:

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

i) a person who is on deputation to the Federal Government from any Province or other authority;

ii) a person who is employed on contract, or on work charged basis or who is paid from contingencies.

The management of National Institute of Rehabilitation Medicines, Islamabad paid Health Allowance/Health Professional Allowance amounting to Rs. 1.669 million to deputationist during 2015-18. Details are as under:

S No	Name & Designation	Deputation period	Lending department	Amount
1	Dr. Fazal e Mola ED (B-20)	20.12.2017 to 30.06.2018	Health Dept KPK	351,290
2	Dr. Syed Shujaat Ali Shah OSD B-17	18.02.2014 to 02.07.2017	Health Dept KPK	360,000
3	Dr. Sohail Kamran MO B-17	18.02.2013 to 30.06.2018	Health Dept KPK	540,000
4	Mr. Muhammad Ali Khan A. D. B-16	28.09.2014 to 30.06.2018	Human Organ Transplant Authority	417,600
			Total	**1,668,890**

Audit observed that the management paid Health Allowance and Health Professional Allowance in contravention to the above mentioned rule.

The management replied that the officer at Sl No. 1 was regular employee of NIRM and eligible for the said allowance. He was repatriated to his parent department i.e. Health Department KPK. As regard the officer at Sl No.4 he was already drawing health allowance from his parent office i.e. HOTA. The officers at Sl.No.2 and 3 were allowed Health Professional Allowance by AGPR, Islamabad.

The reply was not acceptable because health allowance was not allowed to employees working on deputations belonging to provinces.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends the allowance be stopped forthwith and the amount recovered from the person(s) concerned and deposited into Government Treasury under intimation to audit.

23.4.10 Irregular purchase of computer equipment and furniture without calling open tender – Rs. 5.137 million

Rules 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 Human Organ Transplant Authority, Islamabad incurred expenditure of Rs. 3.209 million on purchase of computer equipment and Rs. 1.928 million on purchase of furniture during June, 2015.

Audit observed that the procurement was made without calling open tender in the month of June, 2015 just to avoid lapse of the budget and in violation to PPRA rules.

The management did not reply till finalization of the Report.

Audit is of the view that the expenditure without calling open tender is irregular and unauthorized.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed for the irregularity.

23.4.11 Unauthorized opening of bank accounts – Rs. 50.336 million

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

Para 25 of GFR 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.

Section 5(e) of Controller General of Accounts Ordinance, 2001 states that the CGA should to render advice on accounting procedure for new scheme, programmes or activities undertaken by the Government concerned.

The management of College of Nursing and Medical Technology (CN&MT) under Pakistan Institute of Medical Sciences is maintaining two bank accounts in National Bank of Pakistan, PIMS Branch, Islamabad for collection and retention of fee and other charges from their students. The details are as under;

S. No.	Bank Account	Type of Account	Account No.	Balance as on 30.06.2018
1.	College of Nursing	Current Account	4010797156	24,247,635
2.	College of Medical Technology	PLS Saving Account	3010765422	26,089,353
			Total	**50,336,988**

Audit observed as under:

i. The accounts were opened without the approval of the Finance Division.

ii. The rates of fee and other charges were not approved by the Ministry of Finance.

iii. No Accounting Procedure/SOPs pertaining to collection, retention and expenditure out of departmental receipt was got approved from the Controller General of Accounts. The management collected and retained the following receipt in bank accounts.

Audit is of the view that opening and maintaining of accounts without the approval of the Finance Division was irregular and unauthorized.

Audit is also of the view that collection of charges from students, retention of departmental receipt and expenditure therefrom without the approval of Ministry of Finance and its Accounting Procedure was unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that Ministry of Finance may be approached for regularization or the accounts may be closed.

23.4.12 Irregular payment of Health Allowance – Rs. 25.452 million

The Finance Division vide UO No.F.2(13)R-2/2012-172 dated 27.03.2012 granted Health Allowance to health personnel including non-clinical cadre serving in Federal Hospitals/Clinics.

The Federal Government vide Ministry of Finance letter No. F.2(13)R-2/2015-983 dated 30.10.2015 granted Fixed Medical Risk Allowance to health personnel of BS-01 to BS-22 working in the Federal Government hospitals, with effect from 01.10.2015.

The management of College of Nursing and Medical Technology (CN&MT) under Pakistan Institute of Medical Sciences incurred an expenditure of Rs. 25.452 million as Health Allowance and Fixed Medical Risk Allowance to all employees during 2016-18. Details are as under:

S. No.	Description	2016-17	2017-18	Total (Rs)
1.	Health Allowance	11,476,616	10,630,938	22,107,554
2.	Fixed Medical Risk Allowance	1,698,467	1,646,439	3,344,906
			Total	**25,452,460**

Audit observed that Health Allowance and Fixed Medical Risk Allowance was paid in violation of rules as CN&MT is neither a hospital nor clinic.

Audit is of the view that payment of Health Allowance and Fixed Medical Risk Allowance to employees of CN&MT was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends to stop payment of Health Allowance and Fixed Medical Risk Allowance to all employees of CN&MT.

23.4.13 Un-authorized hiring of Consultant M/S DCS & Associate – Rs. 20 million

Rule 4 of PPRA, 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 28 (1) PPRA Rules 2004 states that the date for opening of bids and the last date for the submission of bids shall be the same. Bids shall be opened at the time specified in the bidding documents. The bids shall be opened at least thirty minutes after the deadline for submission of bids.

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

Rule 35 of PPRA Rules 2004 states that the Procuring agencies shall announce the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids at least ten days prior to the award of procurement contract.

SZAB University invited EOI through an advertisement published on 25.07.2015. According to the advertisement the events should have been as follows:

i) Closing date (issuance of bids documents) 21.08.2015

ii) EOI bid receiving cut-off date.27.08.2015

iii) EOI bid to be opened on. 23.08.2015.

Audit observed that a ‘Consultant hiring Committee’ was notified by the Registrar with the mandate to initiate the process on 07.08.2015. The consultant hiring committee opened the technical bids on 18.09.2015 and financial proposal was opened on 05.10.2015.

It was further observed that:

i. No attendance record of representatives of firms was available.

ii. No record/notice of change of date and time of opening bids.

iii. The evaluation was not vetted by the ‘Purchase Committee’ as was declared in advertisement as the ‘consultant hiring Committee’ was not mandated to evaluate and decide the procurement process.

Audit is of the view that all the proceedings of the committee were not performed as per set procedures which was irregular and unauthorized.

The PAO was informed on 12.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired for fixing responsibility.

23.4.14 Irregular award of contract - Rs. 518.966 million

As per Sec 8 (P) the Pakistan Engineering Council Act, 1976 PEC have devised the standard forms of Civil Works and Contracts and all government department should follow this standard format. Standard form of bidding documents (civil works) notified by Planning and Development Division, Government of Pakistan vide No. 8(60) WR/PC/2008 Dated 12.02.2008 approved by ECNEC on 12.11.2007.

Rule 4 of PPRA, 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 31 of PPRA, 2004 states that no bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid. Any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

The management of Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU), Islamabad awarded the construction work of School of Dentistry to M/s Capital Builders for Rs. 518,966,187.

Audit observed that the management of SZABMU amended the contract document which was detriment of certain prospective bidders. Section IB-15 (Bid Security) of insurance company having at least AA rating from PACRA / JCR was excluded from the standard contract format. Due to change in the clause IB-15, IB-15.1, IB-15.2 caused the rejection of first lowest bidder i.e. M/S National Construction (a government entity) and award of contract to the second lowest. Subsequently, the amount of the accepted bid was enhanced which caused the financial loss to the Government Exchequer to the tune of Rs. 36.082 million.

Audit also observed that over writing on the accepted bid of M/S Capital Builders was noticed. The evaluation report of the bid opening committee was neither approved by the purchase committee of the University which was the only legitimate forum for recommendation/approval.

Audit is of the view that amendments in the standard format for civil works contract and overwriting in the accepted bill was irregular and unauthorized.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility should be fixed for unauthorized amendment in the standard format of contract and overwriting in the accepted bid was irregular and unauthorized.

23.4.15 Loss to Government due to enhancement of tender cost - Rs. 36.081 million.

Section 31 (1) of PPRA 2004 states no bidder shall be allowed to alter or modify his bid after the bids have been opened. However the procuring agency may seek and accept clarifications to the bid that do not change the substance of the bid.

Section 31 (2) of PPRA states that any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

Section 50 of PPRA states that any unauthorized breach of these rules shall amount to mis-procurement.

The management of Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU), Islamabad awarded the construction work of School of Dentistry to M/s Capital Builders for Rs. 518,966,187.

Audit observed that seven firms were pre-qualified. M/s Capital Builders initially quoted price of Rs. 482,884,345 but later on management of SZABMU enhanced the cost to Rs. 518,966,187 on the contention that due to preliminary examination and arithmetical checking made in the office of project coordinator and cost of the project enhanced to Rs. 36.081 million.

Audit is of the view that alteration or modification of the bid price after opening of the tender was irregular and unauthorized and undue favor to the contractor.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

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

23.4.16 Irregular appointment of Deputy Project Coordinator Technical

As per PC-I of School of Dentistry-SZABMU the following Project Coordination Staff could be appointed:

i. Project Director
ii. Deputy Director (P&D)
iii. Senior Engineer/ Civil
iv. Senior Engineer/ Electrical
v. Accountant
vi. Office Assistant
vii. Driver
viii. Office Attendant

The management of the Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad appointed Col (R) Saeed Iqbal Lodhi as Deputy Project Coordinator Technical in the Project "School of Dentistry" w.e.f. 01.09.2015 at a monthly salary of Rs 72,000 for period of 06 months. The contract was extended from time to time and 01,03,2016. The salary was increases to Rs 80,000 per month w.e.f. 01.03.2016.

Audit observed as under:

i. The post of Deputy Project Coordinator Technical does not exist in the PC-I of the Project "School of Dentistry".
ii. As per record provided to audit the post of Deputy Director (P&D) was advertised in the daily newspaper with the required qualification of BSc in Engineering (Civil or Electrical) or equivalent degree recognized from HEC. But the appointment was made on a different post i.e. Deputy Project Coordinator Technical.
iii. The qualification of the appointed person is MSc (Mechanical Engineering) but was considered by the management to be appointed against the post.

iv. The lists of candidates who applied and appeared for interview against the post were not provided to Audit.

Audit is of the view that appointment of candidate without having post in the project PC-I and without possessing required qualification was irregular and unauthorized.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired for fixing responsibility for undue favor

23.4.17 Irregular appointment of Deputy Project Coordinator

As per approved PC-I of School of Dentistry-SZABMU the following Project Coordination Staff could be appointed:

i. Project Director

ii. Deputy Director (P&D)

iii. Senior Engineer/ Civil

iv. Senior Engineer/ Electrical

v. Accountant

vi. Office Assistant

vii. Driver

viii. Office Attendant

The management of the Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad appointed Mr. Muhammad Tariq Anwar as “Deputy Project Coordinator” in the Project “School of Dentistry” w.e.f. 01.09.2015 against a monthly salary of Rs.72,000 for period of 06 months. The person was again appointed as “Consultant” for a period of 06 month w.e.f. 10.03.2016 against a monthly salary of Rs.72,000. The contract was further extended for a period of 06 months w.e.f. 01.09.2016 on lump-sum salary of Rs.60,000 per month.

Audit observed as under:

i. The posts of “Deputy Project Coordinator” and “Consultant” does not exist in the PC-I of the Project “School of Dentistry”.

ii. The appointment was made without advertisement.

iii. The job description/ tasks given for the contract were not defined.

Audit is of the view that appointment without having vacancy in the project PC-I and without advertisement was irregular and unauthorized.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be inquired for fixing responsibility.

23.4.18 Irregular appointment against the post of Senior Engineer/Electrical (BPS-18)

The management of the Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad advertised a project post of Senior Engineer/ Electrical BS-18 in the project “School of Dentistry” with the following qualification, experience and research in daily newspaper:

Qualification	**Experience**
B.Sc Engg (Electrical) or Equivalent Degree recognized from HEC.	05 years experience for civil works / construction especially in hospital buildings including planning scheduling optimized resource estimation and assignment, monitoring periodic review of project progress, updating and control, compiling of technical reports and consultation with the consultant, contractor on behalf of senior management and having good interpersonal skills and communication.

As per University record three applications were received against the advertisement. The detail is as under:

S. No.	**Name**	**Qualification**	**Experience in years**	**Experience**
1.	Hassan Ullah Jan	B. Sc (Electrical Engineering)	6 years 6 months	FFBL, AAA (Consulting Eng.& Architects), Recent Construction Company

2.	Muhammad Ahmad	B. Sc (Electrical Engineering)	6 years	Recent Construction Company, GEA-Cold Storage Warehouse Project (UAE), PIFRA Project, NEPRA Project
3.	Waqas Bin Zaheer	B. Sc (Electrical Engineering)	6 years	NESPAK, Classic Constructions, COMSATS

The management of the Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad appointed the person at Sr.No.3 against the post.

Audit observed that the person appointed did not possess the required experience of 05 years as the experience of field work was only 1 year in NESPAK. One year experience as visiting faculty at COMSATS is also not relevant.

Audit is of the view that appointment without possessing required experience required for the post was irregular and unauthorized.

The PAO was informed on 18.10.2018 but DAC was not convened till finalization of the Report.

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

23.4.19 Prices of medicines on higher side compared to Bangladesh and India

Section 12 of Drugs Act 1976 states that power to fix maximum prices of drug, etc. (1) The Federal Government may, by notification in the official Gazette, (a) fix the maximum price at which any drug specified in the notification is to be sold; and (b) specify a certain percentage of the profits of manufacturers of drugs which shall be utilized, in accordance with the rules for purposes of research in drugs.

(2) For the purpose of the exercise of its powers under sub-section (1), the Federal Government may require a manufacturer, stockiest, importer, exporter, retailer or other dealer in drugs to furnish such relevant information as may be necessary.

(3) The Federal Government may, by notification in the official Gazette, delegate any of its powers under this section to any Board or other authority.

Section 7(c)(vii) of Drug Regulatory Authority of Pakistan Act 2012 states that the powers and functions of the Authority shall be to issue guidelines and monitor the enforcement of regulation for pricing and mechanism for fixation of prices of various therapeutic goods under its ambit.

Section 4(1) of Drug Pricing Policy 2018 states that Maximum Retail Price (MRP) fixation of Originator Brand of New Chemical Entities & New Biological Entities in a particular dosage form; strength & delivery system shall be based on average price of the same dosage form and strength of the same brand in India and Bangladesh. If the originator brand is available in only one of these countries, MRP shall be fixed at its par after considering the exchange rate parity.

Section 4 (4) (i) states that MRP of generics shall be fixed at 30% less than the MRP of the Originator Brand.

Scrutiny of following five medicines to check comparability of prices in India and Bangladesh, audit observed that prices of medicines were found to be above. Details are as under:

S. No.	Name of medicine	Pack Size	Approved MRP in Pakistan (PKR)	Price in Bangladesh (PKR) 1 Takka = 1.59 PKR	Price in India (PKR) 1 INR = 1.83 PKR
1	Sitagliptin 100mg Tablet Generic	10’s	660	477	N/A
2	Entecavir Tablet 0.5 mg	30’s	6,500	4,111	3,112.43
	Entecavir Tablet 1mg	3x10’s	10,800	6,532	5,745.47
3	Risperidone Tablets 1 mg	10’s	120	51	95.20
	Risperidone Tablets 2 mg	10’s	195	96	101.46
4	Etanercept Injection 25 mg	1 vial	10,500	N/A	9,333
5	Salmeterol Inhalation	60 meter doses	490	335	N/A

Audit is of the view that price comparison with Bangladesh and India only on new medicines shall not have the desired effect of bringing medicine prices down in Pakistan. It is unfair that old registered medicines continue to be sold for higher prices.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that extraordinary prices of medicines may be revised besides fixing of responsibility and investigation for higher prices.

Audit further recommends that prices comparison with Bangladesh and India should be made mandatory for all medicines. In addition, the provision should be retrospectively applied as majority of medicines have already been registered in Pakistan.

23.4.20 Late action taken by Registration Board in registration of medicines

Section 7(c)(vii) of Drug Regulatory Authority of Pakistan Act 2012 states that the powers and functions of the Authority shall be to issue guidelines and monitor the enforcement of regulation for pricing and mechanism for fixation of prices of various therapeutic goods under its ambit.

Drug Regulatory Authority of Pakistan, Islamabad was established by the Federal Government on 13.11.2012 and work for registration of medicines also rest with them.

Audit observed that Registration Board of DRAP took an unusually long time to take up cases of registration of medicines. Similarly, a number of applications were received for medicines originating from countries having stringent regulatory authorities. Cases of late registration of medicines in 240th to 250th meetings were noted and placed in Annexure-A. One example case No. 19 of 243rd meeting, even after lapse of three years decision was taken to defer the product for further deliberations. Few examples of late registration of medicines in 240th meeting dated 07.11.2013 are given below:

Name of medicine	Particulars of Firm application	Cases for registration submitted on	Cases for registration Decision taken
Prolia Injection	**GlaxoSmithKline** M/s Amgen Manufacturing Limited, Juncos,	21.11.2011	07.11.2013

	Puerto Rico, USA		
Eprex Injection	**Johnson & Johnson** Manufacturer, Labeling, Packaging and Release Site Originating M/s Cilag AG, Hochstrasse, Schaffhausen, Switzerland	24.08.2011	07.11.2013
Intratect Solution for Infusion	**The Eastern Trade** M/s Biotest Pharma GmbH, Landsteinerstrass, Dreieich, Germany	28.12.2010	07.11.2013
Uman Albumin Solution	**Popular International Ltd** M/s Kedrion S.p.A Loc. Ai Conti, Castelvecchio Pascoli-Barga (LU), Italy	20.08.2011	07.11.2013
Gonal-f Pen Injection	**Merck Specialties Limited** M/s Merch Serono S.P.A VIA Delle Magnolie (LOC Frazionr Zona Industriale), Italy	29.08.2011	07.11.2013
Premarin Cream	**Wyeth Pakistan Limited** M/s Pfizer Canada Inc. Saint-Laurent, Quebec, Canada	30.02.2012	07.11.2013

Audit further observed that management record is silent about what standards have been observed to determine the quality medicines and what methodology has been adopted to take laboratory tests of medicines manufacturing by local and multinational companies.

Audit is of the view that such a long period of waiting for registration decision besides being inhumane hampered the growth of pharma industry in Pakistan.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that corrective measures may be taken for timely registration of medicines and fixing of responsibility besides methodology adopted to take laboratory tests may be known to audit.

23.4.21 De-Controlled Prices of Medicines

Section 12(1)(a) of Drugs Act 1976 states that power to fix maximum prices of drug, the Federal Government may, by notification in the official

Gazette, fix the maximum price at which any drug specified in the notification is to be sold.

Section 7(c)(vii) of Drug Regulatory Authority of Pakistan Act 2012 states that the powers and functions of the Authority shall be to issue guidelines and monitor the enforcement of regulation for pricing and mechanism for fixation of prices of various therapeutic goods under its ambit.

SRO 471(1)/93 dated 6th July 1993 provided a list of 821 medicines and gave blanket approval for rest of medicine prices to be de-controlled.

Audit observed that the majority of medicines in market stand de-controlled as a result of this SRO. Only their price increases are being monitored by DRAP whereas their original high prices stay and DRAP is unable to lower them.

Audit is of the opinion that it is against spirit of Drugs Act 1976 that not all prices of drugs were controlled. SRO prima facie is in violation of Act which calls for price fixation.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility may be fixed as to why measures were not taken to fix the prices of all medicines. Further, every medicine should fall under domain of price control of DRAP.

23.4.22 Statement of Qualified opinion by Chartered Accountant on the financial statements of DRAP during the last five years

Rule 3(1) of Drug Regulatory Authority of Pakistan Accounting Procedure and Financial Rules, 2015 states that the accounts of the Authority shall be maintained on double entry system in accordance with the generally accepted accounting principles.

Rule 3(2) of Drug Regulatory Authority of Pakistan Accounting Procedure and Financial Rules, 2015 states that the financial statements of the Authority shall be prepared in accordance with the approved accounting standards as applicable in Pakistan and in the manner as prescribed.

A qualified opinion is a statement issued after an audit is completed by a professional auditor, suggesting that the information provided is limited in scope and/or the company being audited has not maintained its financial statements in accordance with the applicable Financial Reporting Framework. Basically, auditors who deem audits as qualified opinions are advising who so ever is reading the document that the information within the audit is not complete or the accounting methods used by the company do not follow the Generally Accepted Accounting Principles (GAAP) and/or International Financial Reporting Standards (IFRS).

The Securities and Exchange Commission of Pakistan notified International Financial Reporting Standards (IFRS) for preparation of financial statements in Pakistan..

Audit observed that it is the responsibility of DRAP management to prepare its financial statements in accordance with IFRS/ accrual basis but the financial statement of the DRAP Accounts is not being prepared as prescribed. Since establishment of DRAP (13.11.2012) to the financial year 2016-17, Chartered Accountant firms expressed qualified opinions on the financial statements of DRAP as financial statements of the Authority were not prepared in accordance with the approved accounting standards as applicable in Pakistan. Even Audit of Chartered Accountant for the year 2017-18 has not been arranged in violation of the Act nor Audited Financial Statement for the said year has so far been prepared.

Audit is of the view that despite repeated and repeated qualified opinions on the financial statements, the management of DRAP did not take any action to rectify the situation.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that DRAP management should take the necessary actions to prevent the qualification of audit reports besides fixing of responsibility.

23.4.23 Non-fixation of prices for Veterinary Biological Vaccines

Section 12(1) of Drugs Act 1976 states that power to fix maximum prices of drug, the Federal Government may, by notification in the official Gazette, (a) fix the maximum price at which any drug specified in the notification is to be sold; and (b) specify a certain percentage of the profits of manufacturers of drugs which shall be utilized, in accordance with the rules for purposes of research in drugs.

Audit observed that prices of 163 Registered Veterinary Biological Vaccines were not fixed by the DRAP as all these vaccines were classified as de-controlled.

Audit is of the view that de-controlled prices of Veterinary Biological Vaccines resulted in high prices.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that prices in this area may be regulated so as to bring it into line of DRAP's mandate of ensuring availability of medicines at reasonable prices in the country.

23.4.24 Irregular formulation of policy for inspection of manufacturing facilities of manufacturer abroad and conflict of interest by obtaining benefits from the applicants

Para 20(1) of the Drug Regulatory Authority of Pakistan Act, 2012 states that the Authority shall levy and collect such fees, in respect of any of its functions at such rates as may be determined from time to time by the Authority, with the approval of the Policy Board, in accordance with rules.

Para 23 of the Drug Regulatory Authority of Pakistan Act, 2012 states that the Authority may, with the approval of the Federal Government, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Para 24 of the Drug Regulatory Authority of Pakistan Act, 2012 states that the Authority may, by notification in the official Gazette, with the approval of the Board, make regulations, for its internal working and terms and condition of employees not inconsistent with the provisions of the Act or the rules, for the carrying out of its functions under this Act.

Clause (3)(4)of the SOP for inspection of manufacturer abroad states that after intimation of nominations from Drug Regulatory Authority of Pakistan, applicant shall coordinate the members of the team to arrange visit of manufacturer. Passport, Visa, Boarding/Lodging, Return Air Ticket, Accommodation and all such transport which will be necessary for inspection shall be necessary for inspection shall be the responsibility of the applicant. Moreover daily pocket money US $ 100/- shall be given to the each member of the team prior to proceeding to the inspection through Bank Draft/Demand Draft/Pay order in the name of concerned member of the panel and this draft shall be submitted to DDO (Health) for onward transmission at the rate of two days per inspection. In case of additional time, balance amount shall be submitted by the applicant in the same way on return from the inspection and direct transaction of money shall not be allowed. In case of more than one inspection in different cities of the same country/group, the inter city and intra city transport, daily expenses shall be the responsibility of the manufacturer/applicant. Stay of the team shall be at five star hotel(s); however, if a premise is located in the area where such hotel does not exist, accommodation in the hotel of best rating shall be hired by the applicant.

DRAP authorized 27 participants for inspection of pharmaceutical companies abroad from January 1, 2017 to date and authorize the inspection personnel to avail the benefits mentioned above.

Audit observed that the policy for inspection of manufacturing facilities abroad was neither approved by Policy Board nor Authority. The formulation of policy for inspection of manufacturing facilities of the manufacturer abroad by obtaining benefits from the applicants is resulted in a conflict of interest.

Audit is of the view that the practice of inspection abroad by members on the expenses of the applicants and availing of other benefits may give rise to conflict of interest and this puts to doubt the impartiality and objectivity of the whole exercise.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that the Authority shall levy and collect fees from the applicants.

23.4.25 Non-utilization of Central Research Fund - Rs. 1,480.849 million

Section 20(2) of Drug Regulatory Authority of Pakistan Act, 2012 states that the Central Research Fund fee shall be deposited in the non-lapsable sub-account of the Authority to be utilized as per existing rules.

Rule 19(14) of Drugs (Licensing, Registering and Advertising) Rules, 1976 states that the Licensee shall, by the 30th June and the 31st December each year, whichever is immediately after the annual financial closing of the company contribute one per cent of his gross profit before deduction of income-tax towards the Central Research Fund to be maintained by the Federal Government and utilized by it in accordance with the Drugs (Research) Rules, 1978.

Rule 3 of the Drugs (Research) Rules, 1978 states that the Federal Government may utilize the Fund for conducting research, development or evaluation of a drug either itself or through a research institution working under its control or disburse it among investigators or institutions for such purposes subject to such conditions as may be specified and for that matter. It may also utilize the fund to upgrade and establish Drugs Research and testing laboratories and a unit in the Drugs Control Section, Ministry of Health for evaluation and monitoring of the research proposals and projects and management of the fund.

The Drug Regulatory Authority of Pakistan, Islamabad maintained Central Research Fund A/c No. 0010008463700024 in ABL, Civic Centre Melody Branch, Islamabad. An amount of Rs. 1,245.293 million was invested whereas Rs. 235.556 million is available in the bank account as on 30.06.2018. Audited Financial Statement for the year 2017-18 has not been prepared so far.

Audit observed that the management did not utilize CRF for conducting research, development or evaluation of drugs.

Audit is of the view that non-utilization of CRF for the intended purposes defeated the objective/utility of creation of the Fund.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that corrective measures may be adopted to achieve the objectives of establishing the Fund besides provision of justification for non-utilization of CRF.

23.4.26 Non-reconciliation and non-transferring of Central Research Fund balance into Authority Account- Rs.974.966 million

Section 20(2) of Drug Regulatory Authority of Pakistan Act, 2012 states that the Central Research Fund fee shall be deposited in the non-lapsable sub-account of the Authority to be utilized as per existing rules.

Section 20(3) of Drug Regulatory Authority of Pakistan Act, 2012 states that the existing Central Research Fund kept with the Federal Government shall be transferred to the Authority immediately after notification of establishment of the Authority.

Rule 19(14) of Drugs (Licensing, Registering and Advertising) Rules, 1976 states that the Licensee shall, by the 30th June and the 31st December each year, whichever is immediately after the annual financial closing of the company contribute one per cent of his gross profit before deduction of income-tax towards the Central Research Fund to be maintained by the Federal Government and utilized by it in accordance with the Drugs (Research) Rules, 1978.

The management of Drug Regulatory Authority of Pakistan, Islamabad is maintaining the Central Research Fund Account since 13.11.2012 and before its establishment fund was maintained by the Defunct Ministry of Health maintained under Drugs (Licensing, Registering and Advertising) Rules, 1976.

Audit observed that prior to establishment of DRAP, a sum of Rs. 974.966 million up to 30.06.2016 was available in the Central Research Fund Account maintained by AGPR and was required to be transfer in to Authority for conducting research, development or evaluation of drugs but neither fund have been reconciled nor transferred in to authority so far.

Audit is of the view that due to non-transferred of CRF already realized is violation of DRAP, Act 2012.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that collective measures may be taken to transfer of CRF in to authority at the earliest so that the objectives of establishing the Fund could be achieved besides reconciliation of the funds maintained by AGPR.

23.4.27 Irregular payment of Income Tax on Central Research Fund - Rs. 229.440 million

Section 49(2) of Income Tax Ordinance, 2001 states that the income of a Provincial Government or a Local Government in Pakistan shall be exempt from tax under this Ordinance, other than income chargeable under the head

"Income from Business" derived by a Provincial Government or Local Government from a business carried on outside its jurisdictional area.

Section 49(3) of Income Tax Ordinance, 2001 states that subject to sub-section (2), any payment received by the Federal Government, a Provincial Government or a Local Government shall not be liable to any collection or deduction of advance tax.

Section 49(4) of Income Tax Ordinance, 2001 states that exemption under this section shall not be available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal Law or a Provincial Law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution set up, owned and controlled, either directly or indirectly, by the Federal Government or a Provincial Government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan.

The management of Drug Regulatory Authority of Pakistan paid an amount of Rs. 210.121 million for the tax years 2016 and 2017 as tabulated:

Sr. No	Tax Year	Collection	Rate of Tax	Amount Rs. (million)
1	2015-16	313,362,202	32%	112.979
2	2016-17	375,682,918	31%	116.461
			Total	**229.440**

Audit observed that Income Tax was paid on receipts collected relating to Central Research Fund (CRF) which was not taxable under Income Tax Ordinance because it cannot be termed as "Income from Business" as defined in Income Tax Ordinance, 2001.

Audit is of the view that payment of Income Tax on collection of CRF was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that the matter should be taken up with FBR for recovery/refund of Income Tax paid on the balances of CRF.

23.4.28 Unauthorized payment of Health Professional Allowance - Rs. 308.591 million

The Federal Government vide Finance Division O.M. No. F.2(13)R-2/2011-777 dated 06.02.2012 granted benefit of one basic pay of running salary as Health Allowance to the "health personnel" in the employment of Federal Government, in BPS scheme, with effect from 01.01.2012.

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.

Finance Division (Regulation Wing) approved the Regulatory officers/officials Pay Scales and Schedule of DRAP Allowances on 17.04.2015 subject to following conditions:

i. The Adhoc Relief Allowances granted in 2010, 2011, 2012, 2013 and 2014 shall not be allowed.

ii. House Rent Allowance, Medical Allowance and Conveyance Allowance may be kept frozen at the proposed level till next revision of DRAP's R.O. Pay Scales.

The management of Drug Regulatory Authority of Pakistan, Islamabad paid Rs. 308.591 million as Health Allowance to its employees during 2015-18. Details are as under:

(Rupees)

S. No.	Year	Amount
1.	2017-18	118,589,043
2.	2016-17	105,683,257

3.	2015-16	84,318,914
	Total	**308,591,214**

Audit observed that Health Allowance was paid to the employees of DRAP although it was not a Federal Government hospital or clinic as Finance Division clarified that Health Allowance was admissible to the health personnel serving in Federal Government hospitals and clinics only.

Audit further observed that the authorizing of Health Allowance to the Regulatory officers/officials was not approved by the Finance Division (Regulation Wing) in approving the DRAP's R.O. Pay Scales and Schedule of DRAP Allowances.

Audit is of the view that payment of Health Allowance over and above the approval of Finance Division (Regulation Wing) was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that recovery of irregularly paid Health Allowance besides discontinuing the practice forthwith.

23.4.29 Irregular revision of DRAP's R.O. Pay Scales 2016 and 2017 and payment of arrears of Pay and Allowances - Rs.68.140 million

Finance Division approved the Regulatory officers/officials Pay Scales and Schedule of DRAP Allowances for R.O Pay Scales of DRAP on 17.04.2015 subject to following conditions:

i. The Adhoc Relief Allowances granted in of 2010, 2011, 2012, 2013 and 2014 shall not be allowed.

ii. House Rent Allowance, Medical Allowance and Conveyance Allowance may be kept frozen at the proposed level till next revision of DRAP's R.O. Pay Scales.

Rule-12(h) of Rules of Business 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, on their statutory rights and privileges, which have financial implications.

The management of Drug Regulatory Authority of Pakistan, Islamabad paid Rs. 68.140 million as arrears of Pay and Allowances by granting benefits of Adhoc Relief Allowances of 2010, 2011, 2012, 2013 and 2014 after revision of DRAP's R.O. Pay Scales 2016 and 2017.

Audit observed that an amount of Rs. 68.140 million was paid as arrears of Pay and Allowances to DRAP's employees in contravention to Finance Division directives. DRAP,s R.O. Pay Scales 2016 and 2017 were also revised without obtaining the approval of Finance Division.

Audit is of the view that granting of arrears of Pay and Allowances to DRAP,s employees and revision of DRAP,s R.O. Pay Scales 2016 and 2017 without obtaining the approval of Finance Division was violation of Finance Division instructions.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for violating of Finance Division instructions besides recovery of the overpaid amounts.

23.4.30 Irregular payment of Adhoc Relief Allowances-2016 and 2017 to regulatory scale employees - Rs.27.145 million

Finance Division in its OM No. F.4(3)R-4/2011-Revision dated 04.08.2017 states that grant of Adhoc Relief Allowance 2017 @ 10% of basic pay will be applicable to the employees of Autonomous/Semi-Autonomous bodies and Corporations, which have adopted the Federal Government's Basic Pay scales Scheme in totality.

Finance Division in its OM No. F.4(3)R-4/2011-Revision dated 28.7.2016 states that that grant of Adhoc Relief Allowance 2016 @ 10% of basic pay will be applicable to the employees of Autonomous/Semi-Autonomous bodies and Corporations, which have adopted the Federal Government's Basic Pay scales Scheme in totality.

Rule-12(h) of Rules of Business 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, on their statutory rights and privileges, which have financial implications.

The management of Drug Regulatory Authority of Pakistan, Islamabad paid Rs. 27.145 million as monthly Adhoc Relief Allowances -2016 & 2017 @ 10% each to its Regulatory Officer (RO) scale employees during the year 2016-17 and 2017-18. After the establishment of DRAP, the employees were given the option to join as civil servants in Basic Scale or corporate employees in Regulatory Officer (RO). Approximately half opted to join in RO scales and half in BS scales.

Audit observed that in contravention to Finance Division directives, management paid Adhoc Relief Allowances-2016 and 2017 to DRAP,s R.O. Pay Scales employees. The amount paid is tabulated below:-

Year	**ARA 2016 (10%)**	**ARA 2017 (10%)**
July	0	0
August	1,780,157	2,463,857
September	941,389	1,318,568
October	924,167	1,290,944
November	923,825	1,290,113
December	933,503	1,362,528
January	929,963	1,366,795
February	929,453	1,364,534

March	929,104	1,363,497
April	931,351	1,366,349
May	961,124	1,408,537
June	959,954	1,405,587
Total:-	**11,143,990**	**16,001,309**

Audit is of the opinion that granting of Adhoc Relief Allowance 2016 and Adhoc Relief 2017 to RO scale employees was violation of Finance Division instructions.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends fixing of responsibility for violating of Finance Division instructions besides recovery of the overpaid amounts.

23.4.31 Irregular point to point fixation of the officers/officials who opted for absorption in DRAP

Finance Division approved the Regulatory officers/officials Pay Scales and Schedule of DRAP Allowances for R.O Pay Scales of DRAP on 17.04.2015 subject to following conditions:

i. The Adhoc Relief Allowances granted in of 2010, 2011, 2012, 2013 and 2014 shall not be allowed.

ii. House Rent Allowance, Medical Allowance and Conveyance Allowance may be kept frozen at the proposed level till next revision of DRAP's R.O. Pay Scales.

Finance Division vide its O.M. F.3(2)R-4/2015-DRAP dated 24.05.2015 in response to Ministry of National Health Services, Regulations and Coordination U.O.No. F.2-26/2014-Admn.1/DRAP (Vol.V) dated 04.05.2016 in case of point to point fixation of the officers/officials who opted for absorption in DRAP and clarified that point to point fixation of pay of employees, absorbed in DRAP, is administrative matter of DRAP and may be done by DRAP in consultation with its administrative Ministry and Accounts Officer, dealing with its financial transactions.

The management of DRAP vide it's Office Order No. F.2-26/2014-Admn.1(pt) dated 15.06.2016 directed to Director (Budget & Accounts), to fix the pay fixation w.e.f 19.06.2015 on point to point of the officers/officials who opted for absorption in DRAP and instructed that instructions issued by Finance Division(Regulation Wing) vide their letter dated 17.04.2015 may also be followed.

Audit observed that the case of point to point fixation of the officers/officials who opted for absorption in DRAP was neither referred to administrative Ministry and Accounts Office nor fixation was made in accordance with the instructions issued by Finance Division (Regulation Wing) vide their letter dated 17.04.2015 as the Adhoc Relief Allowances 2010, 2011, 2012, 2013 and 2014 were also paid.

Audit is of the view that extra payment made to the officers/officials who opted for absorption in DRAP in violation of the instructions issued by Finance Division (Regulation Wing) was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

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

23.4.32 Irregular and unauthorized payment of salaries to deputationists

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. 12,000).

Rule-12(h) of Rules of Business 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, on their statutory rights and privileges, which have financial implications.

The management of DRAP allowed the 18 deputationists to readjust their pay and allowances in accordance with R.O. Pay Scale.

Audit observed that although the deputationists in DRAP were posted on standard terms and conditions but they were all paid under the R.O. Pay Scale without any justification.

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 did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

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

23.4.33 Unauthorized opening of bank accounts and retention - Rs. 336.799 million

Clause 6(1) of the Drug Regulatory Authority of Pakistan Accounting Procedures and Financial Rules, 2015 states that the bank accounts of the Authority shall be opened with any scheduled bank or financial institution with the concurrence of Ministry of Finance.

The management of DRAP opened five commercial bank accounts with different banks and retention of Rs. 336.799 million at the end of June, 2018.

Audit observed that the bank accounts were opened without the concurrence of the Finance Division. The balances in the banks at the close of financial years are as under:

S. No	Bank Name	Detail of Account	2017-18	2016-17	2015-16
1	ABL	CRF (A/c No. 0010008463700024. Civic Center Melody	235,556,185	744,149,951	91,266,681
2	ABL	DRAP (A/c No. 0010008463700047) Civic Center (Melody)	71,628,391	808,959,967	119,192,740
3	ABL	DRAP (A/c No. 0010008463700018) Civic Center (Melody)	22,818,234	28,636,371	6,461,220
4	NBP	CRF A/c No. 16681-8 9 (G-9 Markaz)	2,533,843	2,533,843	2,466,227
5	NBP	DRAP A/c No. 11212-6 (G9 Markaz)	4,262,766	9,935,928	11,745,947
Total Balances			336,799,419	1,594,216,060	231,132,815

Audit is of the view that opening of commercial bank accounts in violation of instructions of the Finance Division was unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that either these bank accounts should be closed or the accounting procedure of the DRAP may be amended besides fixing of responsibility for the unauthorized opening of bank accounts.

23.4.34 Irregular expenditure on hiring of office accommodation and renovation work- Rs.298.658 million

According to Finance Division O.M. No. F.8(69)R.14/83/2001-452 dated 18.10.2001 hiring of private properties for office accommodation by the Federal Government must be supported by the following documents:

i. Statement of space entitlement along with details of sanctioned strength of officers/officials duly approved by Works Division as per their letter No. 10(11)/71-WIII dated 17.08.1971.

ii. Assessment Certificate issued by Pak PWD in accordance with specifications of the premises.

Ministry of Housing and Works vide O.M. No. F.2(1)2000-Policy dated 14.04.2008 fixed the rent @ Rs. 30 per square ft. for "Other Areas" of Islamabad and allowed 25% extra rent for high rise and centrally air conditioned buildings at all cities.

The management of Drug Regulatory Authority of Pakistan, Islamabad made advertisement newspapers for hiring the building for office accommodation. Two bidders qualified technically whose financial bids were opened and M/s Telecom Foundation was selected for hiring of their building. An agreement for hiring of 30,021 square ft. office accommodation @ Rs. 155 per square ft. in TF Complex, Mauve Area, G-9/4, Islamabad @ Rs. 4,653,255 p.m. was made on 25.07.2014 for three year commence w.e.f. 20.08.2014. As per agreement on expiry of one year, the rent fixed shall be increased by 10% annually from the commencement of the 2nd year and onward. After the expiry of three year period, another agreement was made on 29.11.2017 w.e.f. 20.08.2017 for one year period @ Rs. 187.55 per square ft. An amount of Rs. 252.393 million was paid as rent during 2014-18. An amount of Rs. 43.555 million was paid to-date to contractor M/s Rehman Construction on the renovation works/additional works and a claim of contractor of Rs. 2.710 is still payable which shows that work is still in progress. An amount of Rs.10.627 million was also incurred for purchase of furniture items in addition to renovation work.

Audit observed as under:

i. The building was hired without observing the scales of office accommodation fixed by Ministry of Housing and Works.

ii. Rent and Area Assessment Certificate was not obtained from Pak PWD for hiring of office accommodation.

iii. Office accommodation was hired @ Rs. 155 per square ft. in violation of Housing and Works Division O.M. No. F.2(1)2000-Policy dated 14.04.2008.

iv. Heavy amounts were incurred on renovation and procurement of furniture without any justification as sufficient dead stock items of defunct ministry of Health was transferred to DRAP.

v. A contract agreement for renovation work of the building was made on 09.06.2015 after about one year of hiring of office accommodation and work was continuing for more than two years. The payment of hiring of office accommodation of both periods was doubtful.

Audit is of the view that hiring of office accommodation on higher rates without obtaining rent and area assessment certificate from Pak PWD and incurred of heavy expenditure on renovation was irregular and unauthorized.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that responsibility should be fixed for the irregularities besides expenditure be got regularize by obtaining post facto approval of Finance Division.

23.4.35 Improper functioning of DRAP due to non-appointment of regular CEO and Directors

In terms of Section 4(1) of the DRAP Act, 2012 the Authority shall consist of a full time Chief Executive Officer (CEO) and thirteen Directors who shall be appointed by the Federal Government on the recommendation of Board, whose qualifications, terms and conditions shall be such as may be prescribed. The Directors shall be designated as:

i. Director Pharmaceutical Evaluations and Registration
ii. Director Drug Licensing
iii. Director Quality Assurance and Laboratory testing
iv. Director Medical Devices and Medicated Cosmetics
v. Director Biological Drugs
vi. Director Controlled Drugs
vii. Director Pharmacy Services
viii. Director Health and OTC Products (non-drugs)
ix. Director Costing and Pricing
x. Director Budget and Accounts

xi. Director Administration, Human Resources and Logistics
xii. Director Legal Affairs
xiii. Director Management Information Services

Section 23 of DRAP Act, 2012 states that the Authority may with the approval of the Federal Government, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Ministry of National Health Services, Regulations and Coordination vide letter No. F.3-6/2012(G&R) (pt-III) dated 02.02.2018 assigned the charge of the post of CEO, DRAP on look after basis to Dr. Sheikh Akhtar Hussain, Additional Director (RO-14) w.e.f 02.02.2018 till the appointment of regular incumbent of the post. After the expiry of the three month, same charge was again made to the officer w.e.f. 06.05.2018. The Drug Regulatory Authority of Pakistan in its 1st Policy Board meeting held on 21.01.2013 approved to designate the senior most officers (equivalent to B-19) as Directors in their own pay scale till the appointment of regular officers.

Audit observed as under:

i. Qualifications, terms and conditions for the appointment of CEO and Directors shall be such as may be prescribed means rules prescribed under the Act but neither rules required under Section 23 were framed with the approval of Federal Government nor qualifications, terms and conditions were prescribed.

ii. The DRAP Policy Board did not furnish recommendations for appointment of regular Directors to be appointed by the Federal Government as the Policy Board failed to make regulations for the act of its sub-committees. Due to which 10 out of 13 Directors of the authority were appointed as Directors in their own pay scale on look after charge since establishment of DRAP and this exercise is remained in practice after a lapse of six years. There is no provision in DRAP Act, 2012 to designate senior officers as Directors without approval of the Federal Government which is violation of the Act. At present following officers are working against posts of Director in excess of three months period.

Name of Officer	Original Grade & Post	Current Position
Mr. Obaidullah	R.O-14, Addl Director	Director PE & Registration
Mr Ghulam Rasool Dutani	BS-19, Addl Director	Director Licensing
Dr. Abdur Rashid	BS-19,Addl Director	Director Health & OTC
Mr. Faqeer Muhammad Sheikh	R.O-14, DDG	Director Controlled Drugs

iii. Presently, CEO of the authority is also working on look after charge basis since Feb, 2018 and after the expiry of the three month, same charge was again made to the officer w.e.f. 06.05.2018. After the expiry of the three month, management failed to provide any documently evidence for its new position whereas Establishment Division has clearly instructed that charge of a post can only be made after approval of the competent authority to the senior most officer available in the organization and present at place where the vacancy may have occurred if he is otherwise fit and eligible for promotion should be considered. The officer working as CEO is Additional Director (R.O-14) whereas three Directors (R.O-15/BS-20) are working and CEO was not selected from them. This is violation of the Act and Establishment Division instructions.

iv. Degrees verification of DRAP employees were not carried out. Even after receipt of a complaint against the DDG (Dr. Sheikh Akhtar Hussain), Ex-CEO directed to verify his degrees which have not been made so far.

Audit is of the view that non-appointment of regular CEO/Directors of the Authority and designating the senior officer since long is violation of DRAP Act, 2012. Thus DRAP Authority is functioning improperly.

The management did not reply till finalization of the Report.

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that regular CEO/Directors of the Authority may be appointed forthwith and fixing of responsibility for non-observance of instructions issued by Establishment Division besides taking corrective measures to non-recurrence of irregularities in future.

23.4.36 Recovery on account of tuition fee and stipend - Rs. 9.216 million

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

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

Para 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.

As per fee schedule provided by the management of Federal Medical and Dental College (FM &DC), Islamabad, the following fee is being received from selected candidate for admission in MBBS classes.

S No.	Head	College dues	Hostel dues	Total amount
1	Fee per annum	24,000	35,000	59,000
2	Security Deposit (Refundable)	12,000	20,000	32,000

The Higher Education Commission (HEC) released payment of Rs. 12.750 million for tuition fee & stipend of 8 students under the project award of 3000 scholarships to the students from Afghanistan under Prime Minister's Directives during 2016-17 and 2017-18 to the Principal FM &DC, Islamabad as per detail given below.

S No.	Cheque No.	Date	Amount
1	063322	24.04.2017	6,150,000
2	102757	10.05.2018	6,600,000
		Total	**12,750,000**

The break-up of the tuition fee & stipend of eight (8) students given by HEC is given below:

Year	Stipend	Hostel dues	Book Allow	Tuition Fee	Total
2016-17	720,000	390,000	240,000	4,800,000	6,150,000
2017-18	960,000	520,000	320,000	4,800,000	6,600,000
				Total	**12,750,000**

The management of FM & DC disbursed the amount as per detail given below:

Year	Paid to students	Tuition Fee in Treasury	Registration Fee	Exam Fee	DMC Fee	PM&DC	Total
2016-17	1,350,000	192,000	68,000	64,000	6,400	64,000	1,744,400
2017-18	1,800,000	192,000	0	0	0	0	1,992,000
						Total	**3,736,400**

Audit observed as under:

i. HEC released an amount of Rs.12.750 million but the management disbursed and charged an amount of Rs. 3.736 million while the remaining amount of Rs. 9.014 million is still kept in the bank account of FM & DC.

ii. The utilization of Rs. 0.202 million (68,000 + 64,000 + 6,400 +64,000) on behalf of students from the tuition fee and stipend by FM & DC management over and above the approved rates needs to be recovered from the students.

iii. HEC released Rs. 9.216 million over and above the fee without considering the actual fee schedule of the FM & DC.

Audit is of the view that irregular retention and unauthorized utilization of tuition fee and stipend may be recovered and deposited in to government treasury.

Management replied that following payments have been made to the Afghan students for university & PM&DC registration out of fee portion of HEC keeping in view the part of fee with the approval of Principal FM&DC . The detail is given below.

PARTICULARS	AMOUNT
Uni Reg Fee	8,500
PM&DC Fee	3,000

Uni Exam Fee	8,000
DMC Fee	800
TOTAL	20,300
G.Total 08 student	162,400

The Afghan students have been directed to deposit the fee within one week. However remaining amount still laying in NBP current account..

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

The PAO was informed on 15.01.2019 but DAC was not convened till finalization of the Report.

Audit recommends that amount may be recovered and deposited into government treasury under intimation to Audit.

CHAPTER 24

24.NATIONAL ACCOUNTABILITY BUREAU

24.1 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).

24.2 Comments on Budget & Accounts (Variance Analysis)

Variance analysis could not proformed due to non-availability of separate grant.

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
NAB	2005-06	3	3	2	1	67%
	Total	**3**	**3**	**2**	**1**	67%

24.4 AUDIT PARAS

Irregularity and Non-Compliance

24.4.1 Irregular appointment of Legal Consultants/Prosecutors and payment - Rs. 46.65 million

Rule 12(1) of the Public Procurement Rules, 2004 states that **"**procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency".

Rule 12(2) 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".

Clause (23) of Finance Division O.M. dated 13.09.2006 states that "the Head of Department has full powers to incur expenditure in the head of account Law Charges, in consultation with Law Division".

Clause (24) of Finance Division O.M. dated 13.09.2006 states that "the Head of Department has full powers to incur expenditure in the head of account Fees to Law Officers in consultation with Law Division.

Management of NAB appointed Legal Consultants / Prosecutors on monthly fee basis in violation of government rules.

Audit observed that NAB, Punjab, Lahore hired the services of Lawyers for working as Legal Consultants / Prosecutors but publication of advertisement on PPRA website and print media for open competition was not on record.

Audit further observed that consultation with Law Division/Approval of Law Division was also not on record.

A sum of Rs. 46.65 million was incurred on this account during financial years 2015-16 & 2016-17 as detailed below.

Sr. No	Year	Amount
1	2015-16	21,761,176
2	2016-17	24,896,438
Grand Total		**46,657,614**

Audit is of the view that appointment of Legal Consultants/Prosecutors was made in violation of government rules which was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 27.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregularity may be got condoned from the competent authority.

24.4.2 Irregular appointment of experts Rs.26.351 million

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

Management of NAB, Lahore made appoint of Experts without advertisement.

Audit observed that Experts / Junior Experts were appointed during the financial years 2015-16 and 2016-17.

Audit further observed that advertisement of these posts on PPRA website as well as in print media was not on record. A sum of Rs. 26.35 million was incurred on this account during financial years 2015-16 and 2016-17. Detail is given below.

Sr. No	Financial Year	Expenditure
1	2015-16	10,113,834
2	2016-17	16,237,584
	Total	**26,351,418**

Audit is of the view that appointment of experts without advertisement was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 27.11.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the irregularity may be got regularized from the competent authority.

CHAPTER 25

25. MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY

25.1 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.

25.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Religious Affairs and Inter Faith Harmony for the financial year 2017-18 was Rs. 2,837.304 million including Supplementary Grant of Rs. 1,800.364 million out of which the Division utilized Rs. 2,805.399 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)
93	Current	455,598,000	41,917,000	497,515,000	485,854,041	(11,660,959)	(2)
94	Current	581,342,000	1,758,447,000	2,339,789,000	2,319,544,984	(20,244,016)	(1)
	Total	**1,036,940,000**	**1,800,364,000**	**2,837,304,000**	**2,805,399,025**	**(31,904,975)**	**(1)**

Audit noted that there was an overall saving of Rs. 31.905 million in final budget allocated to the Ministry.

25.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Religious Affairs and Interfaith Harmony	1988-89	2	2	2	0	0
	1989-90	4	4	1	0	3
	1990-91	3	3	0	0	3
	1991-92	7	7	4	0	3
	1992-93	3	3	2	0	1
	1994-95	1	1	1	0	0
	1995-96	1	1	1	0	0
	1996-97	4	4	2	0	2
	2000-01	27	27	21	0	6
	2005-06	1	1	1	0	0
	2009-10	8	8	4	0	4
	Total	**61**	**61**	**39**	0	**22**
Religious Affairs and Interfaith Harmony (Devolved M/o Minorities)	1989-90	1	1	1	0	0
	1990-91	3	3	0	0	3
	1993-	2	2	0	0	2

	94					
	1994-95	1	1	0	0	1
	1996-97	3	3	0	0	3
	2000-01	3	3	0	0	3
	2005-06	3	3	0	0	3
	2006-07	1	1	0	0	1
	Total	**17**	**17**	**1**	0	**16**

25.4 AUDIT PARAS

Irregularity and Non-Compliance

25.4.1 Irregular retention of Hajj dues over and above the requirement - Rs. 5,381.787 million

Hajj Policy and Plan 2017 states that the Government of Pakistan, being a facilitator, endeavors to make the Hajj Manasik as comfortable as possible within the resources available and standards affordable by Pakistani Hujjaj, by making elaborate arrangements, through a transparent process, so that the pilgrims could perform their Hajj rituals as enshrined in the Quran and Sunnah.

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad maintained National Income Daily Account (NIDA) No. 3035236135 at NBP, main branch, Islamabad and an amount of Rs. 5,381.837 million was available in the account on 31.01.2018 after the end of Hajj Operation, 2017 and clearance of all liabilities. A trend of five year receipt and expenditure prepared is as under:

(Rs. in million)

Hajj Year	Opening Balance	Receipts	Expenditure	Closing Balance
2013	632.784	24,819.940	23,593.674	1,859.050
2014	1,859.050	15,143.618	14,457.171	2,545.497
2015	2,545.497	18,072.550	17,767.370	2,850.677
2016	2,850.677	19,712.002	19,118.528	3,444.151
2017	3,444.151	30,479.362	28,541.809	5,381.704

Audit observed that the management collected Hajj dues from Pilgrims over and above the actual requirement and did not return the unspent amounts to the concerned Pilgrims and retained without any justification. An amount of Rs. 5,000.000 million was diverted from these funds to DG Hajj, Jeddah for Hajj-2018 on 02.02.2018 before announcement of Hajj policy 2018.

The management did not reply till finalization of the Report.

Audit is of the view that retention of Hajj receipts without any justification is irregular and further its utilization was unauthorized and deprived the Hujjaj of their due sums.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the amount collected from Pilgrims of previous years over and above the actual requirement should be deposited into the government treasury besides stopping the irregular practice.

25.4.2 Inviting of non-restrictive Expression of Interest to utilize Hajj collections for generation of interest - Rs. 29,625.917 million

Clause-3 of terms and conditions of Expression of Interest (E.O.I.) invited from schedule banks for collection of Hajj 2017 dues through press on 25.02.2017 states that Hajj dues collected by the banks from intending pilgrims shall be placed in Sharia Compliant remunerative account. However, they will deposit Hajj dues of successful intending pilgrims in the Ministry's account as per following schedule:

S.#	Installment	Date	Percentage
1	1st installment	Within one week of the Balloting	15% of the amount
2	2nd installment	On 08-05-2017	30% "
3	3rd Installment	On 05-06-2017	15% "
4	4th installment	On 03-07-2017	10% "
5	5th installment	On 04-08-2017	10%
6	6th installment	On 15-09-2017	10%
7	Last & final installment	On final reconciliation	10% "

In case, the banks fail to make payment of Hajj dues according to above schedule, fee charges for late payment will be levied as follows:

1	Deposited after delay of 7 days.	Fee Charges @ 2.00% per day of the un-paid amount.
2	Deposited after delay of 8-14 days.	Fee Charges @ 2.50% per day of the un-paid amount.
3	Deposited after delay of 15-21 days.	Fee Charges @ 3.00% per day of the un-paid amount.
4	Deposited after delay of 22-45 days.	Fee Charges @ 3.50% per day of the un-paid amount.
5	Deposited after 46-60 days	Fee Charges @ 4.00% per day of the un-paid amount.
6	Deposited after 60 days	Fee Charges @ 5.00% per day of the un-paid amount

"For retention of Hajj dues by the banks, expected profit rates will be as follows:

Detail	**Expected Rate of Profit**
Retention of Hajj Dues up to 30 days	To be decided on receipt of "Expression of Interest" from banks to be calculated from the next day of balloting.
Retention of Hajj Dues up to 60 days/	To be decided on receipt of "Expression of Interest" from banks.
Retention of money for more than 60 days and up to 120 days	To be decided on receipt of "Expression of Interest" from banks. The concerned bank shall be liable to pay the profit at competitive rates and not less than the rates being offered by the banks on daily product basis.
Retention of money for more than 120 days and up to 180 days	To be decided on receipt of "Expression of Interest" from banks. The concerned bank shall be liable to pay the profit at competitive rates and not less than the rates being offered by the banks on daily product basis.
Retention of money beyond 180 days and up to final reconciliation.	To be decided on receipt of "Expression of Interest" from banks. The concerned bank shall be liable to pay the profit at competitive rates and not less than the rates being offered by the banks on daily product basis.

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad invited application from intending pilgrims from 17.04.2017 to 26.04.2017 through different branches of 10 commercial banks along with Rs. 280,000 and Rs. 270,000 per person for South & North Region respectively. Balloting was held on 28.04.2017. The scheduled banks transmitted Hajj collection of the successful applicants of Rs. 29,625.917 million during the period 5.5.2017 to 2.1.2018 in to National Income Daily

Account (NIDA) No. 3035236135 maintained at NBP, main branch, Islamabad. An amount of Rs. 132.943 million was also realized from the banks as interest for retention of Hajj dues 2017 and was shifted in to the commercial bank account No. 06027900459301 maintained at HBL, civic center branch, Islamabad. The above account was opened by the Ministry for maintaining the Pilgrim's Welfare Fund.

Audit observed that due to floating of non-restrictive Expression of Interest, banks did not deposit the Hajj collections of successful intending pilgrims in the Ministry's account immediately after ballot and retained the Hajj collection up to 4.01.2018 after lapse of more than four months of Hajj 2017. The EOI was floated to provide benefit to the banks as profit clause applied after balloting instead of actual date of receipt.

Audit also observed that banks failed to transmit Hajj collection as per agreed dates but no penalty was imposed and charged.

Audit is of the view that the action of the management for inviting non-restrictive Expression of Interest was only to provide benefit to the banks and to utilize Hajj collections for generating interest which is an alarming situation and deprived the Government of its due proceeds in time.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be inquired and ensure that banks transmit Hajj collection immediately after receipt from the applicants in to NIDA account opened for collection of Hajj's dues.

25.4.3 Recovery on account of less collection of profit/interest from banks on retention of Hajj dues - Rs. 83.849 million

Clause 12 of the contract between MoRA and Banks for collection of Hajj dues 2016 dated 08.4.2016 states that the second party shall deposit Hajj collection money in respect of successful applicants with the first party by the next day of balloting. However, in case of retention of Hajj dues, expected profit on the funds they may do so up to maximum period of sixty days on payment of profit by the first party @ of 4% in Sharia Compliant Product to be calculated from the 2nd day of balloting. On retention of money for more than 60 days and up to 120 days expected profit @ of 4.5% in Sharia Compliant Product and any amount beyond 120 days by the Banks the rate of profit will be decided later on in consultation with banks and State Bank of Pakistan.

Clause 12 of the contract between MoRA and Banks for collection of Applications and Fee for Hajj 2017 dated 11.04.2017 states that the second party shall deposit Hajj dues of successful intending pilgrims with the first party strictly in accordance with the schedule given below:

S.#	Installment	Date	Percentage
1	1st installment	Within one week of the Balloting	15% of the total amount
2	2nd installment	Within 25 days of Balloting	25% of the total amount
3	3rd Installment	Within 50 days of Balloting	15% of the total amount
4	4th installment	Within 80 days of Balloting	15% of the total amount
5	5th installment	Within 110 days of Balloting	10% of the total amount
6	6th installment	Within 145 days of Balloting	10% of the total amount
7	Last & final installment	Within 180 days of Balloting or (on final reconciliation whichever is earlier	10% of the total amount

In case, the Second Party fails to make payment of Hajj dues of successful intending pilgrims according to above schedule, the rate of penalty shall be as follows:

1	Deposited after delay of 7 days.	Penalty @ 2.00% per day of the un-paid amount.
2	Deposited after delay of 8-14 days.	Penalty@ 2.50% per day of the un-paid amount.
3	Deposited after delay of 15-21 days.	Penalty @ 3.00% per day of the un-paid amount.
4	Deposited after delay of 22-45 days.	Penalty@ 3.50% per day of the un-paid amount.
5	Deposited after 46-60 days	Penalty@ 4.00% per day of the un-paid amount.
6	Deposited after 60 days	Penalty@ 5.00% per day of the un-paid amount

"For retention of Hajj dues of successful intending pilgrims by Second Party, expected profit rates shall be as follows:

Detail	Expected Rate of Profit
Retention of Hajj Dues up to 30 days	1.00 % on daily product

	basis
Retention of Hajj Dues up to 60 days/	2.75 % on daily product basis
Retention of money for more than 60 days and up to 120 days	3.00 % on daily product basis
Retention of money for more than 120 days and up to 180 days	3.5 % on daily product basis
Retention of money beyond 180 days and up to final reconciliation.	4.00 % on daily product basis

The management of Hajj Operation received Rs. 276,469,712 as Profit from the various commercial banks on retention of Hajj collections 2016 and 2017.

Audit observed that the management applied the rate of interest on holding period instead of retention period which is clearly against the provision of contract made with the banks which states that the profit will be charged for the period of retention and not the holding period of the outstanding amount of Hajj collections. Audit calculated actual profit on the retained amount and observed that there is a difference of Rs. 83.849 million in profit due and received by the management. Detail of calculation is as under:-

(Rupees).

Hajj Collection	Profit receivable on the retained amount	Collection made from Banks as per Cash Book	Difference in Profit
2016	183,501,544.33	163,667,948.82	19,833,595.51
2017	176,816,918.44	112,801,763.63	64,015,154.81
Grand Total	**360,318,462.77**	**276,469,712.45**	**83,848,750.32**

Audit further observed that penalty charges were neither imposed nor recovered from the banks on retention of Hajj dues of successful intending pilgrims were transferred late and in violation of the schedule fixed.

Audit is of the view that non-observance of provisions of the contract in true spirit and calculating of interest by applying the rate of interest on holding period instead of retention period resulted in less receipt of interest of Rs. 83.849 million.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that efforts may be made for early recovery of the less receipt of interest besides calculating and recovering the penalty charges on late transfer of the Hajj dues of successful intending pilgrims by the banks.

25.4.4 Loss due to award of contract to highest bidder - Rs. 5.915 million

Rule 38 of Public Procurement Rules, 2004 states that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

The Supreme Court of Pakistan in its judgment dated 27.8.2013, rendered in the case of Dossani Travels, on recommendations of Competition Commission of Pakistan ordered Ministry of Religious Affairs to get verified the credentials of private operators (HGOs) and recommended that all the variables mentioned above should be evaluated by a third party, preferably a chartered accountancy firm approved by ICAP, to ensure transparency of the process.

MoRA invited bids from Chartered Accountancy firms for scrutiny of HGOs vide advertisement 19.10.2017. 12 firms participated in bidding process. After evaluation, bids of 7 firms were eliminated due to non-presence of offices in all provinces whereas 2 bids were not considered due to non-submission of bid security. The committee recommended the contract of scrutiny of HGOs to M/s RSM Avais Hyder Liaquat Nauman (AHLN) at Rs. 9.51 million (@ Rs. 3,450 x 2,758 HGOs). Accordingly, contract agreement was signed with the firm on 11.12.2017.

Audit observed that bid of M/s Baker Tilly Mehmood Idrees Qamar at Rs. 3.60 million (@ Rs. 1,305 x 2,758 HGOs) was the lowest quoted bid.

Audit is of the view that due to ignoring the lowest bid the government sustained a loss of Rs. 5.915 million.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that an inquiry may be conducted to fix responsibility.

25.4.5 Loss due to charging of less interest on retention of Hajj collection beyond 120 days by ignoring highest rates/bid - Rs. 69.097 million

Clause-3 of terms and conditions of Expression of Interest (E.O.I.) invited from schedule banks for collection of Hajj 2017 dues through press on 15.03.2016 states that banks shall deposit Hajj collection money in respect of successful applicants with the Ministry by next day of the balloting. However, in case of retention of Hajj dues by the banks, profit rates will be as follows:

Detail	**Expected Rate of Profit**
Retention of Hajj dues up to 60 days	To be decided on receipt of "Expression of Interest" from banks to be calculated from the next day of balloting.
Retention of money for more than 60 days and up to 120 days.	On expiry of 60 days the amount collected as Hajj dues shall be remitted by the banks to MORA&IH. For late transfer of any amount, the concerned bank shall be liable to pay the profit at competitive rates and not less than the rates being offered by the banks on daily product basis as per mutual agreement.
Retention of money beyond 120 days	Excepted profit rate @ 8% on daily product basis shall be charged

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad invited Expression of Interest from scheduled banks for providing services of Hajj collections 2017. The committee opened the bids submitted by 8 different banks and recommended the rate of return quoted by NBP for retention of funds for 60 days i.e. 4% and the rate quoted by ABL beyond 60 days i.e.4.5%. The committee further specified that the remaining bidders would be required to match the rate of return on Hajj collection 2016, in order to give maximum access across the country. The committee further stated that since there is technical fault in rate quoted by bank of Punjab i.e. 8%, therefore, decision regarding rate beyond 120 days will be taken later on. Accordingly, agreements were made with all the eight banks on April, 2016 for expected rate of profit @ 4% and 4.5% for retention of dues up to 60 days and more than 60 days up to 120 days respectively. As regards retention of money beyond 120 days written in the agreement that rate will be decided in consultation with banks and State Bank of Pakistan.

Audit observed that an amount of Rs. 7,297.362 million was retained by the banks from the Hajj-2016 collection beyond 120 days and made profit @ 4.75% instead 8%. The rate of interest was clearly mentioned in the biding document and Bank of Punjab quoted 8% expected rate of interest on retention of Hajj collection 2016 beyond 120 days.

The management instead of charging Due to above, Government was put a loss of Rs. 69.097 million. The amount of profit and loss @ 8% and 4.75% was calculated by audit as the management of MoRA calculated interest on retained amount was not in order including calculation of interest @ 4.75%.

Audit is of the view that the management made undue favor to the banks as neither the rate of interest mentioned in the bidding document was neither charged nor accepted the rate of interest offered by the Bank of Punjab which resulted in loss to the Government.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that matter may be inquired and responsibility be fixed for sustaining the loss to the government.

25.4.6 Retention of heavy balances in Pilgrim's Welfare Fund at the end of Hajj Operation realized from Hujjaj as Service Charges - Rs. 3,260.063 million

Hajj Policy and Plan for the Hajj 2016 2017 states that the Government of Pakistan, being a facilitator, endeavors to make the Hajj Manasik as comfortable as possible within the resources available and standards affordable by Pakistani Hujjaj, by making elaborate arrangements, through a transparent process, so that the pilgrims could perform their Hajj rituals as enshrined in the Quran and Sunnah.

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad received Service Charges @ Rs. 3,500 from the each successful applicant and transferred in to HBL Account No. 06027900459301 civic centre branch, Islamabad opened for the maintaining of Pilgrim's Welfare Fund. An amount of Rs. 3,260.063 million is available as on 31.01.2018 in the Pilgrim's Welfare Fund bank account i.e. after the end of Hajj Operation, 2017 and clearance of all liabilities.

Audit observed that the management collected Service Charges from Pilgrims over and above the actual requirement and retained it without any justification.

Audit is of the view that retention of Service Charges without any justification is irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that practice for collection of Service Charges from the Pilgrims over and above the requirement may be stopped forthwith and in future un-utilized sums may be returned to the Pilgrims.

25.4.7 Unauthorized retention and utilization of fee & penalty realized from Hajj Group Operators - Rs. 2.725

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall, without undue delay, be paid in full into a treasury and shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund (FCF) of the Federal Government.

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad charged Rs.5,000 and Rs.3000 for inter-cities and intra-city shifting of address/location of the companies enrolled as Hajj Group Operators (HGOs) respectively. Similarly an amount of Rs.1,000 was charged against change of management. In addition to above, penalties in shape of sums were also imposed on HGOs by Complaint Disposal Committee

(CDC)/Appellate committees. These fees and penalties were charged from Hajj Group Operators since long and amounts realized were retained in to the commercial bank account No. 06027900459301 maintained in HBL, civic center branch, Islamabad opened for maintaining the Pilgrim's Welfare Fund.

Audit observed that the management did not deposit the receipts (fee & penalties) into the government treasury. The management diverted these funds towards Hajj Pilgrims Welfare Fund and appropriated the same to meet the departmental expenditure. As a test check, audit noted that only in the month of August, 2016 an amount of Rs. 2.725 million was recovered from HGOs as penalty for violation of the contract agreement and deposited in to Pilgrim's Welfare Fund account.

Audit further observed that no record relating to actual amount due and charged of above fee & penalties is available in the ministry.

Audit is of the view that retention and utilization of receipts which cannot form a part of Pilgrims Welfare Fund as defined under Rule 3 of the Hajj Pilgrims Welfare Rules, 1990 was unauthorized and deprived the government of its due revenue.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the receipts collected from HGOs on account of penalties and registration/change of address(s) may be calculated since its creation and deposited into the government treasury.

25.4.8 Un-authorized opening of bank accounts without the approval of Finance Division for collection of fee and charges from HGOs- Rs. 2,167.793 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government.

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

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad opened a National Income Daily Account (NIDA-Gold Account) No. 3035236135 in MCB, GPO branch, Islamabad for depositing of fee & penalty realized from Hajj Group Operators on account of Registration/Change of Addresses. The compulsory Hajj dues received from HGOs on account of private pilgrims for onward transfer to DG Hajj, Jeddah for payment to Saudi Government were also deposited in the account. This practice for depositing and transferring of compulsory Hajj dues of private pilgrims in the said account was discontinued during Hajj-2016. The account is being maintained by the management since 02.08.2012 which had closing balances (cash book) of Rs. 334.324 million as on 30.06.2018. In addition to above, an amount of Rs. 1,000.000 million and Rs. 683.367 million were transmitted from the above account to DG Hajj, Jeddah as advance for Hajj-2017 & 2018 on 30.3.2017 & 02.02.2018 respectively. Rs. 150.102 million was also paid from the above account to M/s Air Blue on 29.8.2016.

Audit observed as under:

i. The bank account was opened without obtaining the approval of the Finance Division. MORA is also maintaining National Income Daily Account (NIDA) No. 3035236135 NBP, main branch, Islamabad after obtaining Cabinet’s approval and NOC from Ministry of Finance for collection of Hajj dues from pilgrims whereas MCB (NIDA Gold) account was opened with the approval of Secretary, MORA.

ii. Rs. 1,000.000 million and Rs. 683.367 million was transmitted to DG Hajj, Jeddah whereas no compulsory Hajj dues 2017 & 2018 of private pilgrims were received in the above account from HGOs.

iii. Rs. 150.102 million was paid from the above account to M/s Air Blue without any supporting evidence/ justification.

Audit is of the view that retention of government receipt, its utilization without government approval and opening of commercial bank accounts without the approval of the Finance Division was irregular and deprived the government of its due receipt.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that funds may be withdrawn from the unauthorized bank accounts and deposited into the Government Account besides fixing of responsibility for the unauthorized opening of bank accounts.

25.4.9 Recovery of interest on late payment of Hajj dues pertaining to previous years - Rs. 10.229 million

Clause 11 of the contract between MoRA and Banks for collection of Applications and Fee for Hajj 2015 dated 10.4.2015 states that the second party shall deposit Hajj collection money in respect of successful applicants with the first party by the next day of balloting. However, in case of retention of the funds they may do so up to maximum period of sixty days on payment of profit by the first party @ of 5% on Daily Product Basis to be calculated from the closure date of Hajj applications as announced by the first party. On retention of money for more than 60 days and up to 120 days profit @ of 6.75% on Daily Product Basis and any amount beyond 120 days by the Banks the penal rate of 10% on Daily Product Basis shall be charged.

Clause 6(a) of the MoU between MoRA and Banks for collection of Applications and Fee for Hajj 2014 dated 17.03.2014 states that the Hajj dues collected under Government Scheme will be transferred by the next business day to the Ministry, in case the second party (the Banks) desires to retain the funds they may do so up to maximum period of sixty days from the date of receipt on payment of mark-up, by whatever name called, to the first party @ of 6% on Daily Product Basis to be calculated from the last date of receipt of Hajj Applications as announced by the first party (Ministry). On retention of any amount beyond sixty days by the second party, the profit rate shall be 7.75 % p.a on Daily Product Basis.

Clause 6(b) of the MoU between MoRA and Banks for collection of Applications and Fee for Hajj 2014 states that the second party (Banks) shall submit final reconciled amount of collection of Hajj dues after completion of sixty days and again after completion of Hajj operation along with the deposit of total amount of Hajj dues with the Ministry.

As per Cash Book of the NIDA account # 3035236135 maintained in the NBP, Melody Main Branch, Islamabad some dues relating to previous Hajj Operation were received by the management as detailed below:

S.No.	Hajj Year	Nature	Bank	Date of Transfer	Amount	Due Date	Days	Interest
1	2014	Hajj Collection	NBP	08.121.2017	26,717,328	25.09.2014	1169	8,265,580
2	2015	Hajj Collection	NBP	030.12.2017	2,396,579	15.01.2016	714	1,146,118
3	2013	Hajj Collection	HBL	21.12.2017	4,265,969	17.03.2016	636	817,494
					33,379,876			10,229,192

Audit observed that the management failed to recover the interest on the retention periods of above amounts by the Banks. No documentary evidences are available on record which shows that the banks had submitted final reconciled amounts of collection of Hajj dues 2015 after completion of sixty days and again after completion of Hajj operation (as per provisions of MoU).

Audit is of the view that Government /Hajj account was put to loss due to non-observance of provisions of MoU.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that amounts may be recovered from the Banks besides devising a mechanism for timely recovery of amount laying with banks.

25.4.10 Irregular expenditure incurred without open competition - Rs. 2.732 million

Rule 12 (1) of the Public Procurement Rules 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad incurred an expenditure of Rs. 2.732 million out of Government grant on different assignments by drawing under the head of Services Rendered. Detail is as under:-

S.No.	Name of Payee	Particular	Amount
1	M/s Margalla Enterprises, Islamabad	Evaluation of Blasphemous Websites	1,232,319
2	M/s LUMS	Consultancy Services Charges regarding test of Director BS-19 for KSA	1,000,000
		Total	**2,232,319**

Audit observed that both the firms were awarded contract without open competition and in violation of PPRA rules, 2004.

Audit further observed that management of MoRA paid Rs.500,000 as Cash Award to Mr. Khanzada Kasrat Rai who undertook a walk for global peace from Karachi to Makkah Mukarma in October, 2013 by arranging funds through re-appropriation of funds from the ID HQ-1044 Others (Contribution and Subscription Abroad to ID-1622 Hajj Operation

Audit is of the view that selection of firms without open competition and incurring of expenditure without framing rules for Cash award was irregular.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the matter may be reviewed and outcome may be shown to Audit.

25.4.11 Irregular expenditure incurred on arrangements of training of Welfare Staff for Hajj 2017 - Rs. 1.177 million

Rule 12(1) of the Public Procurement Rules 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Serial No. 9(38)(ii) of Annexure-I of Finance Division O.M. No. F.3(2) Exp.III/2006 dated 13.09.2006, as amended vide Finance Division No. even dated 10.12.2013 states that for receptions, lunches and dinners up to Rs. 100,000 in each case for Ministries/Divisions subject to the condition that per head expenditure including taxes and soft drinks, etc. should not in any case exceed Rs. 2,500.

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

In terms of Rule 2(5) of Sales Tax Special Procedure (Withholding) Rules, 2007, the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan [under relevant head of account] on sales tax return-cum-payment challan, by 15th of the month following the month during which payment has been made to the supplier.

The management of Ministry of Religious Affairs and Inter-Faith Harmony, Islamabad incurred an expenditure of Rs. 1.177 million on arrangements of training of Welfare Staff for Hajj 2017. The Directorate of Hajj, Islamabad hired the services of M/s Naveed Caterers & Decorators, F-8 Markaz, Islamabad after obtaining quotations dated nil from the three firms for serving of Lunch & 2 time tea to 450 persons @ Rs. 486 per day per person during the period 14.07.2017 to 16.07.2017. On receipt of bills from M/s Naveed Caterers & Decorators, Director (Hajj), Directorate of Hajj, Islamabad forwarding to MoRA for payment. MoRA issued a cheque bearing No. 44264015 dated 01.08.2017 of Rs. 1,177,487 out of PWF in favor of Director (Hajj), Directorate of Hajj, Islamabad and instructed payments may be made to the vendors after deducting withholding/sales taxes applicable under FBR rules.

Audit observed as under:

i. The rates of M/s Naveed Caterers & Decorators were selected by obtaining quotations instead calling of open tenders. Thus contract was awarded without open competition in violation of PPRA, 2004.

ii. Neither the dates of quotations were acknowledged by the all three firms nor procuring committee which shows that all the process was done after completing the job to fulfill the codal formalities of procurements.

iii. The payment was made to M/s Naveed Caterers & Decorators over and above the approval as the bill was actually paid for the period 12.7.2017 to 16.07.2017 instead of 14.07.2017 to 16.07.2017.

iv. The expenditure was sanctioned beyond the powers delegated to the Ministries/Division, i.e. Rs. 100,000 in each case

v. Withholding/Income Tax and 1/5th GST were not deposited into the government treasury.

Audit is of the view that selection of firm without open competition and incurring of expenditure beyond the delegated powers was irregular and unauthorized.

The management did not reply till finalization of the Report.

Audit is further of the view that retention of government dues deprived the government of its due receipt.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that the withheld amount may be deposited into the government treasury, besides fixing responsibility for the irregularity.

25.4.12 Non adjustment of advances made for Hajj Activities - Rs. 74.530 million

Rule 668 of Federal Treasury Rules states that advance granted under special orders of competent authority for departmental or allied purposes, subject to adjustment of detail accounts supported by vouchers or by refund, as may be necessary.

The management of the Ministry of Religious Affairs released Rs. 74.530 million as advance from Pilgrim Welfare Fund (PWF) account to different Hajj Directorate located all over Pakistan during the year 2016-18. Detail is as under:-

S.No.	Director Office		Hajj-2016	Hajj - 2017	Hajj - 18
1	Director Hajj	Islamabad	2,838,000	4,394,000	8,155,000
2	Director Hajj	Lahore	2,670,000	3,567,240	1,745,868
3	Director Hajj	Karachi	4,350,000	7,201,750	7,418,250
4	Director Hajj	Peshawar	4,718,000	5,602,000	5,368,000
5	Director Hajj	Quetta	1,640,000	1,735,000	2,686,756
6	Director Hajj	Multan	730,000	1,280,000	1,745,100
7	Director Hajj	Sukkur	562,500	950,000	1,520,000
8	Director Hajj	Sialkot	495,000	727,000	749,000
9	Director Hajj	Faislabad	345,000	406,000	407,000
10	Director Hajj	Rahim Yar Khan	37,000	37,000	450,000
			18,385,500	**25,899,990**	**30,244,974**

Audit observed that no documentary evidences showing utilization/adjustment of above amounts were produced to audit.

Audit is of the view that non adjustment of advance is serious violation of treasury rules and may lead to misappropriation of the fund.

The management did not reply till finalization of the Report.

The PAO was informed on 12.12.2018 but DAC was not convened till finalization of the Report.

Audit recommends that adjustment accounts of the advanced amounts and unspent balances with Bank statement may be shown to Audit.

CHAPTER 26

26.MINISTRY OF SCIENCE AND TECHNOLOGY

26.1 Introduction

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

26.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Ministry of Science and Technology for the financial year 2017-18 was Rs. 9,765.739 million including Supplementary Grant of Rs. 943.643 million out of which the Division utilized Rs. 7,593.663 million. Grant-wise detail of current and development expenditure is as under:

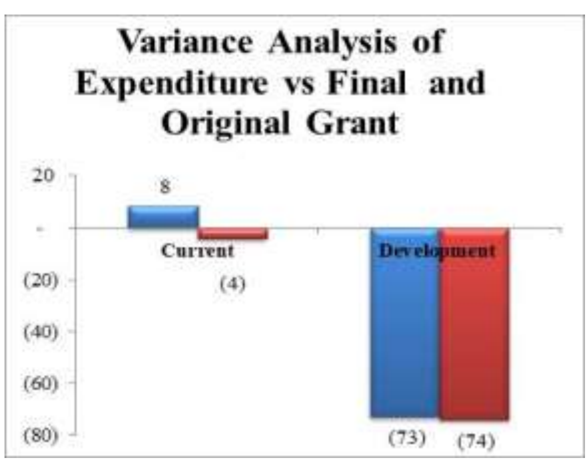
(Rupees)

Grant No	Grant Type	Original Grant/ Appropriation	Supplementary Grant/ Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess/ (Savings)	% age Excess/ (Saving)
95	Current	468,408,000	20,150,000	488,558,000	426,512,041	(62,045,959)	(13)
96	Current	5,925,741,000	812,712,000	6,738,453,000	6,501,714,935	(236,738,065)	(4)
	Subtotal	**6,394,149,000**	**832,862,000**	**7,227,011,000**	**6,928,226,976**	**(298,784,024)**	**(4)**
137	Development	2,427,947,000	110,781,000	2,538,728,000	665,435,642	(1,873,292,358)	(74)
	Total	**8,822,096,000**	**943,643,000**	**9,765,739,000**	**7,593,662,618**	**(2,172,076,382)**	**(22)**

Audit noted that there was an overall saving of Rs. 2,172.076 million.

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. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, excess in current expenditure was 8% of Original Grant, which changed to savings of 4% after accounting for Supplementary Grants. In development expenditure there were savings of 73% against Original Budget which increased to 74% after taking supplementary grants.



26.3 Brief comments on the status of compliance with PAC Directives

Ministry/Division/Department	Audit Years	Total paras	Total No of Actionable Points	Full Compliance	Partial Compliance	Nil Compliance
Science & Technology	1988-89	3	3	0	0	3
	1989-90	7	7	5	0	2
	1990-91	4	4	1	0	3
	1991-92	12	12	9	0	3
	1992-93	8	8	7	0	1
	1994-95	6	6	3	0	3
	1995-96	2	2	0	0	2
	1996-97	3	3	3	0	0
	1999-00	158	158	90	0	68
	2000-01	7	7	1	0	6
	2003-04	81	81	71	0	10
	2005-06	4	4	2	0	2
	2007-08	3	3	2	0	1
	2008-09	5	5	2	0	3
Total		**303**	**303**	**196**	0	**107**

26.4 AUDIT PARAS

Irregularity and Non-Compliance

26.4.1 Irregular and unauthorized withdrawal of fund from Assignment Account and deposit into bank account - Rs. 30.217 million

Rule 170-B(8) of the FTR Volume-I states that it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a commercial bank.

Para 96 of GFR Volume-I states that it is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner merely because it is available or that the laps of a grant could be avoided.

The management of CM&FT, Daska, Sialkot withdrawn an amount of Rs 30.218 million from Assignment Account No 1048 maintained with National Bank of Pakistan, Lahore and deposited in the bank account. Details are as follows:

S. No.	Vr. No	Folio	Date	Amount
1	04	B086946	05.05.2009	7,188,200

2	08	B086954	16.05.2009	5,000,000
3	02	B080514	11.11.2009	1,887,150
4	18	B080538	08.01.2010	2,838,424
5	05	B080565	06.05.2010	1,312,313
6	17	B080598	08.09.2010	3,477,433
7	23	B080765	02.06.2011	2,000,000
8	58	B080791	30.06.2011	2,321,723
9	59	B080792	30.06.2011	499,326
10	60	B080793	30.06.2011	3,692,989
Total				**30,217,558**

Audit observed that the management withdrawn the amount by stating that loans were taken from the Security deposits of the contractors to meet the expenditure but there was no evidence to taking loan from the security deposit of the contractor.

Audit is of the view that the management withdrawn the amount from the Assignment Account to avoid lapse of fund which was irregular and unauthorized.

The management replied that the payments from Sr. 1 to 6 was the normal/routine payments disbursed to suppliers after fulfillment of all codal formalities and payments at Sr.#7 to 10 was committed liabilities and the amount transferred/retained for release in near future after the fulfillment of all procedural formalities.

The reply was not acceptable because as per rule funds could not drawn from Assignment account and for deposit into commercial account for future expenditure.

The DAC in its meeting held on 7.11.2017 directed that a Fact Finding Committee may be constituted to probe the issue, fix the responsibility. Further, ex post facto approval may be solicited from Finance Division.

Audit recommends that DAC directive may be implemented.

26.4.2 *Irregular and unauthorized appointments on contract basis- Rs 4.968 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 CM&FT, Daska, Sialkot appointed staff on contract basis.

Audit observed that the appointments were made without advertisement in the press and competition. The process was continued since long and no strategy was made to fill the post through advertisement and proper competition.

The management replied that the process for recruitment against project posts was initiated by following prescribed procedure. However, just before finalization of the process, the government of Pakistan imposed ban on all recruitments both on development as well as non-development side.

In order to execute DAE smoothly, the subject specialists are mandatory requirement of TEVTA/PBTE. The NOC from TEVTA was near to be cancelled without removal of deficiencies including specialized faculty (subject specialists). Therefore, we had to manage staff on contract/daily wager basis & also arranged visiting faculty members from PCSIR LLC Lahore, for smooth flow of all academic and R&D activities and are paid from self-generated income of the centre.

The reply was not acceptable because Audit has not questioned the requirement of these staff and teacher rather question about non-fulfilling the required procedure to appoint these staff.

Audit is of the view that appointment without advertisement and competition was irregular and unauthorized.

The DAC in its meeting held on 7.11.2017 directed to provide the record to Audit for verification. Appointments were made in ban period are irregular and unauthorized.

Audit recommends that DAC directive be implemented besides the posts should be filled after fulfilling the rules and regulations.

26.4.3 Irregular drawl of funds from Assignment Account - Rs. 103.598 million

Sr. 2 (iv) of the "Revised Procedure for Operation of Assignment Accounts of Federal Government" issued by the Finance Division vide SRO(1)/2008 dated 23.09.2008 states that the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. A certificate to this effect will be recorded on the Schedule of Payment mentioned in Para 2 (i) above. The cheques for payments on account of purchases/supplies will be drawn in the name of contractor/supplier.

During the audit of Pakistan Council for Research in Water Resources, it was observed that an amount 103,597,665/- was drawn from Assignment Account No. 16-4 and deposited in different bank accounts as per following details:

S.No	Title of the Account	A/C No.	Amount (Rs.)
1.	Director Incharge DRIP Tandojam	502-4	42,692,700
2.	Regional Director R.O Bahawalpur	1397-5	17,714,852
3.	Regional Director R.O Lahore	505-0	25,163,950
4.	Regional Director WRRC Quetta	4173-4	10,448,998
5.	Regional Director WRRC Peshawar	345-4	7,577,165
	Total		**103,597,665**

Audit is of the view that drawing of amount from assignment account and its subsequent deposit in the Current Accounts is irregular and unjustified.

The management has replied PCRWR is undertaking its research activities through its Head Office at Islamabad and outfits at Tando Jam, Karachi, Quetta, Peshawar, Bahawalpur and Lahore. All the Centers are engaged in region specific research. PCRWR demands budget from the Government giving detail of all of these Centres and on receipt of budget allocates funds accordingly. The major expenditure is on salaries and meager allocation for utilities, POL, R&M of Vehicles and petty purchase. Head office controls all spending by these Centres and takes monthly and annual expenditure statements. Further, the Federal Audit regularly conducts audit of these Centres. Recently audit has been conducted of Regional Office Lahore and DRIP Tando Jam. Therefore, there is no irregular drawn of money for deposit into chest or any bank account. PCRWR is releasing funds to these Centres on monthly/quarterly basis and obtaining expenditure account regularly.

The reply is not convincing as the approval of Finance Division has not been obtained.

Audit recommends that approval of the Finance Division may be obtained, failing which the practice may be stopped under intimation to audit.

Annexure-I Memorandum for Departmental Accounts Committee (MAFDAC)

S. No.	PAO	Formation	Particulars of para	Amount in Millions
1	Ministry of Narcotics Control Division	Police station, Anti-Narcotics Force, Gilgit 2014-16	Non-depsoit of fine imposed by courts on drug traffickers in federal Consolidated fund	0.544
2	Ministry of Narcotics Control Division	Police station, Anti-Narcotics Force, Gilgit 2014-16	Less deduction of income tax	0.155
3	Ministry of Narcotics Control Division	Police station, Anti-Narcotics Force, Gilgit 2014-16	Internal audit not conducted	
4	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-prepation of accounting manual/procedure	
5	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-establishment of fund and non framing of rules and regulations	
6	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-preparation of annual report	
7	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non maintenance of cash book	
8	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular expenditure on account of pay and allowances in absence of creation of permanent posts and recruitment rules	623.83
9	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and unauthorized withdrawal of funds from Assignment Account	3.779
10	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and unauthorized withdrawal of funds from Assignment Account	1,403.38
11	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non Preparation of regulations and non disclosure of receipts in annual budget and non formulation of procedure/mechanism for preparation of income estimates, actual realization and reconciliation	
12	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular execution of foreign added projects in absence of approved rules	30.619
13	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-preparation of annual budget in light of PARC Rules 1984	
14	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	No-deposit of house rent charges in government treasury	5.847
15	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and unauthorized appointments in absence of approved recruitment rules	
16	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and unauthorized payment of additional Special Research Allowances	7.6
17	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irreglar appointment of Chief Scientific Officer through induction/absorption (SPS-11) equivalent to BS-20	

18	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular appointment of Chief Scientific Officer through induction (SPS-11) Equivalent to BS-20	
19	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-obtaining of the approval of board of governors regarding authorized strength of vehicles and irregular expenditure on account of POL and repair of vehicles	10.353
20	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular up gradation of posts	
21	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular absorption of Scientific Officer (SPS-08)	
22	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular postings of staff in controlling Ministry.	
23	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular absorption of Deputy Director Finance (SPS-08)	
24	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and Unauthorized expenditure through DDO	37.635
25	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Wasteful expenditure on construction of boundary fence	9.768
26	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular appointment of fifteen LDCs over and above the advertised posts and expenditure	3.356
27	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular payment of rental ceiling	58.578
28	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and unauthorized up gradation of fifty five posts of Finance Division/wing of PARC along with incumbents	
29	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular appointments	
30	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular signing of memorandum of understanding with M/s Ruba Digital	
31	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular unauthorized expenditure on account appointment of daily paid labour	9.741
32	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non notifying the list of authorized medical attendants,hospitals and panel labs and irregular expenditure	6.337
33	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular finalization of rules and regulations without the approval of the Finance and Establishment Division	
34	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non- surrendering of unspent balances	225.756
35	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non production of the record of PATCO	
36	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular and unauthorized expenditure in absence of record	370.274
37	Ministry of National Food	Pakistan Agriculture Research Council	Irregular expenditure in absence of disbursement record	526.302

	Security And Research	Islamabad(PARC) 2015-16		
38	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Less deduction of income tax on salaries	8.937
39	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-production of record of agricultureal linkages Program (ALP)	
40	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-production of record of promotion of olive Cultivation Projects	2,444.55
41	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Irregular appointment od deputy director Admn	
42	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Recovery on account of irregular and unauthorized payment of Professional qualification allowance	0.065
43	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	No production of disbursement record Agricultural Innovation program	83.765
44	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Unauthorized deduction on acccount of welfare fund in absence of approved rules	
45	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-conducting of internal check	
46	Ministry of National Food Security And Research	Pakistan Agriculture Research Council Islamabad(PARC) 2015-16	Non-conducting of physical verification of store/stocks.	
47	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Unauthorized expenditure on purchase of wood	0.579
48	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Non condemnation/auction of off road vehicle	
49	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Suspected expenditure on POL and repair of vehicle	0.213
50	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Unauthorized opening and maintaining of Bank Account	
51	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Irregular expenditure on POL and repair & maintenance on vehicle and non maintenance of movement register and log book of vehicle No.IDF-3259-	0.126
52	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Improper maintenance of cash book	
53	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2015-16	Non conducting of Internal Check against irregularities, waste and fraud.	

54	Higher Education Commission	Comsats Islamabad 2015-16	irregular grant of excess advance increments	11.428
55	Higher Education Commission	Comsats Islamabad 2015-16	Irregular grant of annual increments of TTS employees	6
56	Higher Education Commission	Comsats Islamabad 2015-16	Irregular deposit of CPF to TTS employees	26.59
57	Higher Education Commission	Comsats Islamabad 2015-16	Irregular imposition of Endowment fund on students	5.494
58	Higher Education Commission	Comsats Islamabad 2015-16	Irregular and unauthorized creation of pension Fund	928.811
59	Higher Education Commission	Comsats Islamabad 2015-16	Irregular and unauthorized expenditure from the trust funds to meet the income and expenditure gap	772.618
60	Higher Education Commission	Comsats Islamabad 2015-16	Irregular appointment on TTS	69.937
61	Higher Education Commission	Comsats Islamabad 2015-16	Irregular appointment of Assistant Professor for Endowment fund	4.73
62	Higher Education Commission	Comsats Islamabad 2015-16	Non receipt of interest of loan from Endowment Fund	4.453
63	Higher Education Commission	Comsats Islamabad 2015-16	Irregular imposition of Student Welfare Fund	9.891
64	Higher Education Commission	Comsats Islamabad 2015-16	Irregular purchase of vehicle for the Chancellor and provision of POL	2.261
65	Higher Education Commission	Comsats Islamabad 2015-16	Overstaffing as compared to sanctioned strength	
66	Higher Education Commission	Comsats Islamabad 2015-16	Unjustified payment of rent of office acquired at COMSATS headquarter	6.678
67	Higher Education Commission	Comsats Islamabad 2015-16	Irregular appointments without advertisement	
68	Higher Education Commission	Comsats Islamabad 2015-16	Irregular payment of Orderly Allowance	2.971
69	Higher Education Commission	Comsats Islamabad 2015-16	Irregular and unauthorized payment of Ad-hoc Relief Allowance	205.537
70	Higher Education Commission	Comsats Islamabad 2015-16	Irregular and unauthorized appointment of Advisor/Consultant	42.904
71	Higher Education Commission	Comsats Islamabad 2015-16	Irregular promotion without rules	
72	Higher Education Commission	Comsats Islamabad 2015-16	Irregular Purchase of Spare Parts of vehicles by splitting up sanction orders	5.414
73	Higher Education Commission	Comsats Islamabad 2015-16	Non recovery of rent from NTS and Hamdard University	

74	Higher Education Commission	Comsats Islamabad 2015-16	Irregular appointment as Consultant	4.08
75	Higher Education Commission	Comsats Islamabad 2015-16	Irregular and unauthorized expenditure on China Spring Festival	0.46
76	Higher Education Commission	Comsats Islamabad 2015-16	Irregular and unauthorized payment of lunch for staff	6.476
77	Higher Education Commission	Comsats Islamabad 2015-16	Irregular procurement of internet services without advertisement loss	6.323
78	Higher Education Commission	Comsats Islamabad 2015-16	Non-adjustment of advances	4.412
79	Higher Education Commission	Comsats Islamabad 2015-16	Unauthorized expenditure on account of entertainment	6.808
80	Higher Education Commission	Comsats Islamabad 2015-16	Irregular appointment without observing provincial/regional quotas	
81	Higher Education Commission	Comsats Islamabad 2015-16	Collection of Taleem Fund without approved utilization rules and regulations	10.117
82	Higher Education Commission	Comsats Islamabad 2015-16	Non conduct of Internal Check	
83	Higher Education Commission	Comsats Islamabad 2015-16	Non-conducting of physical verification of stored/stocks.	
84	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Irregular and unauthorized transfer of funds from Assignment Account	10
85	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Non submission of a report on the state of Higher Education and on its activities	
86	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Loss due to non refund of expenses incurred on Scholarship	0.35
87	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Non-framing of Financial Rules	
88	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Un-authorized operation of Non-Recognized Educational Institutions aross the country	
89	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Irregular Appointment on Deputation Basis on Higher Post	
90	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Irregular re-designation of the post of Director General as Director General (IT) and promotion of Director (IT) against the re-designated post	
91	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Loss due to non-allotment of Residential Accommodation	1.223
92	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Unauthorized retention of unspent balance drawn from lapsable Assignment Account	13.613
93	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Irregular payment of 20% special Allowance to employees	

94	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Non Holding of Meeting of the Commission	
95	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Non-verification of Degrees of employees	
96	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Non recovery of Normal Rent from the Allottee of Residential Accommodation	0.069
97	Higher Education Commission	Higher Education Commission, Islamabad (2015-16) (Main)	Non-recovery of outstanding room rent charges from the guests of HEC Guest House Islamabad	0.15
98	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non-Recovery of Income Tax on salary of Employees	7.928
99	Higher Education Commission	Karakoram International University (KIU) 2015-16	Less deduction of Tax from suppliers	5.566
100	Higher Education Commission	Karakoram International University (KIU) 2015-16	Irregular and unauthorized procurement of Two Toyota Hilux single cabin pickups and conversion into double cabin	5.301
101	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non adjustment of Advance against expenses	0.568
102	Higher Education Commission	Karakoram International University (KIU) 2015-16	Irregular procurement of IT Equipment	3.167
103	Higher Education Commission	Karakoram International University (KIU) 2015-16	Irregular/unauthorized payment in cash	2.043
104	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non-Recovery of Income Tax from faculty (Tenure Track) of Karakoram International University	2.014
105	Higher Education Commission	Karakoram International University (KIU) 2015-16	Excess payment for procurement of four student buses	2.4
106	Higher Education Commission	Karakoram International University (KIU) 2015-16	(a) Non transparent expenditure on purchase of library books and non recovery of income tax	2.13
107	Higher Education Commission	Karakoram International University (KIU) 2015-16	(b) Loss due to application of higher exchange rate	0.312
108	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non distribution of HEC need based scholarships	6.993
109	Higher Education Commission	Karakoram International University (KIU) 2015-16	Loss of revenue due to renting of canteen at lower price	1.179
110	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non-Recovery of Income Tax from faculty of Karakoram International University	0.94
111	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non collection of Rent from Tum Tum	2.01
112	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non formulation of statutes,Regulations and Rules by the University	
113	Higher Education Commission	Karakoram International University (KIU) 2015-16	Non Conducting of Internal Check	

114	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular Payment of Medical Allowance over and above prescribed rates	112.644
115	Higher Education Commission	International Islamic University (IIU) 2015-16	Unauthorized payment of Special Allowance	42.861
116	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular unauthorized expenditure on account appointment of daily paid labour	28.314
117	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular unauthorized expenditure without obtaining the prior approval of the Board	225.563
119	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular appointments of part time teachers/visiting faculty and incurred expenditure	46.929
120	Higher Education Commission	International Islamic University (IIU) 2015-16	Irreular payment of House Rent Ceiling with pay	171.932
121	Higher Education Commission	`	Irregular reimbursement of mobile charges of prepaid cards to the officers	
122	Higher Education Commission	International Islamic University (IIU) 2015-16	Unauthorized establishment of directorate of distance education	3
123	Higher Education Commission	International Islamic University (IIU) 2015-16	Unauthorized payment of pension contribution of TTS employees	1.768
124	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unauthorized transfer of funds	37.635
125	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unauthorized establishment of Special Reserve Fund Account	49.845
126	Higher Education Commission	International Islamic University (IIU) 2015-16	Unjustified transfer of profit to GP Fund account	17.081
127	Higher Education Commission	International Islamic University (IIU) 2015-16	Non establishment of University Fund	
128	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and Unauthorized deductions from the salaries of TTS employees	1.786
129	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular payment of Dean/Director/Head allowance to the employees appointed against TTS	0.224
130	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unauthorized delegation of powers by the President IIUI	
131	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unauthorized establishment of Revolving Fund Account	232.828
132	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unathorized financial support to Iqra College of Technology	19
133	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unauthorized financial support/donation faculty of Engineering and Technology	12.865
134	Higher Education Commission	International Islamic University (IIU) 2015-16	Non-creation of endowment fund	

135	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular and unauthorized transfer of fund	16.001
136	Higher Education Commission	International Islamic University (IIU) 2015-16	Non-preparation of statutes/Regulations and non-formulation of polices/procedure for investment	700.168
137	Higher Education Commission	International Islamic University (IIU) 2015-16	Non-achievement of objectives of IIUI trust	439.04
138	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular transfer of funds from National Bank of Pakistan to HBL	1373.452
139	Higher Education Commission	International Islamic University (IIU) 2015-16	Irregular payment to PIMS patient welfare society	0.5
140	Higher Education Commission	International Islamic University (IIU) 2015-16	Non-conducting of internal check	
141	Higher Education Commission	International Islamic University (IIU) 2015-16	Non-conducting of physical verification of store/stocks.	
142	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular and unauthorized purchase of vehicle	1.942
143	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Loss to Government for not including Sales Tax	1.189
144	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Unauthorized payment of Deanship/Chairmanship Allowance	1.782
145	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular expenditure on procurement through pre-qualification	8.297
146	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular payment of Monetization Allowance to Professors	1.858
147	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Non appointment of Regular Project Director	
148	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular protection of pay of a contract employees	
149	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular award of contract for construction of car parking	
150	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Non-convening of Senate Meeting	
151	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Failure to take over the responsinility of PIMS by the university Administration	
152	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular appointment agaist the post of Professor (BPS-21)	
153	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Non-framing of Financial Rules & regulations	
154	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Functioning of Pakistan Institute of Medical Sciences Hospital without Regular Administrator	

155	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Non-framing of performance Audit and Vigilance Committee	
156	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Irregular Hiring of Legal Advisors	
157	Higher Education Commission	Shaheed Zulfiqar Ali Bhutto Medical University 2014-16 (SZABMU)	Unauthorized Payment of Health Allowance	7.32
158	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Unauthorized Excess Expenditure	11.173
159	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Irregular Expenditure on the Purchase of a vehicle	3.305
160	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non depositing of Govt receipt into Revenue	0.845
161	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non Recovery of income tax	0.0042
162	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non utilization of the Research grant	5
163	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Excess Transfer of funds	32.28
164	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Un-Necessary Retention of Develpmental funds	2.873
165	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non filling of the vacant post	
166	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Irregular opening of Bank Accounts	
167	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non deposit of Receipts into Govt : Revenue	3.671
168	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Unauthorized payment on Account of Telephone Allowance	0.11
169	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Loss to Govt.due to payment of Medical Allowance to employees in BPS-1 to 15 at Enhanced Rates	0.415
170	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Loss due to payment of Medical Allowance to officers at Enhanced rate	
171	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Loss to Govt.due to Unauthorized drawl of fuel Charges	
172	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non production of record	
173	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non-surrender of Savings	13.009
174	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non accountal of funds in Financial Statements	3.672

175	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Irregular retention/non-utilization of Research fund	2.873
176	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Whereabouts of profit earned on Bank statements	
177	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Irregular retention of Government money and maintenance of Bank Account	1.837
178	Higher Education Commission	Area Study Centre,University of Peshawar 2012-16	Non surrendering of unspent balance	14.242
179	Higher Education Commission	Award of 3000 Scholarships to students from Afghanistan 2015-16	Non establishment of Project Management Unit	
180	Higher Education Commission	Award of 3000 Scholarships to students from Afghanistan 2015-16	Non-appointment of Independent Project Director	
181	Higher Education Commission	Award of 3000 Scholarships to students from Afghanistan 2015-16	Non-production of record	
182	Higher Education Commission	Award of 3000 Scholarships to students from Afghanistan 2015-16	Unverified Payments	1018.745
183	Higher Education Commission	Award of 3000 Scholarships to students from Afghanistan 2015-16	Internal Check for the Period 2015-16 not conducted	
184	Higher Education Commission	Award of 3000 Scholarships to students from Afghanistan 2015-16	Non-conducting of physical verification of store/stocks.	
185	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Irregular purchase of Bullet proof Bomb Proof vehicle for Ministry	19.767
186	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Unauthorized allocation of two additional vehicles to Minister & expenditure on POL and repair	1.968
187	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Recovery of monetization allowane	2.301
188	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Irregular Monetization of vehicle by the officer of the Ministry of Housing and works	
189	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Recovery of outstanding Government dues on account of Rent of Lodges	4.998
190	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Unauthorized retention of one additional vehicle by Parliamentary Secretary	
191	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Irregular/Unauthorized allotment of accommodation in Federal Lodge and Ghulshan-e-Jinnah Flats	
192	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Non production of record	
193	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Irregular expenditure on account of entertainment	0.644
194	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Non adjustment of TA/DA Advances	0.15

195	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Irregular approval of the Monetization Allowance to the officer using official vehicle	
196	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Unauthorized retention of attach departments vehicles and expenditure on POL and repair	0.054
197	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Non conducting of Internal Audit	
198	Ministry of Housing & Works	Main Ministry Housing and works 2015-16 & 2016-17	Physical verification of store/stock not conducted	
199	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Irregular expenditure on installation of computer hardware,software and networking equipment in violation of agreement with PTCL	38
200	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Non utilization of Government funds	35
201	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Excess advance payment to PTCL In the month of June, 2014 to avoid lapse of funds	3.718
202	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Irregular expenditure on POL	0.64
203	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Non deduction of withholding tax and sales tax	0.058
204	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Irregular appointments of Twenty one (21) Monitoring Supervisors (BPS-15)	
205	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Non conducting of Internal Check for the period 2012-16 against irregularities,waste and fraud	
206	Ministry of Information, Broadcasting and National Heritage, Islamabad	Media Monitoring and Tracking Centre project under Directorate of Electronic Media and Publication, Islamabad 2012-16	Physical verification of stores/stock not carried out	
207	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Non obtainng of Audited Statements	4.682
208	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Irregular release of funds to PTVC for AJK TV	145
209	Ministry of Information, Broadcasting and National	Information and Broadcasting, Main Ministry 2016-17	Non-preparation of PC-IV And irregular release of funds to PTVC for Multan Centre	117

	Heritage, Islamabad			
210	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Irregular release of funds to PTVC for English News Channel	105
211	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	I- Irregular payment of financial assistance to the News Agencies and Journalists without formulating of Policy	28
212	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	II-Less deduction of withholding Tax from News Agencies	0.993
213	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	i-Unauthorized/Irregular expenditure in the month of June, 2017 to avoid lapse of funds	15
214	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	ii-Non obtaining of adjustment accounts	
215	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Irregular withdrawal of house ceiling by Section Officer (G)	0.785
216	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Irregular procurement of stationery without calling open tenders	1.275
217	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Uneconomical expenditure on purchase of newspapers/magazines	0.513
218	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Less recovery of Sales tax	0.069
219	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Maintenance of five (05) vehicles over and above the authorization	
220	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Non disposal off of unserviceable store items	
221	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information and Broadcasting, Main Ministry 2016-17	Internal Control Weaknesses	
222	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Non distribution of HEC need based scholarships	5.811
223	Higher Education	National University of modern Languages	Irregular payment of Evening shift allowance	83.803

	Commission	(NUML 2015-16)		
224	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular appointments on contract without observing the provision of NUML ordinance	
225	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular and unauthorized expenditure incurred on civil works without framing departmental regulations for carrying out Civil works departmentally	5.716
226	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular Appointment as Staff officer to Rector	
227	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Recovery due to non increase of rent	0.1
228	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Loss due to non charging of rent of official building as prescribed by the government	0.969
229	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular affiliation of educational institution without observing HEC criteria	
230	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular affiliation of Armed Force post Graduate Medical Institute (AFPGMI), Rawalpindi with NUML	
231	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular Appointment of Director Administration, NUML	
232	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular Appointment as Regional Director Faisalabad without prescribed qualification	
233	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Non approval of accounting procedures	
234	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular Promotions of Senior Computer Assistants (BPS-16) as Assistant Director (BPS-17)	
235	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Non availability of vouched account	254.893
236	Higher Education Commission	National University of modern Languages (NUML 2015-16)	Irregular Appointment as Dean Management Sciences	
237	Pakistan Atomic Energy Commission (PAEC) Islamabad	Institute of Nuclear Medicine Oncology&Radiotherapy(INOR 2010-11to2015-16)	Irregular expenditure on procurement of medicine	33.883
238	Pakistan Atomic Energy Commission (PAEC) Islamabad	Institute of Nuclear Medicine Oncology&Radiotherapy(INOR 2010-11to2015-16)	Irregular purchase of miscellaneous items	3.698
239	Pakistan Atomic Energy Commission (PAEC) Islamabad	Institute of Nuclear Medicine Oncology&Radiotherapy(INOR 2010-11to2015-16)	Irregular allocation of space to IPWS for Pharmacy/Tuck Shop	
240	Pakistan Atomic Energy Commission (PAEC) Islamabad	Institute of Nuclear Medicine Oncology&Radiotherapy(INOR 2010-11to2015-16)	Irregular hiring of Houses without adopting proper procedure	
241	Ministry of defence	Main Ministry 2015-16 & 2016-17	Un-authorized and doubtful expenditure without supporting vouchers	38.862

242	Ministry of defence	Main Ministry 2015-16 & 2016-17	Non-obtaining of Audited statements/vouched Accounts	756.875
243	Ministry of defence	Main Ministry 2015-16 & 2016-17	Un-authorized expenditure on retention and utilization of three vehicles in the name of Ministers	1.268
244	Ministry of defence	Main Ministry 2015-16 & 2016-17	Excess expenditure due to purchase of higher capacity vehicle	2.597
245	Ministry of defence	Main Ministry 2015-16 & 2016-17	Excess expenditure due to rejection of rates of qualified bidders	0.174
246	Ministry of defence	Main Ministry 2015-16 & 2016-17	Variation in booked expenditure and paid vouchers of POL	1.727
247	Ministry of defence	Main Ministry 2015-16 & 2016-17	Doubtful expenditure of previous years on POL	7.66
248	Ministry of defence	Main Ministry 2015-16 & 2016-17	Non surrender of saving	3.352
249	Ministry of defence	Main Ministry 2015-16 & 2016-17	Non recovery of Advances and interest accured thereon	1.643
250	Ministry of defence	Main Ministry 2015-16 & 2016-17	Overpayment on account of TA/DA	0.037
251	Ministry of defence	Main Ministry 2015-16 & 2016-17	Un-authorized payment of fuel charges of private vehicles	0.06
252	Ministry of defence	Main Ministry 2015-16 & 2016-17	Less/excess expenditure due to non acceptance of bids of lowest evaluated bidder	6.059
253	Ministry of defence	Main Ministry 2015-16 & 2016-17	Non recovery of liquidation damages	0.964
254	Ministry of defence	Main Ministry 2015-16 & 2016-17	Loss due to non purchase of equipment from lowest evaluated bidders	2.178
255	Ministry of defence	Main Ministry 2015-16 & 2016-17	Internal check against irregularities,waste and fraud not conducted	
256	Ministry of defence	Main Ministry 2015-16 & 2016-17	physical verification of stores stock not carried out	
257	Higher Education Commission	Allama Iqbal Open University Islamabad, Registrar office 2016-17	Irregular appointment without observing provincial/regional quotas	
258	Higher Education Commission	Allama Iqbal Open University Islamabad, Registrar office 2016-17	Irregular/excess payment of M.Phil Allowance	27.675
259	Higher Education Commission	Allama Iqbal Open University Islamabad, Registrar office 2016-17	Irregular expenditure on payment of salaries to staff appointed as Contingent paid staff/Daily wages	280
260	Higher Education Commission	Allama Iqbal Open University Islamabad, Registrar office 2016-17	Non-conducting of Security clearance	
261	Higher Education Commission	Allama Iqbal Open University Islamabad, Registrar office 2016-17	Non conduct of Internal Check	
262	Higher Education Commission	Allama Iqbal Open University Islamabad, Registrar office 2016-17	Non-conducting of physical verification of stored/stocks.	
263	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Irregular expenditure on printing of Foreign Books through National Book foundation	123.221
264	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Irregular expenditure on purchase of substandard printing paper	99.516
265	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Irregular expenditure on purchase of excess quantity of spare parts	24.249
266	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Unauthorized provision of Printing Paper and Art Card to printer without shortlisting/prequalification	3.763
267	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Less deduction of penalty from the printer	0.447
268	Higher Education	Allama Iqbal Open University Islamabad,	Loss due to printing/purchase of obsoleted Books	26.528

	Commission	Printing & Publication Unit 2016-17		
269	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Unauthorized provision of printing paper and art card to outside printers	3.4
270	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Non conduct of Internal Check	
271	Higher Education Commission	Allama Iqbal Open University Islamabad, Printing & Publication Unit 2016-17	Non-conducting of physical verification of stored/stocks.	
272	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Recovery of unspent balance from CDA for deposit into Federal Consolidated Fund	27.464
273	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Non-recovery of expenditure incurred on troupe sent to Turkmenistan on the request of Ministry of Foreign Affairs	2.649
274	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Irregular expenditure on appointment of consultants without observing codal formalities	7.337
275	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Unauthorized investment in shares of Shalimar Recording and Broadcasting Company	1.2
276	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	36 number of vital posts lying vacant in PNCA	
277	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Non-observance of austerity in the use of operational/extra vehicles	3.885
278	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Non-installation and non-functioning of equipment resulting in blockage of funds	16.221
279	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Non-performance of Functions assigned in PNCA-Act	
280	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Overstatement of expenditure and non-obtaining of adjustment accounts from PWD	4.065
281	Ministry of Information, Broadcasting and National Heritage, Islamabad	Pakistan National Council Of Arts,Islamabad (PNCA 2015-17)	Internal Audit not conducted	
282	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Unauthorized payment of honorarium	9.736

283	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Hiring of Postal services without competition	1.819
284	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Unjustified expenditure on simultaneous provision of POL and hiring of private vehicles	
285	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular Expenditure on payment for article writing	7.987
286	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular expenditure on account of Boarding and Lodging	10.597
287	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular expenditure on Enterainment	6.726
288	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular payment to News Agencies	2.032
289	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular expenditure on advertisement campaign through electronic and print media	3.163
290	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Non Formulation of Policy and rules regarding Campaign Advertising and incurring of expenditure thereon without criteria and policy	6.798
291	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular expenditure due to misclassification	1.049
292	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular and unauthorized re-appropriations of funds into/from banned heads of accounts	
293	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular and unauthorized re-appropriation of funds	
294	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Unauthorized retention of vehicles without fixation of unauthorization	
295	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular payments through DDO	
296	Ministry of Information,	Press Information Department (PID) 2016-	Irregular Procurement of Transport Services	0.858

	Broadcasting and National Heritage, Islamabad	17		
297	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Loss to the government due to uneconomical purchase of computer Equipment	
298	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Unnecessary purchase of Computers	0.815
299	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Loss to the government due to uneconomical purchase of Furniture	
300	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Loss to the government due to uneconomical purchase of Machinery and equipment	
301	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Loss to the government due to uneconomical expenditure on works for renovation of the office building	
302	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular expenditure on procurement of Mineral Water	0.202
303	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular Expenditure on repair of furniture and fixtures without Calling open Tenders	1.032
304	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular expenditure on provision of lunches and dinner	
305	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Irregular appointment of Staff	
306	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Non disposal of un-serviceable store items	
307	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Non preparation of Annual Activity Reports	
308	Ministry of Information, Broadcasting and National Heritage, Islamabad	Press Information Department (PID) 2016-17	Non Conducting of Internal Audit	
309	Ministry of Information, Broadcasting and National	Press Information Department (PID) 2016-17	Non-Conducting of Physical Verification	

	Heritage, Islamabad			
310	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Recovery from Chairman,Secretary and Members on account of un-authorized payment of Board Meeting Attendance fee	13
311	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Un-authorized transfer of Trust Fund to Finance Division	5.627
312	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular payment of Honorarium to the employees of Privatisation Commission and Privatisation Division	22.195
313	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular promotion of three employees in the absence of approved Recruitment Rules	
314	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Non-framing of Recruitment Rules	
315	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Recovery from Consultant (Banking & Finance) on account of over payment of salary	3.513
316	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular appointment of Contingent Paid Staff without any sanctioned/vacant Posts	3.042
317	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular Payment of rental ceiling to Senior Private Secretary residing in Government Accommodation	0.759
318	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular payment of deputation allowance to the employees transferred from Privatization Division	0.312
319	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular appointment of Public Servant against the post of Civil Servant and payment of Deputation Allowance.	
320	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular Appointment on Deputation Basis on Higher Post	
321	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Non-Preparation and Publication of Annual Report	
322	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular Payment of 15% Medical Allowance of the basic pay,2011 to the employees over and above prescribed rates	9.773
323	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Irregular payment of salary of the Accounts officer from Fund Account	
324	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Integrity Pact of Financial Advisory Services Agreements exceeding Rs.10 million not made with the Firms	2,762.38
325	Privatization Commission Islamabad	Privatization Commission, 2014-2017	Un-authorized use of official vehicle by the non-entitled officer	0.25
326	Privatization Commission Islamabad	Privatization Division 2016-2017	Irregular selection of Section Officer of BPS-18 as Welfare Staff-Moavineen for Hajj-2017	0.291
327	Privatization Commission Islamabad	Privatization Division 2016-2017	Non-publication of Year Book for the year 2015-16	
328	Privatization Commission Islamabad	Privatization Division 2016-2017	Non-surrendering of unspent balance	0.121
329	Pakistan Atomic Energy	PAEC (HQ) 2016-2017 Islamabad	Irregular and unauthorized withdrawal of funds from Assignment Account	1900

	Commission (PAEC) Islamabad			
330	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Irregular payment of salaries,overtime,conveyance,utility charges and other expenses of the FY 2015-16 paid in July-August, 2016	2.759
331	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Irregular appointment of contingent paid staff and payment	14
332	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non reconciliation of expenditure and difference	83.059
333	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Irregular expenditure on payment of cash awards,gift and entertainment	3.4
334	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Failure to devise mechanism for procurement	3
335	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Recovery of outstanding temporary advances and O.B.cases	4.352
336	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Irregular payment of advances to the staff/officers	8.078
337	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Unjustified deduction of GP Fund and non-investment of funds	737.344
338	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non maintenance of expenditure control register	
339	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non preparation of Rules	
340	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non-preparation of accounting procedure	
341	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Irregular expenditure due to failure to devise mechanism for planning for repair and maintenance	9.1
342	Pakistan Atomic Energy Commission (PAEC)	PAEC (HQ) 2016-2017 Islamabad	Irregular and uneconomical expenditure on repair of office building	1

	Islamabad			
343	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Recovery of telephone/mobile charges paid over & above the monthly ceiling	0.185
344	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non deposit of Government Receipt into Treasury	1.119
345	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Less deposit of Government receipt into treasury	0.446
346	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non deposit of Government Receipt into Treasury	0.311
347	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Recovery due to non-imposition of liquidated damage charges on late delivery of stationery items	0.073
348	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Loss resulted due to un-transparency in auction of condemned materials	0.043
349	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Irregularity and un-transparency in auction of condemned 11 x Vehciles	
350	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non-deposit of conveyance allowance in Treasury resulted into a loss to Public exchequer	
351	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Improper maintenance of Cash (Bank) Book and non deposit of un-claimed amount of un-presented/outstanding cheques into Treasury	13.302
352	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Improper issuance of sanction letter	
353	Pakistan Atomic Energy Commission (PAEC) Islamabad	PAEC (HQ) 2016-2017 Islamabad	Non-conducting of physical verification of stock articles	
354	Higher Education Commission	KIU,Gilgit 2016-2017	Less deduction of Income Tax	1.487
355	Higher Education Commission	KIU,Gilgit 2016-2017	Over payment of House Rent Allowance	7.169
356	Higher Education Commission	KIU,Gilgit 2016-2017	Irregular Payment of Medical Allowance over and above prescribed rates	40.065

357	Higher Education Commission	KIU,Gilgit 2016-2017	Irregular Payment of Conveyance Allowance to employees availing pick and drop facility	2.84
358	Higher Education Commission	KIU,Gilgit 2016-2017	Irregular expenditure on advertisement	4.112
359	Higher Education Commission	KIU,Gilgit 2016-2017	Non-preparation of audited accounts statements and appointment of auditors without approval of the Auditor General of Pakistan	
360	Higher Education Commission	KIU,Gilgit 2016-2017	Less-recovery of Normal Rent from the allottees of University owned accommodations	
361	Higher Education Commission	KIU,Gilgit 2016-2017	Non formulation of Statutes, Regulations and Rules by the University	
362	Higher Education Commission	KIU,Gilgit 2016-2017	Non-planning for annual procurement	3.193
363	Higher Education Commission	KIU,Gilgit 2016-2017	Irregular crediting of interest/profit on GPF balances	
364	Higher Education Commission	KIU,Gilgit 2016-2017	Non-adjustment of advances	7.522
365	Higher Education Commission	KIU,Gilgit 2016-2017	Unauthorized retention of unutilized funds	9.818
366	Higher Education Commission	KIU,Gilgit 2016-2017	Irregular expenditure on repair of vehicles	8.323
367	Higher Education Commission	KIU,Gilgit 2016-2017	Non-disposal of two (02) off road vehicles	
368	Higher Education Commission	KIU,Gilgit 2016-2017	Unauthorized maintenance of forty two bank accounts	729.025
369	Higher Education Commission	KIU,Gilgit 2016-2017	Non-conducting of Internal Check and Physical Verification of Stores/Stocks	
370	Interior Division	Chief Security office,Benazir Bhutto International Airport & CSO (North) (2013-17)	Un-authorized expenditure on repair of office/Residential building	10.747
371	Interior Division	Chief Security office,Benazir Bhutto International Airport & CSO (North) (2013-17)	Irregular sanction of TA/DA as compensation	1.694
372	Interior Division	Chief Security office,Benazir Bhutto International Airport & CSO (North) (2013-17)	Incorrect calculation of depreciated value of auctioned vehicles	1.892
373	Interior Division	Chief Security office,Benazir Bhutto International Airport & CSO (North) (2013-17)	Irregular and unauthorized maintenance of welfare account	0.161
374	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non surrender of saving	12,762.47

375	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Lapse of fund	2.242
376	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular transfer of funds from assignments accounts to Commercial Bank accounts	8,732.51
377	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non framing/obtaining approval of service regulations for appointment/promotions of employees	
378	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unsupported/Doubtful expenditure	299.341
379	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Financial loss of Rs. 66.693 million due to non retrieval and retention of unspent balance from the LC	1,111.56
380	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-authorized retention of government development funds surrendered by the universities	1,090.21
381	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Misprocurement of laptop amounting to US$ 82.182 million	274.4
382	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Excess payment on account of Taxes	14.266
383	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-authorized payment on account of Income Taxes	480.384
384	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-authorized expenditure from the funds of previous year	5481.009
385	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Payment of salaries to HEC employees for sixteen months	435.019
386	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unauthorized payment of Income Tax on profit on bank accounts	5.775
387	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular Advance payment on purchase of EVO	94.4
388	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non recovery of Liquidated Damages from supplier of EVO	18.88
389	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non recovery of Liquidated damages more than	805.453
390	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Provision of value added academic services US$ 10,000	
391	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Provision of value added academic services	
392	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Procurement of laptop by narrowest competition through favorable specifications	
393	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non achievement of target by the project Academic and research linkage with different countries	
394	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Less recovery on Account of group insurance	5.161

395	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non-Obtaining of Audited statements/adjustment accounts	64.394
396	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unauthorized Expenditure on Private Institution and Universities	89.403
397	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irrelevant expenditure incurred on business incubation center	163.41
398	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-authorized expenditure incurred on development project without the approval of comptent forum	2692.228
399	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non Maintenance of cash book of Benevolent fund	11.218
400	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	The source of fund for investment not known	1040.45
401	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non maintenance of cashbook of Pension Fund	1030.719
402	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non maintenance of cashbook GP fund	33.293
403	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Funds released in June , to avoid lapsing	253.141
404	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non-obtaining of Audited Statements/ Adjustment Accounts	95
405	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unauthorised expenditure without budget allocation	160.906
406	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-Authorised retention of savings	787.315
407	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Duplication of expenditure on hiring of security agency	13.41404
408	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irrelevant expenditure incurred on Establishment of business center	18.277
409	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non Recovery of income tax From Author and Viewers	0.623415
410	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un authorised retention of funds surrendered by the universities under promotion of research programs	9.963
411	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Wasteful Expenditure incurred on the abnormallydelayed projects	1555.674804
412	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non recovery of income tax FROM reviewers	3.5073
413	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Duplication in expenditure funds releasefor national research program for universities	1146.077
414	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular and unauthorized expenditure on abnormally delayed Startup Research Grant Projects	522.938

415	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Duplication of expenditure on abnormally delayed research projects	16.98
416	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Compliance of the HEC Ordinance 2002	
417	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unemployment due to non performing of HEC functions	
418	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular purchase of furniture by no specifying the quantity in the tender documents	3.266
419	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unauthorized Expenditure by HEC on employment of PhD Scholar Private Institution and Universities	47.58
420	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Financial loss due to advance drawl of salaries of interim placed faculty members from assignment account	70.391
421	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Duplication in expenditure of Technology Development Fund on account of payments made for scholarship Audit Fee and Overhead to the universities expenditure	
422	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular and unjustified payment to the Pakistan Academy of Science	81
423	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Duplication in expenditure on payment of conveyance allowance to the employees provided pick and drop facility and on excess vehicle	43.565
424	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular appointment on deputation against the post of Member	
425	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular appointment on deputation against the post of Director General	
426	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular extension in contract period for seven year of a support engineer and subsequent regularization	
427	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular extension in the contract period of consultant for six years of SAP Functional Consultant	
428	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular extension in the contract period of consultant for seven years of Business Automation Program Manager	
429	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular extension in the contract period of consultant for seven years of Support Engineer	
430	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular appointment of a project employee on contract basis and subsequent extension for six year	
431	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular appointment in the MP Scale and further extension	
432	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular appointment of Director on deputation	
433	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Over payment on account of Medical allowance	
434	Higher Education	Higher Education Commission, Islamabad	Irregular appointment on contingent basis	

	Commission	(2016-17) (Main)		
435	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Variation in the cash book and bank statement of bank account No . 7060-4 and 550045	
436	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Variation in closing balance of bank account No. 4800110	446.837
437	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non Recovery of training cost from the scholars of overseas Phase-II held for breach of agreement Euro. 2644969 + US$ 264889 + GBP 498279+CAD 26845+NZD 552574 +Rs.7,619,411	
438	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non Recovery of training cost from the scholars of overseas Phase-I held for breach of agreement Euro. 1,733,491+ US$ 689,328 + GBP 345738+AUD 45,608 +Rs. 2,570,000	
439	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non Achievement of Target of the project Overseas PhD Scholarships	14522.35
440	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-authorized retention/utilization of savings	256.013
441	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Un-authorized expenditure without budget allocation	424.188
442	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Excess withdrawal of funds from the government account on account of PERN payment	222.975
443	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular provision of connectivity to private university/institutes at discounted rate	80.1
444	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular expenditure on account of training	4.524
445	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular award of contract of warranty and services and operation & maintenance	121.89
446	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular and unauthorized grant of warranty and services for additional 8 new PoPs	64.808
447	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular award of contract	49
448	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular execution of contract	2,341.03
449	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Loss due to non-revision of agreement	4.454
450	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Suspected competition for leasing of optical fiber	32.076
451	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Loss on account of repeat order for leasing of optical fiber	2.658
452	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Loss due to non-revision of agreement	27.013
453	Higher Education	Higher Education Commission, Islamabad	Irregular payment of warranty and services	18.738

	Commission	(2016-17) (Main)		
454	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Incurrence of expenditure without assessing utilization of resources	985
455	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Irregular payment of Service Level Agreement for video conferencing with M/s Comm Tel Systems for video conferencing	0.75
456	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Unnecessary purchase of lamps	2.086
457	Higher Education Commission	Higher Education Commission, Islamabad (2016-17) (Main)	Non Production of record	
458	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non- deduction of house Rent Allowance And 5% House Rent Charges From Salaries OF TTS Faculty	38.091
459	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Irregular Promotion Of Two Accounts Officers as Deputy Treasurers	
460	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Unauthorized Purchase of two buses	17.8
461	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Irregular Payment of Medical Allowance over and above prescribed rates	194.528
462	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Irregular payment of House Rent Ceiling with Pay	177.663
463	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Unauthorised payment of 20% Special Allowance	71.358
464	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Irregular Investment	160
465	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non-deduction of House Rent Allowance And 5% House Rent Charges From the Salary Of Vice Chancellor	1.816
466	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non-Adjustment of Temporary Advances	2
467	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Undue payment of salary Package to administrative Head under Tenure Track System	88.089
468	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Whereabout of purchase of raw material purchased for furniture and fixture not known	7.691
469	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Extra Ordinary Leave To Associate Professor (Earth Science)	
470	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Mis-Procurement of security Cameras,DVRs,LEDs and other items without competition	2.41
471	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Undue payment of Allowances to Administrative Head on Tenure Track	0.763
472	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non-adjustment of temporary and=vance to various departments	6.117
473	Higher Education	QUAID-I-AZAM UNIVERSITY	Recovery on Account of reimbursement of POL charges to TTS faculty	1.743

	Commission	(QAU),Islamabad (2015-2017)	members	
474	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Unauthorized Expenditure on the accounts of repair of vehicles	0.233
475	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Improper maintenance of central Liabrary	
476	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Over payment due to higher payment of salary to VC during the year 2016-2017	0.014
477	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Irregular payment on account of repair of vehicle No IDN-1341	0.471
478	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Recovery on account of private use of government vehicle	0.11
479	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non Conduct of Internal check	
480	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non-conducting of physical verification of stored/stocks.	
481	Higher Education Commission	QUAID-I-AZAM UNIVERSITY (QAU),Islamabad (2015-2017)	Non production of record	
482	Higher Education Commission	UNIVERSITY OF ENGINEERING SCIENCE AND TECHNOLOGY (PHASE 1), ISLAMABAD (2016-17)	Non Acheivement of the Target of the Project	4112
483	Higher Education Commission	UNIVERSITY OF ENGINEERING SCIENCE AND TECHNOLOGY (PHASE 1), ISLAMABAD (2016-17)	Non Recovery of training cost from the scholars held for breach of agreement Euro 96,589+ US$59,181+Rs.265,090	
484	Higher Education Commission	UNIVERSITY OF ENGINEERING SCIENCE AND TECHNOLOGY (PHASE 1), ISLAMABAD (2016-17)	Closure of cases without recoveries from the scholars	1.023
485	Higher Education Commission	UNIVERSITY OF ENGINEERING SCIENCE AND TECHNOLOGY (PHASE 1), ISLAMABAD (2016-17)	Non recovery of training cost due to delay in start of legal proceeding	63.189
486	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Mis-procurement of online environmental radiation monitoring networking and non-forfeiture of earnest money due to late supply.	103.548
487	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Un-authorized mobilization advance payment	43.429
488	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Unauthorized deviation in the scope of work from PC-I and excess expenditure	9.62
489	Pakistan Atomic Energy Commission (PAEC)	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Unauthorized transfer of funds from one development project to other development project	27.2

	Islamabad			
490	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Irregular transfer of funds from Assignment account to commercial bank accounts	343.958
491	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Deviation from the functions of PNRA and non registration of firms	
492	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Non-production of record of construction works	395.886
493	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Unjustified deduction of GP Fund and non-investment of funds	105.325
494	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Non preparation of Rules	
495	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Irregular appointment of staff and payment of pay & allowances	0.979
496	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Irregular payment of advances to the staff/officers from development project	0.766
497	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Mis-procurement resulted into non-forfeiture of earnest money and black listing of firm	
498	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Non- preparation of accounting procedure	
499	Pakistan Atomic Energy Commission (PAEC) Islamabad	Pakistan Nculear Regulatory Authority (PNRA),Islamabad(2013-17)	Non maintenance of expenditure control register	
500	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Mis-Procurement of different items	3
501	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Un-authorised payment of increased rent of hostel	1.65
502	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Recovery of overpayment of Hostel Rent	0.66

503	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Non-recovery of hostel rent from tenants	1.468
504	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Irregular Expenditure on entertainment	2.87
505	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Un-justified expenditure on late sitting & conveyance charges	1.823
506	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Un-authorized use of Vehicles and expenditure thereon	1.372
507	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Non-auction of unserviceable items	
508	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Non-recovery of outstanding amount from the officers of ISA	0.627837
509	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Mis-procurement of consultancy services	0.6
510	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Irregular Expenditure on Workshop	0.92601
511	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Non-Production of record of private Bank account	
512	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Non-Conducting of Internal Audit	
513	Ministry of Information, Broadcasting and National Heritage, Islamabad	Information Services Academy(ISA),(2013-17)	Ohysical Verification of store/stock not conducted.	
514	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Irregular and Unathorized use of 65 vehicles and expenditure thereof	13.093
515	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Un-authorized expenditure on purchase of land out of Welfare fund	9.845
516	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Daubtful purchase and consumption of feed for dogs	0.939
517	Ministry of Narcotics	Norcotics Control Division (RWP)-(2016-	Irregular and Unathorized expenditure without any budget allocation	5.537

	Control Division	17)		
518	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Non re-auction of three left over seized/confiscated vehicals	
519	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Non auction of 35 confiscated vehicles	
520	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Loss due to negligence regarding purchase of stationery items	
521	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Non-Registration of Donated Vehicles	
522	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Non-Appointment of staff of model addiction treatment & Rehabilitation Centre,Islamabad.	
523	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Non conducting of internal audit	
524	Ministry of Narcotics Control Division	Norcotics Control Division (RWP)-(2016-17)	Non-conducting of physical verification.	
525	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Recovery of outstanding dues from M/s COSMOS productions (OS-1)	12.195
526	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Non-exestence of approved Accounting Procedures (OS-6)	
527	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Unauthorised payment through cash instead of crossed cheques (OS-5)	15.643
528	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Recover of outstanding rent deom allottees of different shops (OS-6)	0.495
529	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Irregular procurement od stationary without open tender (OS-4)	0.818055
530	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Irregular agreement with M/s COSMOS production (OS-8)	
531	Ministry of Information, Broadcasting and National Heritage, Islamabad	Lok Visa (2015-17)	Less deduction of income tax (OS-12)	0.06
533	Ministry of National Food Security And Research	PARC (2016-17)	Non-deduction of Zakat from Final GP Fund	1.574
534	Ministry of National Food Security And Research	PARC (2016-17)	Less deduction of Income tax from the salaries	1.968

535	Ministry of National Food Security And Research	PARC (2016-17)	Non-deposit of recoveries into Govt. Treasury	5.078
536	Ministry of National Food Security And Research	PARC (2016-17)	Un-authentic payment of qualification allowance -	1.93
537	Ministry of National Food Security And Research	PARC (2016-17)	Non-Monitoring, non-utilization and non-surrender of funds	99.28
538	Ministry of National Food Security And Research	PARC (2016-17)	Irregular expenditure on repair of Vehicles –	
539	Ministry of National Food Security And Research	PARC (2016-17)	Irregular payment of monetization allowance	1,246,830
540	Ministry of National Food Security And Research	PARC (2016-17)	Irregular appointment as Accounts Officer	
541	Ministry of National Food Security And Research	PARC (2016-17)	Irregular promotion of the 55 re-instated employees	
542	Ministry of National Food Security And Research	PARC (2016-17)	Non- preparation of accounting manual/procedures	
543	Ministry of National Food Security And Research	PARC (2016-17)	Non-establishment of fund and non-framing of rules and regulations	
544	Ministry of National Food Security And Research	PARC (2016-17)	Non maintenance of cash book	
545	Ministry of National Food Security And Research	PARC (2016-17)	Irregular expenditure on account of pay and allowances in absence of creation of permanent posts and recruitment rules -Rs.1974.711 million	
546	Ministry of National Food Security And Research	PARC (2016-17)	Irregular execution of projects without approved rules-	51.589
547	Ministry of National Food Security And Research	PARC (2016-17)	Irregular and unauthorized payment of additional Special Research Allowances- Rs.5.695 million	5.695
548	Ministry of National Food Security And Research	PARC (2016-17)	Irregular up gradation of posts and payment of arrears	5,514,312
549	Ministry of National Food Security And Research	PARC (2016-17)	Irregular expenditure on Medical re-imbursement	14.147
550	Ministry of National Food Security And Research	PARC (2016-17)	Irregular finalization of rules and regulations without the approval of the Finance and Establishment Division	
551	Ministry of National Food Security And Research	PARC (2016-17)	Irregular expenditure on Civil Work -	3.744
552	Ministry of National Food Security And Research	PARC (2016-17)	Irregular Investment -	480
553	Ministry of National Food Security And Research	PARC (2016-17)	Less deduction of Income Tax on self-hiring	
554	Ministry of National Food Security And Research	PARC (2016-17)	Irregular retention of house rent charges in own accounts	

555	Ministry of National Food Security And Research	PARC (2016-17)	Non-conducting of internal check	
556	Ministry of National Food Security And Research	PARC (2016-17)	Non-conducting of internal check	
557	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized transfer from Investment	20.577
558	Ministry of Kashmir Affair	J&K State Property (2016-18)	Loss due to irregular investment of funds in non transparent manner	25.707
559	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized payment of honorarium to the Ministry staff	22.536
560	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized payment of honorarium to the officers/ officials of J&K State Properties	7.667
561	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-recovery of the unspent amount released to the Ministry for grant of Stipend to the students of Jammu & Kashmir	4.21
562	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-provision of record relating to the grant of stipend to the students of Jammu & Kashmir	7.21
563	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-provision of bank statements of the bank accounts maintained for grant of stipend to students of Jammu & Kashmir	8.21
564	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-vesting of properties in the name of Federal Government	
565	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular expenditure on construction and rehabilitation of building	7.882
566	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized expenditure on construction of Road from Village Purab to Kot Pindi –Das (02 KM)	14.957
567	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular expenditure on civil work and procurement	2.227
568	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized expenditure on construction of Boundary Walls at Kashmir Colony, Gujranwala and Jhelum	1.222
569	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized payment of remuneration for attending the Management Committee Meeting & Irregular transfer of funds from Investments	11.295
570	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular expenditure on account of Repair and Maintenance of Building	839,688
571	Ministry of Kashmir Affair	J&K State Property (2016-18)	Split-up of expenditure on Repair of Flats at Ponch House	279,888
572	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unverifiable Expenditure on printing of Flex Sign Banners	326,845
573	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular expenditure on Repair and Civil Work	295,000
574	Ministry of Kashmir Affair	J&K State Property (2016-18)	Doubtful expenditure on Repair and Civil Work	98,200
575	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular payment on account of rent of residential accommodation	12.418
576	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular expenditure on TA/DA	3.184
577	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-recovery of outstanding arrears of rent from the tenants of Ponch House, Rawalpindi	1.359
578	Ministry of Kashmir Affair	J&K State Property (2016-18)	Loss to government due to non-recovery of transfer fees and new rent due to change of tenancies in favour of illegal occupants at Poonch House Rawalpindi	8.761
579	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-recovery of outstanding arrears of rent from the tenant	14.578
580	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-recovery of outstanding arrears of rent from the tenant at Ponch House	15.451
581	Ministry of Kashmir Affair	J&K State Property (2016-18)	Wasteful expenditure on account of rent of office accommodation	1.391
582	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized appointment of contingent paid staff and payment thereof	3.783

583	Ministry of Kashmir Affair	J&K State Property (2016-18)	Irregular Cash Withdrawal instead of crossed cheques	48.919
584	Ministry of Kashmir Affair	J&K State Property (2016-18)	Loss to Government due to non-renting of J&K Properties	34.814
585	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unsecured method of collection of rent and lease money	173.888
586	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-recovery of the amount pending against the Punjab Government	30.4
587	Ministry of Kashmir Affair	J&K State Property (2016-18)	Non-revision of rate of lease against agricultural land at Village Rehmanpura/ Sultanpura resulting into financial loss	170.969
588	Ministry of Kashmir Affair	J&K State Property (2016-18)	Un-justified payment of rent of residential building	3.857
589	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized expenditure due to non appointment of Administrator by the Federal Government	176.659
590	Ministry of Kashmir Affair	J&K State Property (2016-18)	Unauthorized use of government vehicles and recovery of	1.597
591	Ministry of Kashmir Affair	J&K State Property (2016-18)	Internal check against irregularities, waste and fraud not conducted	
592	PM office(Public)	PM office(Public)	irregular appointment of senior associate	
593	PM office(Public)	PM office(Public)	irregular and unauthorized re-employment of security coordinator	
594	PM office(Public)	PM office(Public)	recovery of transport monetization from the officers using official vehicle	4.640
595	PM office(Public)	PM office(Public)	irregular appointment of consultants	
596	PM office(Public)	PM office(Public)	non adjustment of advance paid out of prime minister's contingent grant	5.500
597	PM office(Public)	PM office(Public)	irregular procurement and repair of machinery & equipment without competition	0.647
598	PM office(Public)	PM office(Public)	non recovery on account of private use of government vehicle	270,813.000
599	PM office(Public)	PM office(Public)	irregular expenditure on entertainment `	802,880.000
600	PM office(Public)	PM office(Public)	unauthorized maintenance of 41 vehicles for protocol and general duties without authorization	
601	CADD	CNMT	Unauthorized expenditure on repair of office building – Rs.2.314 million	2.314
602	CADD	CNMT	Heavy expenditure on electricity out of budget of CN&MT in two years - Rs.	25.543
603	CADD	CNMT	Performance of College of Medical Technology during two years	
604	CADD	CNMT	Excess expenditure without any budget allocation under different object heads	4.623
605	CADD	CNMT	Non-surrendering of funds – Rs.16.158 million	16.158
606	CADD	CNMT	Boiler for hot water and gas heaters for rooms not repaired for the last ten years	
607	CADD	CNMT	Internal check not conducted	
608	CADD	CNMT	Physical verification of store and stock not carried out	
609	Cabinet Division	IBCR(HQ)	EXCESS EXPENDITURE OF RS. 39.550 MILLION OVER BUDGET ALLOCATION.	
610	Cabinet Division	IBCR(HQ)	OVERPAYMENT OF HONORARIUM AMOUNTING TO RS. 0.113	0.113

			MILLION	
611	Cabinet Division	IBCR(HQ)	irregular/unauthorized expenditure on operational vehicles –rs. 119.645 million/-	119.645
612	Cabinet Division	IBCR(HQ)	Non Disposal Of Off Road Vehicles.	
613	Cabinet Division	IBCR(HQ)	unjustified payment of ta/da-rs. 0.461 million.	0.461
616	Cabinet Division	IBHQ	Loss of Public exchequer due to purchase of stationery items at higher rates – Rs.0.497 million	0.497
617	Cabinet Division	IBHQ	Loss to Public Exchequer due to purchase of furniture & fixture at higher rates Rs.0.307 million.	0.307
618	Cabinet Division	IBHQ	Irregular expenditure of Rs.24,934/- on account of provision of Internet Services provided by a Private company	
619	Cabinet Division	IBHQ	Non conducting of physical verification of store/stock	
620	Cabinet Division	IBHQ	Non conducting of Internal Check.	
621	CADD	NIRM	Unauthorized expenditure on excess use of vehicles - Rs.1.068 million	1.068
622	CADD	NIRM	Unauthorized retention of deputationists beyond 05 years - Rs.0.805 million	0.805
623	CADD	NIRM	Non- condemnation of off-road vehicles	
624	CADD	NIRM	Excess working of Assistant Private Secretaries	
625	CADD	NIRM	Non Conducting of Physical Verification of Stores/Stocks.	
626	CADD	NIRM	Non Conducting of Internal Check	
627	Cabinet Division	SDGS	Non submission of adjustment account/audited statements	
628	Cabinet Division	SDGS	non certification of duplication or mismanagement	
629	Ministry of Health	EPI(FATA)	Non - appointment of required staff to achieve its goals	
630	Ministry of Health	EPI(FATA)	Non-opening of assignment account and laps of - Rs. 155.055 million	155.055
631	Ministry of Health	EPI(FATA)	Non conducting of Coverage Evaluation Survey (CES) by EPI-FATA	
632	Ministry of Health	EPI(FATA)	Non-Conducting the monitoring and evaluation of the project.	
633	Ministry of Health	EPI(FATA)	Non – Functioning of ice lined refrigerators (ILRs)	
634	Ministry of Health	EPI(FATA)	Non-achievement of targets	
635	Ministry of Health	EPI(FATA)	Irregular appointments without adopting open competitionand observing regional quotas	
636	Ministry of Health	EPI(FATA)	Non-production of record in respect of funds received from World Health Organization, UNICEF, World Bank and UNFPA for different activities and trainings.	
637	Ministry of Health	EPI(FATA)	Non preparation of Monthly Immunization Waste Management Reports (MIWMR)	
638	Ministry of Health	EPI(FATA)	Irregular appointments without observance of age limit.	
639	Ministry of Health	EPI(FATA)	Non conducting of Internal Audit	
640	Ministry of Health	EPI(FATA)	Non-conducting of physical verification	
641	Ministry of Health	EPI(ICT)	Non achievement of targets due to non- appointment of required staff.	
642	Ministry of Health	EPI(ICT)	Non-opening of assignment account and laps of - Rs. 192.122 million	

643	Ministry of Health	EPI(ICT)	Non conducting of Coverage Evaluation Survey (CES) by EPI-ICT	
644	Ministry of Health	EPI(ICT)	Non-Conducting the monitoring and survey of the project.	
645	Ministry of Health	EPI(ICT)	Non-production of record in respect of cold chain equipment, AD syringes, safety boxes, waste management material and disinfectant equipment/chemicals.	
646	Ministry of Health	EPI(ICT)	Non-achievement of objectives	
647	Ministry of Health	EPI(ICT)	Non-production of record in respect of funds received from World Health Organization for payment to staff working with Expended Program on Immunization.	
648	Ministry of Health	EPI(ICT)	Non – appointment of Focal Person on regular basis.	
649	Ministry of Health	EPI(ICT)	Non preparation of Monthly Immunization Waste Management Reports (MIWMR) and Quarterly Progress Reports (QPR)	
650	Ministry of Health	EPI(ICT)	Non conducting of Internal Audit	
651	Ministry of Health	EPI(ICT)	Non-conducting of physical verification	
652	CADD	CADD	payment on account of CNG without supported vouchers/bills	200,000
653	CADD	CADD	unauthorized payment of house building advance and heavy balance thereof	859,950
654	CADD	CADD	unauthorized allocation of two additional vehicles to minister of state	
655	CADD	CADD	excess retention of 07 vehicles	
656	CADD	CADD	non production of records	
657	CADD	CADD	irregular retention of vehicle by Ex-Joint Secretary	
658	CADD	CADD	non conducting of physical verification of stored/stocks	
659	CADD	CADD	Non conduct of internal audit	
660	CADD	HOTA	irregular expenditure on procurement of motor oil	85,638
661	CADD	HOTA	non conducting of monitoring and evaluation	
662	CADD	HOTA	non-appointment of evaluation committee	
663	CADD	HOTA	irregular payment of salaries to employees without approval of sanctioned posts	111.096
664	CADD	HOTA	non submission of medium term budget estimates	
665	CADD	HOTA	non conduct of internal check	
666	CADD	HOTA	Non-conducting of physical verification	
667	Ministry of Finance	CCP	Irregular payment on account of monetization of fuel and monetization allowance to entitled officers of the Commission- Rs. 12.302 million	12.302
668	Ministry of Finance	CCP	Irregular payments on account of Professional fee and charges to legal consultant -Rs. 4.360 million	4.36
669	Ministry of Finance	CCP	Irregular Hiring of office accommodation and payment of Rs. 65.853 million	65.853
670	Ministry of Finance	CCP	Irregular expenditure on civil works- Rs. 2.979 million	2.979
671	Ministry of Finance	CCP	Unjustified use of Seven Vehicles on Protocol duties and irregular expenditures on account of repair & maintenance and POL – Rs. 0.682 million	0.682
672	Ministry of Finance	CCP	Irregular payment of Internet and mobile telephone bills – Rs. 1.776 million	1.776

673	Ministry of Finance	CCP	Non-maintenance of cash book	
674	Ministry of Finance	CCP	Non-finalization of annual financial statements/audit of Competition Commission of Pakistan.	
675	Ministry of Finance	CCP	Non- finalization/printing of Annual Reports of Competition Commission of Pakistan	
676	Ministry of Finance	CCP	Non-conducting of physical verification	
677	CADD	PEIRA	Non Reconcilliation with banks for receipt and expenditure	240.67
678	CADD	PEIRA	non renewl of registration of institutions	14.165
679	CADD	PEIRA	unauthorized expenditure on hiring of Lawyer services	1.675
680	CADD	PEIRA	Recovery of financial loss due to negligence of NBP	0.151
681	CADD	PEIRA	non mantinance of cash book on prescribed form	
682	CADD	PEIRA	non production of record	
683	Ministry of Science & Technology	PCSIR (Sakardu)	unauthorized payment of adhoc relief 2011 and 2012	47,059
684	Ministry of Science & Technology	PCSIR (Sakardu)	unauthorized payment of discontinued allowance	49,249
685	Ministry of Science & Technology	PCSIR (Sakardu)	irregular fixation of rates and incomplete accounts of receipt	3.68
686	Ministry of Science & Technology	PCSIR (Sakardu)	irregular purchase of equipment without specification	1.050,000
687	Ministry of Science & Technology	PCSIR (Sakardu)	non recovery of income tax	772,049
688	Ministry of Science & Technology	PCSIR (Sakardu)	variation in the figure of funds released	0.612048
689	Ministry of Science & Technology	PCSIR (Sakardu)	excess expenditure due to payment of electricity charges at commercial rates	
690	Ministry of Science & Technology	PCSIR (Sakardu)	Physical verification of store and stock not carried out	
691	Ministry of Health	DCHE(ISB)	non recording of financial transaction in cash book	33.578
692	Ministry of Health	DCHE(ISB)	non maintinance of dead stock register	
693	Ministry of Health	DCHE(ISB)	unauthorized payment of house building advance	1.263
694	Ministry of Health	DCHE(ISB)	non preparation on annual activity reports	
695	Ministry of Health	DCHE(ISB)	non-conducting on internal check	
696	Ministry of Health	DCHE(ISB)	Non-conducting of physical verification	
697	Establishment Division	SWO	unauthorized expenditure on mobile phone facility	0.109
698	Establishment Division	SWO	non submission of medium term budget estimates	
699	Establishment Division	SWO	non preparation of annual activity reports	
700	Establishment Division	SWO	unauthorized provision of community centre halls/wedding halls to security agencies/cancellation of booking and non-refund of booking charges to beneficiaries	

701	Establishment Division	SWO	non-conducting of internal check	
702	Establishment Division	SWO	Non-conducting of physical verification	
703	Ministry of Health	MNCH	Recovery due to breach of contract – Rs. 39.00 million	39
704	Ministry of Health	MNCH	Un-authorized payment of honorarium amounting to Rs. 0.76 million	0.76
705	Ministry of Health	MNCH	Recovery due to non-deduction of Income tax on Salary - Rs. 60,380/-	
706	Ministry of Health	MNCH	Irregular expenditure due to failure to devise mechanism for procurements of stationery – Rs. 954,148/-	
707	Ministry of Health	MNCH	Improper maintenance of Cash (Bank) Book and non-deposit of un-reconciled closing balances into Treasury - Rs. 1.354 million	
708	Ministry of Health	MNCH	Irregular & unauthorized expenditure on POL and Repair & Maintenance of vehicles other than project, recovery thereof - Rs. 1.871 million	
709	Ministry of Health	MNCH	Non-conducting of physical verification of stock articles	
710	Ministry of Health	MNCH	Non-conducting of internal check / internal audit	
711	Ministry of Health	MNCH	Failure to run/operate effective Management Information System & District Health Information System	
712	Ministry of Health	MNCH	Non-monitoring of progress towards achievement of objectives	
713	Ministry of Health	MNCH	Non-devising of Communication Strategies for increase demand for heath services	
714	Ministry of Health	MNCH	Slow progress on delivery of quality MNCH services	
715	Ministry of Health	MNCH	Non-testing of new interventions through operations research	
716	Ministry of Health	MNCH	Non-collaboration with Population Welfare department for improvement of services	
717	Ministry of Health	MNCH	Non-devising of detailed plan for advocacy and demand creation strategy	
718	Ministry of Health	MNCH	Non-devising of detailed plan to strengthen and modernize the existing management and monitoring systems	
719	Ministry of Health	MNCH	Non-imparting of training to midwives, nurses, anesthetists, GPs/ HOs	
720	Ministry of Health	MNCH	Non-following of item-wise/ year-wise implementation schedule	
721	Ministry of Health	MNCH	Non-initiating the steps to improve the indicators	
722	Ministry of Health	Population Welfare Programme, AJK	Non-achievement of year-wise targets for number of contraceptive users	
723	Ministry of Health	Population Welfare Programme, AJK	Irregular Payment of Non-Practicing Allowance to non-entitled personnel – Rs. 240,000	0.24
724	Ministry of Health	Population Welfare Programme, AJK	Irregular payment of Instructions Allowance – Rs. 552,000	0.552
725	Ministry of Health	Population Welfare Programme, AJK	Irregular expenditure due to failure to devise mechanism for repair & maintenance of vehicles – Rs. 3.080 Million	3.08
726	Ministry of Health	Population Welfare Programme, AJK	Mis-procurement expenditure on procurement of Bio-Metric System– *Rs. 639,050*	0.639
727	Ministry of Health	Population Welfare Programme, AJK	Unauthorized expenditure on operational cost of Secretary office	
728	Ministry of Health	Population Welfare Programme, AJK	Non-maintenance of Log Book – Rs.290,390	0.29
729	Ministry of Health	Population Welfare Programme, AJK	Irregular & unauthorized payment of rent of office building – Rs.8,053,392	8.053

730	Ministry of Health	Population Welfare Programme, AJK	Storage of medicines in untidy condition	
731	Ministry of Health	Population Welfare Programme, AJK	Irregular & unauthorized expenditure on POL, Repair & Maintenance of vehicles	
732	Ministry of Health	Population Welfare Programme, AJK	Non-inclusion of penalty clause to favour the vendor	
733	Ministry of Health	Population Welfare Programme, AJK	Irregular Procurement of Machinery & Equipment and IT Equipment – Rs. 8.090 million	8.09
734	Ministry of Health	Population Welfare Programme, AJK	Non-conducting of physical verification of stores and stock	
735	Ministry of Health	Population Welfare Programme, AJK	Internal check against irregularities, waste and fraud not conducted	
736	Ministry of Health	EPI, AJK	Irregular expenditure on repair & maintenance of vehicles – Rs. 801,106	0.801
737	Ministry of Health	EPI, AJK	Unauthorized distribution of Motorcycles other than vaccinators	
738	Ministry of Health	EPI, AJK	Irregular expenditure on printing of vaccination cards – Rs.554,400	0.54
739	Ministry of Health	EPI, AJK	Irregular payment of Advertisement Charges – Rs.40,000	0.04
740	Ministry of Health	EPI, AJK	Non-maintenance of Dead Stock Register as per required standards	
741	Ministry of Health	EPI, AJK	Non-conducting of physical verification of stores and stock	
742	Ministry of Health	EPI, AJK	Internal check against irregularities, waste and fraud not conducted	
743	Ministry of Religious Affairs	Hajj Operation	Non conducting of Internal Check and Physical Verification	
744	Ministry of Health	FMDC	irregular expenditure due to misclassification of accounts	1.98
745	Ministry of Health	FMDC	irregular expenditure due to cash payments instead of cross cheque	0.392
746	Ministry of Health	FMDC	irregular, uneconomical and unjustified expenditure on water charges rs. .239 million. Loss due to non deduction of taxes	0.239
747	Ministry of Health	FMDC	irregular and uneconomical expenditure on purchasse of gas cylinder and gas (LPG)	0.236
748	Ministry of Health	FMDC	irregular and unauthorized expenditure of telephone charges	0.48
749	Ministry of Health	FMDC	uneconomical and unauthorized expenditure over & above the estimates on constructuion of canteen/cafeteria 629361 non recovery of utility charges and non imposition of penalities for violation of terms and condition of tender form/agreement.	
750	Ministry of Health	FMDC	irregular payment of conveyance allowance charges for late sittingh	0.221
751	Ministry of Health	FMDC	suspected loss due to improper maintenance of issue register and un-returned library books	0.19
752	Ministry of Health	FMDC	non adherence of austerity measures resulted into irregular and unauthorized procurement of newspaper Rs. 54397. loss resulted due to non disposal of old newspaper	0.054
753	Ministry of Health	FMDC	unauthorized working as visiting lecturar in a private institute.	
754	Ministry of Health	FMDC	recovery due to non-production of GST invoice & non deduction of GST	0.019
755	Ministry of Health	FMDC	non mantinance of log book of generators vague expenditure of fuel procurement and consumption	1.958
756	Ministry of Health	FMDC	non conduction of internal stock/internal audit.	
757	Ministry of Health	FMDC	non conduction of physical verification of stock articles.	

758	Ministry of Commerce	TDAP	Overpayment of deputation allowance of Rs.0.288 million to Ex-Secretary TDAP	0.288
759	Ministry of Commerce	TDAP	Loss of Rs. 0.213 million to Govt. due to irregular / unauthorized sale of Laptopsto Senior Officers on depreciated cost	0.213
760	Ministry of Commerce	TDAP	Non reconciliation of bank accounts	
761	Ministry of Commerce	TDAP	Non maintenance of cash books	
762	Ministry of Commerce	TDAP	Non conducting of physical verification.	
763	Ministry of Commerce	TDAP	Non conducting of Internal Check	
764	Ministry of Federal Education & Professional Trainning	IMCB, I-8/3	NON-SURRENDER OF ANTICIPATED SAVINGS RS. 4.503MILLION	4.503
765	Ministry of Federal Education & Professional Trainning	IMCB, I-8/4	IRREGULAR EXPENDITURE IN SPLIT UP MANNER OF RS.1.553 MILLION	1.553
766	Ministry of Federal Education & Professional Trainning	IMCB, I-8/5	IRREGULAR EXPENDITURE THROUGH CASH PAYMENT OF RS. 3.319 MILLION	3.319
767	Ministry of Federal Education & Professional Trainning	IMCB, I-8/6	LATE DEPOSIT OF GOVERNMENT FUNDS.	
768	Ministry of Federal Education & Professional Trainning	IMCB, I-8/7	NON VERIFICATION OF TREASURY CHALLANS AMOUNTING TO RS. 0.646 MILLION	0.646
769	Ministry of Federal Education & Professional Trainning	IMCB, I-8/8	LAPSE OF FUNDS DUE TO POOR PLANNING RS. 2.00 MILLION	2
770	Ministry of Federal Education & Professional Trainning	IMCB, I-8/9	NON-DISBURSEMENT OF STUDENTS SCHOLARSHIP /PRIZES RS. 0.047 MILLION	0.047
771	Ministry of Federal Education & Professional Trainning	IMCB, I-8/10	UN-AUTHORIZED PAYMENT OF ALLOWANCES OF HIGHER SCALE RS.0.393 MILLION.	0.393
772	Ministry of Federal Education & Professional Trainning	IMCB, I-8/11	UN-AUTHORIZED GRANT OF TEACHING ALLOWANCE TO PRINCIPAL– RS. 0.019 million	0.019
773	Ministry of Federal Education & Professional Trainning	IMCB, I-8/12	NON-RETURNING OF LIBRARY BOOKS AMOUNTING RS. 21,497 AND FINE RS. 0.112 MILLION	0.112
774	Ministry of Federal Education & Professional	IMCB, I-8/13	NON-DECIDING THE FATE OF EMPLOYEES POSTED ON DEPUTATION BASIS	

	Trainning			
775	Ministry of Federal Education & Professional Trainning	IMCB, I-8/14	NON-COMPLETION OF SERVICE BOOKS.	
776	Ministry of Federal Education & Professional Trainning	IMCB, I-8/15	UNAUTHORIZED COLLECTION OF BUS FUND - RS. 0.692 MILLION	0.692
777	Ministry of Federal Education & Professional Trainning	IMCB, I-8/16	NON-CONDUCTING OF PHYSICAL VERIFICATION OF STORES /STOCKS	
778	Ministry of Federal Education & Professional Trainning	IMCB, I-8/17	INTERNAL CHECK NOT CONDUCTED	
779	Communication Division	NH & MP HQ Islamabad 2016-17	Unjustified deduction of O&M Charges by NHA from fine collected -	2044
780	Communication Division	NH & MP HQ Islamabad 2016-18	Un-authorized Operation of Regimental & Welfare Fund -	978.661
781	Communication Division	NH & MP HQ Islamabad 2016-19	Non-obtaining of adjustment accounts / progress reports & audited statement of payments made for road safety activities to different zones -	100.906
782	Communication Division	NH & MP HQ Islamabad 2016-20	Rush of expenditure during the closing month of June -	185.99
783	Communication Division	NH & MP HQ Islamabad 2016-21	Mis-procurement of vehicles	73.216
784	Communication Division	NH & MP HQ Islamabad 2016-22	Recovery of loss resulted due to award of contract to 2nd lowest –	0.101124
785	Communication Division	NH & MP HQ Islamabad 2016-23	Short collections by NHA on account of fine imposed by NH&MP -	41.01
786	Communication Division	NH & MP HQ Islamabad 2016-24	Irregular award of tender to hire services for Establishment of NH&MP Driving Licensing Authority –	10.869
787	Communication Division	NH & MP HQ Islamabad 2016-25	Unauthorized payment without detailed measurement of actual work done –	8.997
788	Communication Division	NH & MP HQ Islamabad 2016-26	Non-surrender of anticipated savings of	11.828
789	Communication Division	NH & MP HQ Islamabad 2016-27	Irregular & unauthorized payment of cash awards –	7.887
790	Communication Division	NH & MP HQ Islamabad 2016-28	Unauthorized withdrawal of money from the Fine account, recovery thereof –	74.442
791	Communication Division	NH & MP HQ Islamabad 2016-29	Short receipts against 50% share of fine money, recovery thereof -	168.188
792	Communication Division	NH & MP HQ Islamabad 2016-30	Irregular & unauthorized expenditure on procurement of 40 x Honda Motorcycles	14.929
793	Communication Division	NH & MP HQ Islamabad 2016-31	Irregular expenditure due to failure to devise mechanism for repair & maintenance –	6.994
794	Communication Division	NH & MP HQ Islamabad 2016-32	Non-obtaining of adjustment accounts / progress reports of un-audited PSDP projects -	183.024
795	Communication Division	NH & MP HQ Islamabad 2016-33	Unauthorized utilization of government receipts on account of training fee -	0.563
796	Communication Division	NH & MP HQ Islamabad 2016-34	Loss due to overpayment of license card charges, recovery thereof –	1.695
797	Communication Division	NH & MP HQ Islamabad 2016-35	Non-realization of license fee of unrecorded 4668 number of license	
798	Communication Division	NH & MP HQ Islamabad 2016-36	Split-up of Expenditure on different items	2.826
799	Communication Division	NH & MP HQ Islamabad 2016-37	Irregular payment to M/s Midas Communications for direct release of advertisement	1.044

800	Communication Division	NH & MP HQ Islamabad 2016-38	Irregular and unauthorized expenditure on hiring of bachelor accommodation –	1.5
801	Communication Division	NH & MP HQ Islamabad 2016-39	Non framing of rules for function of National Highways & Motorway Police	
802	Communication Division	NH & MP HQ Islamabad 2016-40	Non-disposal of scrap / condemned material – Rs. 1.465 million	1.465
803	Communication Division	NH & MP HQ Islamabad 2016-41	Non-imposition of penalty on late delivery of cars and recovery of liquidated damages -	0.28
804	Communication Division	NH & MP HQ Islamabad 2016-42	Non-imposition of penalty and recovery of liquidated damages -	0.276
805	Communication Division	NH & MP HQ Islamabad 2016-43	Loss of Government money due to non-disposal of condemned vehicles	
806	Communication Division	NH & MP HQ Islamabad 2016-44	Non-imposition of penalty on late delivery of computer hardware & uniforms articles (CAT-III) and recovery of liquidated damages -	0.97863
807	Communication Division	NH & MP HQ Islamabad 2016-45	Irregular and unauthorized expenditure on repair & maintenance of office building recovery thereof –	0.199943
808	Communication Division	NH & MP HQ Islamabad 2016-46	Recovery of uncollected advance paid rent of bachelor accommodation –	0.123185
809	Communication Division	NH & MP HQ Islamabad 2016-47	Recovery on account of non deduction of withholding GST amounting to	0.218094
810	Communication Division	NH & MP HQ Islamabad 2016-48	Undue favour extended to M/s East West Infiniti (Pvt) Ltd. Islamabad - Rs. 1.93 million & non-deduction of income tax -	0.087095
811	Communication Division	NH & MP HQ Islamabad 2016-49	Irregular procurement of different items without open competition –	1.237
812	Communication Division	NH & MP HQ Islamabad 2016-50	Non-deposit of government receipts –	0.45
813	Communication Division	NH & MP HQ Islamabad 2016-51	Internal check of Regimental & Welfare Fund not carried out	
814	Communication Division	NH & MP HQ Islamabad 2016-52	Non-conducting of internal check	
815	Communication Division	NH & MP HQ Islamabad 2016-53	Non-conducting of physical verification of stores and stock articles	
816	Law & Justice Division	Islamabad High Court 2013-17	Un-authorized expenditure on maintenance of Rest Houses and Official Residences of the Judges-	12.077
817	Law & Justice Division	Islamabad High Court 2013-18	Non recovery of Liquidated Damages from the firm for late establishment of Data Centre -	3.181
818	Law & Justice Division	Islamabad High Court 2013-19	Irregular advance payments to different firms-	20.936
819	Law & Justice Division	Islamabad High Court 2013-20	Irregular procurement of IT equipment on repeat order-	2.152
820	Law & Justice Division	Islamabad High Court 2013-21	Non completion of development project regarding Establishment of Data Centre at Islamabad High Court, Islamabad	
821	Law & Justice Division	Islamabad High Court 2013-22	Irregular retention of official residence by the Retired Judge beyond the prescribed period	
822	Law & Justice Division	Islamabad High Court 2013-23	Non-maintenance of movement registers of staff cars of the Judges and other entitled Officers	
823	Law & Justice Division	Islamabad High Court 2013-24	Irregular Appointment of Data Entry Operators on Contract Basis in violation of PC-I	
824	Law & Justice Division	Islamabad High Court 2013-25	Non-adjustment of advance payments-	3.642
825	Law & Justice Division	Islamabad High Court 2013-26	Non-recovery of loss of theft vehicle from the Judge Banking Court, Islamabad-	572,463
826	Law & Justice Division	Islamabad High Court 2013-27	Irregular procurement of Hardware without signing integrity pact with the supplier-	12.481
827	Law & Justice Division	Islamabad High Court 2013-28	Non- disposal of off road vehicles	

828	Law & Justice Division	Islamabad High Court 2013-29	Non-Surrendering of Savings-	8.639
829	Law & Justice Division	Islamabad High Court 2013-30	Non-disposal of unserviceable Store	
830	Law & Justice Division	Islamabad High Court 2013-31	Over payment of conveyance allowance to the Officers of BPS-19 &20-	0.86388
831	Law & Justice Division	Islamabad High Court 2013-32	Non maintenance of proper dead stock register of I.T equipment	
832	FATA Secretariat	XEN Builjding NWA Miranshah 2014-17	Irregular and unjustified expenditure in absence of technical sanctions of Estimates -	426.007
833	FATA Secretariat	XEN Builjding NWA Miranshah 2014-18	Irregular transfer of funds for execution of works by 11 Corps –	503.927
834	FATA Secretariat	XEN Builjding NWA Miranshah 2014-19	Non-obtaining/Non-production of Administrative Approval of Civil Works –	230.036
835	FATA Secretariat	XEN Builjding NWA Miranshah 2014-20	Irregular transfer of funds to Political Agent NWA –	90
836	FATA Secretariat	XEN Builjding NWA Miranshah 2014-21	Unjustified expenditure in absence of Contract agreement -	8.587
837	FATA Secretariat	XEN Builjding NWA Miranshah 2014-22	Doubtful Execution of work –	10.088
838	FATA Secretariat	XEN Builjding NWA Miranshah 2014-23	Irregular expenditure without contract agreement & TS -	8.83
839	FATA Secretariat	XEN Builjding NWA Miranshah 2014-24	Irregular and unjustified expenditure -	1.015
840	FATA Secretariat	XEN Builjding NWA Miranshah 2014-25	Doubtful execution due to retention/withheld amount –	370,573
841	FATA Secretariat	XEN Builjding NWA Miranshah 2014-26	Overpayment due to showing utilization of Mild Steel in excess, Recovery of -	1.796
842	FATA Secretariat	XEN Builjding NWA Miranshah 2014-27	Overpayment due to showing utilization of Mild Steel in excess, Recovery of -	0.32
843	FATA Secretariat	XEN Builjding NWA Miranshah 2014-28	Overpayment due to showing utilization of Mild Steel in excess, Recovery of -	0.202
844	FATA Secretariat	XEN Builjding NWA Miranshah 2014-29	Overpayment due to showing utilization of Mild Steel in excess, Recovery of -	0.176
845	FATA Secretariat	XEN Builjding NWA Miranshah 2014-30	Overpayment due to allowing quantities in excess of BOQ –	0.29
846	FATA Secretariat	XEN Builjding NWA Miranshah 2014-31	Irregular & doubtful release of security deposit –	1.125
847	FATA Secretariat	XEN Builjding NWA Miranshah 2014-32	Irregular & doubtful payment of security deposit –	0.304
848	FATA Secretariat	XEN Builjding NWA Miranshah 2014-33	Non-credit of lapsed deposits -	6.49
849	FATA Secretariat	XEN Builjding NWA Miranshah 2014-34	Lapse of Non-ADP funds-	188.432
850	FATA Secretariat	XEN Builjding NWA Miranshah 2014-35	Irregular retention and non-credit of funds to the Government –	41,000
851	FATA Secretariat	XEN Builjding NWA Miranshah 2014-36	Irregular retention of funds of Deposit V –	0.185839
852	FATA Secretariat	XEN Builjding NWA Miranshah 2014-37	Irregular retention of funds of deposit works –	16.74
853	FATA Secretariat	XEN C7W Division Mohmand 2014-17	Non-imposition of penalty for delayed execution of work	6.215
854	FATA Secretariat	XEN C7W Division Mohmand 2014-18	02 Excess expenditure over & above the Technical Sanction Cost	1.113
855	FATA Secretariat	XEN C7W Division Mohmand 2014-19	Non-vesting of land in the name of FATA Secretariat costing	9.42
856	FATA Secretariat	XEN C7W Division Mohmand 2014-20	Loss due to excess utilization of Mild Steel -	0.526
857	FATA Secretariat	XEN C7W Division Mohmand 2014-21	Suspected execution of work -	4.335
858	FATA Secretariat	XEN C7W Division Mohmand 2014-22	Irregular and unauthorized expenditure on repair of non-residential buildings and roads -	3.025
859	FATA Secretariat	XEN C7W Division Mohmand 2014-23	Execution of below specification work -	7.08
860	FATA Secretariat	XEN C7W Division Mohmand 2014-24	Irregular expenditure on AOM&R to all Government Building	173,536
861	FATA Secretariat	XEN C7W Division Mohmand 2014-25	Irregular and doubtful expenditure on repair work of Political Agent’s Office -	0.492915
862	FATA Secretariat	XEN C7W Division Mohmand 2014-26	Irregular payment from AOM&R on remaining work -	0.113689
863	FATA Secretariat	XEN C7W Division Mohmand 2014-27	Non imposition of penalty amounting to	9.001
864	FATA Secretariat	XEN Building Bajaur 2014-17	Incurrence of Expenditure without Technical Sanctions -	2352.964

865	FATA Secretariat	XEN Building Bajaur 2014-18	Irregular and Un-Justified payment on special rates for non-schedule items worth	4.345
866	FATA Secretariat	XEN Building Bajaur 2014-19	Recovery of Rs.872,055 paid for marble 11 times over and above the technical estimates	
867	FATA Secretariat	XEN Building Bajaur 2014-20	Non-imposition of penalty for delayed work – Recovery of	9.424
868	FATA Secretariat	XEN Building Bajaur 2014-21	Recovery of Rs.392,119.02 paid for Glaze Tiles 9.66 times over and above the Technical Estimates	
869	FATA Secretariat	XEN Building Bajaur 2014-22	Irregular and unauthorized payment without contract agreement	57.734
870	FATA Secretariat	XEN Building Bajaur 2014-23	Non-imposition of penalty for delayed work -	3.6
871	FATA Secretariat	XEN Building Bajaur 2014-24	Excessive consumption of steel 19.560 Ton valuing	2.358
872	FATA Secretariat	XEN Building Bajaur 2014-25	Loss due to extra item of work -	1.733
873	FATA Secretariat	XEN Building Bajaur 2014-26	Non-imposition of penalty for delayed work -	2.953
874	FATA Secretariat	XEN Bilding Khyber 2014-17	Unfair and nontransparent award of work -	103.839
875	FATA Secretariat	XEN Bilding Khyber 2014-18	Mis-procurement by extending undue favour to Contractor	121.803
876	FATA Secretariat	XEN Bilding Khyber 2014-19	Irregular expenditure without technical sanction	477.959
877	FATA Secretariat	XEN Bilding Khyber 2014-20	Unjustified re-appropriation of Rs.13.549 million and irregular expenditure on consultancy services	1.541
878	FATA Secretariat	XEN Bilding Khyber 2014-21	Loss due to overpayment to contractor for HVAC (VRF) system-	6.189
879	FATA Secretariat	XEN Bilding Khyber 2014-22	Irregular expenditure due to non-execution of contract agreement-	186.099
880	FATA Secretariat	XEN Bilding Khyber 2014-23	Unjustified & doubtful expenditure due to retention of testing charges	8.4
881	FATA Secretariat	XEN Bilding Khyber 2014-24	Loss due to allowing different rates for the supply of same item	21.6
882	FATA Secretariat	XEN Bilding Khyber 2014-25	Loss due to non deduction of Income Tax-	12.525
883	FATA Secretariat	XEN Bilding Khyber 2014-26	Loss due to non deduction of Sales Tax-	26.617
884	FATA Secretariat	XEN Bilding Khyber 2014-27	Overpayment due to showing utilization of Mild Steel in excess -	11.96
885	FATA Secretariat	XEN Bilding Khyber 2014-28	Excess payment in the item of work “RCC 1-5/2:3-	6.586
886	FATA Secretariat	XEN Bilding Khyber 2014-29	Overpayment due to showing utilization of excess steel-	16.589
887	FATA Secretariat	XEN Bilding Khyber 2014-30	Overpayment of Rs.97,940/- due to utilization of steel in excess.	0.9794
888	FATA Secretariat	XEN Bilding Khyber 2014-31	Overpayment due to allowing premium of non schedule items	0.586621
889	FATA Secretariat	XEN Bilding Khyber 2014-32	Un-authorized & excess payment to contractor over contract cost-	3.737
890	FATA Secretariat	XEN Bilding Khyber 2014-33	Irregular Payment of special rates for non-schedule items in Governor House Phase-II	21.282
891	FATA Secretariat	XEN Bilding Khyber 2014-34	Irregular and Un-Justified Payment for non-schedule items	140
892	FATA Secretariat	XEN Bilding Khyber 2014-35	Non Production of Record.	
893	Ministry of Overseas Pakistanis & HRD	NIRC 2016-17	Irregular payment of salaries over and above the entitlement.	
894	Ministry of Overseas Pakistanis & HRD	NIRC 2016-18	Un-authorized allocation of more than one vehicle to Chairman National Industrial Relations Commission	
895	Ministry of Overseas Pakistanis & HRD	NIRC 2016-19	Irregular payment of salary over and above the entitlement without finalization of terms and conditions of service and un-authorized payment of orderly	

			allowance.	
896	Ministry of Overseas Pakistanis & HRD	NIRC 2016-20	Irregular payment of salary over and above the entitlement without finalization of terms and conditions of service and un-authorized payment of orderly allowance.	
897	Ministry of Overseas Pakistanis & HRD	NIRC 2016-21	Irregular and un-authorized expenditure without any budget allocation –	3.443
898	Ministry of Overseas Pakistanis & HRD	NIRC 2016-22	Irregular disposal of vehicles and non-deduction of advance tax –	0.585
899	Ministry of Overseas Pakistanis & HRD	NIRC 2016-23	Irregular and un-authorized payment on account of hiring to the member Mr. Falak Sher Farooqa –	0.647
900	Ministry of Overseas Pakistanis & HRD	NIRC 2016-24	Irregular and unauthorized expenditure through splitting up of the expenditures -	0.55
901	Ministry of Overseas Pakistanis & HRD	NIRC 2016-25	Non-production of record in respect of receipts.	
902	Ministry of Overseas Pakistanis & HRD	NIRC 2016-26	Non-production of record in respect election / referendum.	
903	Ministry of Overseas Pakistanis & HRD	NIRC 2016-27	Non conducting of Internal Audit	
904	Ministry of Overseas Pakistanis & HRD	NIRC 2016-28	Non-conducting of physical verification	
905	Ministry of Overseas Pakistanis & HRD	NIRC 2016-29	Non-maintenance of Physical Assets Register, Dead Stock Register, Postage Register	
906	Ministry of Overseas Pakistanis & HRD	NIRC 2016-30	Improper maintenance of long terms advances register	
907	Interior Division	Ghazaband Scouts 2016-17	Irregular payment of on account of Elctricity charges	5.91
908	Interior Division	Ghazaband Scouts 2016-18	Irregular cash payment on accoutns of Pay & allownaces drawn in the name of DDO (drawing & Disbursing Officer)	404.73
909	Interior Division	Ghazaband Scouts 2016-19	Irregular expenditure on account of purchase of soft drinks/Matkas without liviting open tenders	2.5
910	Interior Division	Ghazaband Scouts 2016-20	Non-presuction of record of regimental accounts of the office of Commandant Ghazaband Scouts	
911	Interior Division	Ghazaband Scouts 2016-21	Irregualr rush of expenditure in the last month of financial year 2016-2017 under the head of account(Purchase of Drugs)	8.241
912	Interior Division	Ghazaband Scouts 2016-22	Recovery due to non-deposit of General Sales Tax on purchase of spare Parts of vehicles	0.254
913	Interior Division	Ghazaband Scouts 2016-23	Non surender fo savings under the head Pay & Allowances	
914	Interior Division	Ghazaband Scouts 2016-24	Discrepancies noted in the maintenance of cash book	
915	Interior Division	Ghazaband Scouts 2016-25	Non verification of service book/sheet roll from AGPR (non verificaion of pay fixation)	
916	Interior Division	Ghazaband Scouts 2016-26	Irregular expenditure due to excessive splitting while purchase of stationary	0.915

			charges amounting	
917	Interior Division	Ghazaband Scouts 2016-27	Non accounts of 0.769 million on accounts of purchase of ATG items	0.769
918	Interior Division	Ghazaband Scouts 2016-28	Recovry of Rs. 0.229 million on accounts of General sale tax due non provision of GST retuen from supplier	0.229
919	Interior Division	Ghazaband Scouts 2016-29	non doisposal of 18 X 1 off read vehicles	
920	Interior Division	Mektan Scouts 2016-17	Non surrender of saving	74.409
921	Interior Division	Mektan Scouts 2016-18	Irregular expenditure on account of purchase stationery inviting open tender	1.467
922	Interior Division	Mektan Scouts 2016-19	Recovery of on account of General Sale Tax not included/deducted on purchase of spare parts of vehicles	0.164
923	Interior Division	Mektan Scouts 2016-20	Non Production of Record of regimental accounts of the office of commandant Mekran Scouts	
924	Interior Division	Mektan Scouts 2016-21	Non accountal in stock register on accounts of purchase of ICE and Soft drinks	2.843
925	Interior Division	Mektan Scouts 2016-22	Recovery on accounts of sale proceed on skin	0.598
926	Interior Division	Mektan Scouts 2016-23	Irregular cash payment on accountof Pay & Allowance issued in the name of DDO (drawing & disbursing Officer)	34.1846
927	Interior Division	Mektan Scouts 2016-24	Irregular expenditure due to excessive splitting while purchase of ATG	3.175
928	Interior Division	Mektan Scouts 2016-25	Non verification of service book/sheet roll from AGPR (non verificaion of pay fixation)	
929	Interior Division	Mektan Scouts 2016-26	Irreguar expenditure on accounts of purchase of transpotaion charges without inviting open tenders	4.399
930	Interior Division	Mektan Scouts 2016-27	Annual physiical verificatio of the store / stock not carried out	
931	Interior Division	IGFC Balochistan 2016-17	Irregular and unjustified purchase of vehicle	99.97
932	Interior Division	IGFC Balochistan 2016-18	Irregular rush of expenditure in the last month fo financial year 2016-17 under the head purchases of Transport	1.853
933	Interior Division	IGFC Balochistan 2016-19	Irregular provisional of an acccount of electricity charges	23.23
934	Interior Division	IGFC Balochistan 2016-20	Unauthorized of Rs.4.999 million beyond the financial power of IGFC	
935	Interior Division	IGFC Balochistan 2016-21	Unjustified expenditure on accounts of purchase of tires & batteries of vehicles	43.68
936	Interior Division	IGFC Balochistan 2016-22	unauthorized expenditure on accounts of repair of helicopter	5
937	Interior Division	IGFC Balochistan 2016-23	Unjustifies expenditure on accounts of steel trund due to mis-procurement and provide undue favor of firm	40.417
938	Interior Division	IGFC Balochistan 2016-24	Irregular expenditure on accounts of bullet proof jacket	47.588
939	Interior Division	IGFC Balochistan 2016-25	Irregualr expenditure on accounts of purchase of tape Nawar without inviting open tender	2.499
940	Interior Division	IGFC Balochistan 2016-26	recovery due to less deduction of income tax on purchase of medicines	1.261
941	Interior Division	IGFC Balochistan 2016-27	Irregular expenditure on account of purchase of Furniture and fixture without tender	15.333
942	Interior Division	IGFC Balochistan 2016-28	Internal audit of HQFC by the controlling ministry not carried out as per requirement of finnacial rules	
943	Interior Division	IGFC Balochistan 2016-29	Non Production of Record of regimental accounts of the headquarter Frontier Corps	

944	Interior Division	IGFC Balochistan 2016-30	Unauthorized payment of reward money thorugh DDO	30.758
945	Interior Division	IGFC Balochistan 2016-31	Irregular expenditure on medical equipment due to misclassification	1.328
946	Interior Division	DOFC OGHI 2016-17	Irregular expenditure on accounts of POL in absence of recording mater reading in the tunning registers	2.24
947	Interior Division	DOFC OGHI 2016-18	Irregular payment of CAF Allowance	62.647
948	Interior Division	DOFC OGHI 2016-19	Non provision of Actual Payees Receipts in support of paymet	10.619
949	Interior Division	DOFC OGHI 2016-20	Non reconciliation of electricity charges	3.053
950	Interior Division	DOFC OGHI 2016-21	Irregular expenditure on account of residential telephone	0.055999
951	Interior Division	DOFC OGHI 2016-22	Non surrender of anticipated saving	0.250023
952	Interior Division	DOFC OGHI 2016-23	Irregualr expenditure incurred in excess of budget grant	23.397
953	Interior Division	DOFC OGHI 2016-24	Internal check	
954	Interior Division	DOFC OGHI 2016-25	Physical verfication of Durable Goods/Store and Stock	
955	Interior Division	DOFC OGHI 2016-26	Loss to government due to non-deduction of income tax	0.31632
956	Interior Division	DOFC OGHI 2016-27	Non auction un-serviceable government vehicles	
957	Interior Division	DOFC OGHI 2016-28	Improper maintenance of Sheet Rolls	
958	Interior Division	Commandant Dalbandin Rifles 2016-17	Irregular splitting on accounts of purchase of drugs and medicine	0.973
959	Interior Division	Commandant Dalbandin Rifles 2016-18	Non production of record of regimental accounts fo the office of commandant dalbandin rifles	
960	Interior Division	Commandant Dalbandin Rifles 2016-19	Recovery of on account of General Sale Tax not included/deducted on purchase of spare parts of vehicles	
961	Interior Division	Commandant Dalbandin Rifles 2016-20	Irregualr expenditure on accounts of medical charges in violation of rules procedure	0.597
962	Interior Division	Commandant Dalbandin Rifles 2016-21	Irregualr expenditure on POL and repair of 172 vehicle without authorized of vehicles by special plans division / cabinet division	33.35
963	Interior Division	Commandant Dalbandin Rifles 2016-22	Non accountal in stock register on accounts of purchase of firewood	0.591
964	Interior Division	Commandant Dalbandin Rifles 2016-23	Irregular expenditure on accunts of Ice without open tender	1.65
965	Interior Division	Commandant Dalbandin Rifles 2016-24	Non verification of service book/sheet roll from AGPR (non verificaion of pay fixation)	
966	Interior Division	Commandant Dalbandin Rifles 2016-25	Irregular provisional of an acccount of electricity charges	9.871
967	Interior Division	Commandant Dalbandin Rifles 2016-26	Non auction un-serviceable MT spare parts of vehicles	
968	Interior Division	Commandant Dalbandin Rifles 2016-27	Non surrender of saving	31.426
969	Interior Division	Panjgur Rifles 2016-17	Irregular expenditure on accounts of stationary and printing charges amounting to Rs. 0.667 million & Recovery of Rs.	0.36335
970	Interior Division	Panjgur Rifles 2016-18	Irregualr expenditure under Hot & Cold charges	1.204
971	Interior Division	Panjgur Rifles 2016-19	Irregular and unjustified expenditure on accounts of Carriage/Transportation of Goods	1.17
972	Interior Division	Panjgur Rifles 2016-20	Irregular cash drawl in violation of financial rules/Procedure	1.573
973	Interior Division	Panjgur Rifles 2016-21	Irregular purchase of M.T Spare Parts & Repair of Transportation without open tender	3.438

974	Interior Division	Panjgur Rifles 2016-22	Unjustifies medical expenditure on drawn for outdoor patients	2.37
975	Interior Division	Panjgur Rifles 2016-23	Irregular previsional payment on accouts of Electricity charges	2.943
976	Interior Division	Panjgur Rifles 2016-24	Non-affixing the Revenue Stamps Rs. 307200 on the salaries accounts rolls & recovery thereof	307,200
977	Interior Division	Panjgur Rifles 2016-25	Irregular expenditure on accounts of ATG without planning /Tender	1.075
978	Interior Division	Panjgur Rifles 2016-26	Non-production of record of regimental accounts	
979	Interior Division	Panjgur Rifles 2016-27	Irregualr deduction from Pay & Allowances in the name of regimental account cutting amounting	95.231
980	Interior Division	Panjgur Rifles 2016-28	Non recovery of Rs.141,100 on account fo sale proceed of skin	0.1411
981	Interior Division	Qilla SaifUllah Scouts 2016-17	Non-compliance of previous audit report violation of Government Rules/Auditor General Ordinance	
982	Interior Division	Qilla SaifUllah Scouts 2016-18	Un justified expenditure on accounts of Annual traning Grant	1.059
983	Interior Division	Qilla SaifUllah Scouts 2016-19	Irregular cash drawal in violation of financila rules/procedure	14.763
984	Interior Division	Qilla SaifUllah Scouts 2016-20	Irregular rush of expenditure during the month of June 2017	25.199
985	Interior Division	Qilla SaifUllah Scouts 2016-21	Irregular and unjustified expenditure on accounts of Carriage/Transportation of Goods	5.626
986	Interior Division	Qilla SaifUllah Scouts 2016-22	Unjustified purchase of medicine & durgs without local requirement	9.608
987	Interior Division	Qilla SaifUllah Scouts 2016-23	non production of record of command fund & regimental account of the office of commandant Qilla Saif Ullah Scouts	
988	Interior Division	Qilla SaifUllah Scouts 2016-24	Recovery of income tax on the purchase of verious items & repairs	44.893
989	Interior Division	Qilla SaifUllah Scouts 2016-25	Recovery of Medical charges as drawn for out door patients	0.855
990	Interior Division	Qilla SaifUllah Scouts 2016-26	Unauthorized expenditure over the ceeling limit on account of the feed for animals	0.926
991	Interior Division	Qilla SaifUllah Scouts 2016-27	Non deduction of taxes on account of ration and recovery	2.319
992	Interior Division	Commandant Loralai Scouts 2015-17	Irregular and unjustified expenditure on accounts of Carriage/Transportation of Goods	4.24
993	Interior Division	Commandant Loralai Scouts 2015-18	Irregular expenditure on accounts of stationary	1.27
994	Interior Division	Commandant Loralai Scouts 2015-19	Irregualr expenditure without tender of Rs. 5.5492 million under the head of hot & cold weather charges & recovery of Taxes	1.024
995	Interior Division	Commandant Loralai Scouts 2015-20	Unjustified purchase of medicine & durgs without local requirement & recovery of income tax	0.549
996	Interior Division	Commandant Loralai Scouts 2015-21	Irregular purchase of M.T Spare Parts & Repair of Transportation without open tender	5.347
997	Interior Division	Commandant Loralai Scouts 2015-22	Irregualr expenditure on account of ATG without planning /Tender Rs.1.613 Million and recovery	0.346773
998	Interior Division	Commandant Loralai Scouts 2015-23	Irregular cash drawal in violation of financila rules/procedure	11.161
999	Interior Division	Commandant Loralai Scouts 2015-24	Irregular expenditure on account of medical charges	3.35
1000	Interior Division	Commandant Loralai Scouts 2015-25	Non-affixing the Revenue Stamps Rs. 0.576 millin on the salaries accounts rolls & recovery thereof	0.576
1001	Interior Division	Commandant Loralai Scouts 2015-26	Irregular expenditure on account of POL due to excess fleet of vehicle	45

1002	Interior Division	Commandant Loralai Scouts 2015-27	Misappropriation of additional funds	25.14
1003	Interior Division	Commandant Loralai Scouts 2015-28	Non deduction of taxes on account of ration and recovery	5.168