AUDIT REPORT

ON

THE ACCOUNTS OF

FEDERAL GOVERNMENT - (CIVIL)

AUDIT YEAR 2025-26

AUDITOR-GENERAL OF PAKISTAN

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 expenditures of the Federal Government for the financial year 2024-25. Directorate General Audit (Federal Government), Islamabad conducted audit on test check basis with a view to reporting significant findings to the stakeholders. The main body of the Audit Report includes audit findings of serious nature and systemic issues having significant value. The sectoral analysis of the Federal Government is included to review financial management and fiscal discipline. Lesser significant issues are listed in the Annexure I of the Report as Memorandum for Departmental Accounts Committee (MFDAC), which shall be pursued with the Principal Accounting Officers (PAO) at the Departmental Accounts Committee (DAC) level. In cases, where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through next year's Audit Report.

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

There are certain Audit Para(s) which were also reported in the Audit Reports of the last financial years. Recurrence of such irregularities is a matter of concern and needs to be addressed promptly.

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

(Maqbool Ahmad Gondal)
Auditor-General of Pakistan

Islamabad
Dated:

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ABBREVIATIONS AND ACRONYMS

A/C	Account
ADB	Asian Development Bank
AFS	Additional Finance Secretary
AG	Accountant-General
AGFP	Attorney General for Pakistan
AGP	Auditor-General of Pakistan
AGPR	Accountant-General of Pakistan Revenue
AIOU	Allama Iqbal Open University
AJK	Azad Jammu and Kashmir
APPM	Accounting Policies and Procedures Manual
ASF	Airport Security Force
BECS	Basic Education Community Schools
BoG	Board of Governors
BoQ	Bills of Quantity
BPS	Basic Pay Scale
CBA	Collective Bargaining Agreement
CDL	Cash Development Loan
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CF	Court Fee
CGA	Controller General of Accounts
CHE	Central Health Establishment
PAO	Principal Accounting Officer
CPEC	China Pakistan Economic Corridor
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
DAC	Departmental Accounts Committee
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DG	Director General
DGA	Director General Audit
DRAP	Drug Regularity Authority of Pakistan
EAD	Economic Affairs Division
ECC	Economic Coordination Committee
ECNEC	Executive Committee on National Economic Coordination
EDF	Export Development Fund

EMDF	Export Market Development Fund
EPI	Expanded Programme on Immunization
ETPB	Evacuee Trust Property Board
FAP	Foreign Aided Project
FBISE	Federal Board of Intermediate and Secondary Education
FBR	Federal Board of Revenue
FCF	Federal Consolidated Fund
FEB&GIF	Federal Employees Benevolent and Group Insurance Fund
FG	Federal Government
FIA	Federal Investigation Authority
FPSC	Federal Public Service Commission
FTO	Federal Treasury Office
FTR	Federal Treasury Rules
FY	Financial Year
GDP	Gross Domestic Product
GFR	General Financial Rules
GST	General Sales Tax
HBL	Habib Bank Limited
HEC	Higher Education Commission
HR	Human Resource
HRD	Human Resource Development
HVAC	Heating, Ventilation, and Air Conditioning
IAP	Iqbal Academy, Pakistan
IBCC	Inter Board Chairmen Committee
IC	Investment Committee
ICT	Islamabad Capital Territory
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IHC	Islamabad High Court
IKTK	Institute of Knitwear Technology
INL	International Narcotics Law Affairs Section
JIT	Joint Investigation Team
KDLB	Karachi Dock Labour Board
KPT	Karachi Port Trust
LC	Letter of Credit
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
MoU	Memorandum of Understanding

MSA	Marine Security Agency
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NARC	National Agriculture Research Council
NAVTTC	National Vocational and Technical Training Commission
NBP	National Bank of Pakistan
NDMA	National Disaster Management Authority
NIDA	National Income Daily Account
NIH	National Institute of Health
NOC	No Objection Certificate
NPA	National Police Academy
NPF	National Police Foundation
NSPP	National School of Public Policy
NTC	National Tariff Commission
NUML	National University of Modern Languages
OECD	Organization for Economic Cooperation and Development
OEM	Original Equipment Manufacturer
OM	Office Memorandum
OOSC	Out of School Children
PA	Per annum
PAC	Public Accounts Committee
PARC	Pakistan Agriculture Research Council
PATCO	PARC Agrotech Company (Pvt.) Limited
PCB	Pakistan Cricket Board
PCSIR	Pakistan Council of Scientific and Industrial Research
PEC	Pakistan Engineering Council
PEIRA	Private Educational Institutions Regulatory Authority
PEMRA	Pakistan Electronic Media Regulatory Authority
PHF	Pakistan Hockey Federation
PHMA	Pakistan Hosiery Manufacturers Associations
PID	Press Information Department
PLA	Personal Ledger Account
PLS	Profit and Loss Sharing
PM	Prime Minister
PMA	Pakistan Marine Academy
PMI	Pakistan Management Institute
PMSA	Pakistan Maritime Security Agency
PMU	Project Management Unit

POL	Petroleum, Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PRO	Public Relations Officer
PSDP	Public Sector Development Programme
PSL	Pakistan Super League
PSQCA	Pakistan Standards and Quality Control Authority
PTV	Pakistan Television
PWD.	Pakistan Public Works Department
QMMB	Quaid-e-Azam Mazar Management Board
R&D	Research and Development
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
SIC	Special Investigation Cell
Sq. M.	Square Meter
SRO	Statutory Regulatory Order
TAM	Television Audience Measurement
TDAP	Trade Development Authority of Pakistan
TDR	Terms Deposit Receipt
TOR	Terms of Reference
TRP	Television Rating Points
UAE	United Arab Emirates
UBL	United Bank Limited
UESTP	Universities of Engineering, Science and Technology of Pakistan
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children Education Fund
UOBS	University of Baltistan, Skardu
US	United States
USD	US Dollars
Vol.	Volume
w.e.f.	With effect from
WAPDA	Water and Power Development Authority

EXECUTIVE SUMMARY

Directorate General Audit (Federal Government) is a Field Audit Office (FAO) of the Auditor-General of Pakistan. It facilitates the Auditor-General of Pakistan to fulfill his constitutional responsibility of conducting the audit of the Federal Government. The main outputs of this office are Certification Audit Reports of the Federal Government, Foreign Aided Project Audit Reports, Performance Audit Reports, Special Audit Reports and Compliance with Authority Audit Report.

The Federal Government conducts its operations under the Rules of Business, 1973 and comprises 62 Principal Accounting Officers (PAOs) for different Ministries, Divisions and entities. The DGA (FG) conducts audit of the Federal Consolidated Fund and Public Account of the Federal Government. The sectoral analysis of financial issues and fiscal discipline is also carried out to analyze the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and International Public Sector Accounting Standards (IPSAS) Financial Statements for the financial year 2024-25. The DGA (FG) has human resources of 101 officers and staff with 24,947 person days. The annual budget allocated to the Directorate General for the Audit Year 2025-26 is Rs. 353.461 million.

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

Audit Objectives

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

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

ii. The probity and propriety of administrative decisions taken and to highlight cases of irregular expenditure or waste of public money.

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

Scope of Audit

DG Audit (FG) conducts compliance audit of 2,012 formations of 61 different PAOs of the Federal Government. In the Audit Year 2025-26, an expenditure of Rs. 4,178.737 billion was in the audit scope of DG Audit (FG).

Audit coverage relating to expenditure and receipt for the current Audit Year comprises 250 formations of 41 PAOs/Ministries having a total expenditure of Rs. 537.279 billion and receipt of Rs. 19.669 billion for the financial year 2024-25. In terms of percentage, the audit coverage (Compliance Audit) was 12.86% of the auditable expenditure.

In addition to this Compliance Audit Report, DGA (FG) conducted 02 Certification Audits, 16 Foreign Aided Project (FAP) Audits, and Seven Entity Audits.

Recoveries at the instance of Audit

As a result of audit, during January, 2025 to December, 2025, an amount of Rs. 2,265.136 million was recovered and verified.

Audit Methodology

Audit was conducted in accordance with the Internal Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as incorporated in the Financial Audit Manual (FAM), Guidelines for the Audit of the Federal Government Operations and the International Standards of Supreme Audit Institutions (ISSAI).

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 the System Application Product (SAP/R3) data of the Accountant-General Pakistan Revenues (AGPR).

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

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

Comments on Internal Controls and Internal Audit

During the Audit Year 2025-26, it was observed that most entities lack an established Internal Audit unit, contrary to Section 29 of the Public Finance Management Act, 2019 and Para 33 of the PAOs Regulations, 2021. The Chief Internal Auditors (CIA) have not been appointed/posted as envisioned by the Federal Government in the PAOs Regulations, 2021. Instances of internal control failures were identified which resulted in irregularities and loss of Government money. Similarly, the institutionalization of internal audit and regular issuance of internal audit reports were found missing in majority of the auditee organizations. The same was pointed out to the management for remedial measures.

Impact of Audit:

i. Due to an Audit observation, PPRA agrees to grant access to the Department of the Auditor-General of Pakistan on EPADS for accountability.

ii. The Ministry of National Health Service Regulations and Coordination has agreed to conduct regular monitoring and exercise internal controls on the funds transfer by Global Fund to fight TB, AIDS and Malaria.

iii. PPRA agrees to amend E-PADS regulations and PPRA Ordinance in compliance of audit observations.

iv. The Higher Education Commission has agreed to make uniform rules for HR across the universities.

v. Prime Minister of Pakistan has directed the initiation of legal proceedings in Sindh high Court for the recovery of awarded legal and administrative costs (EUR 210,788, GBP 1,546,937, EUR 117,941 and USD 62,415) to in the case of Dr. Hilal Hussain Al-Tuwariqi and Al-Ittefaq Steel Products Company. The Permanent Court of Arbitration awarded the amounts on 19th December, 2023.

Key Audit findings

i. There were 2 cases of misappropriation and embezzlement of public money and fictitious payments[1].

ii. There were 82 cases where recovery was pointed out by Audit[2].

iii. There were 78 instances of weak internal controls[3].

Audit Paras for the Audit Year 2025-26 involving procedural violations, internal control weaknesses and irregularities which are not considered significant for reporting to the PAC are included in the MFDAC at Annexure I.

Recommendations

i. No expenditure may be incurred without budgetary cover and authorization by the Parliament.

ii. Supplementary Grants need not to be issued without assessment and approval from the Parliament within the financial year.

iii. Cases of serious embezzlement of public money be sent to the investigation agencies.

iv. Retained Government receipts and unspent balances need to be deposited in the Government treasury wherever applicable.

v. Internal control system be strengthened to mitigate the risks.

vi. Internal audit and issuance of internal audit report need to be ensured.

vii. Financial Attest Audit Reports of autonomous authorities need to be shared with AGP's audit teams where required.

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[1] Para No. 11.5.13, 16.5.7

[2]Para No. 3.5.1, 4.5.2, 4.5.5, 5.5.1, 5.5.2, 6.5.2, 6.5.3, 6.5.4, 6.5.6, 6.5.7, 6.5.8, 7.5.1, 7.5.3, 7.5.4, 7.5.6, 7.5.9, 7.5.11, 7.5.12, 7.5.16, 7.5.23, 7.5.24, 7.5.25, 7.5.28, 7.5.30, 8.5.2, 9.5.2, 11.5.1, 11.5.2, 11.5.3, 11.5.11, 11.5.12, 11.5.17, 11.5.20, 11.5.23, 11.5.26, 11.5.27, 11.5.29, 11.5.30, 11.5.31, 11.5.33, 11.5.37, 11.5.39, 11.5.47, 11.5.56, 11.5.61, 11.5.63, 11.5.64, 11.5.65, 12.5.1, 12.5.2, 12.5.3, 12.5.5, 13.5.1, 13.5.2, 14.5.1, 15.5.4, 15.5.8, 15.5.14, 16.5.4, 16.5.10, 16.5.11, 17.5.7, 17.5.8, 17.5.10, 18.5.1, 18.5.4, 18.5.11, 19.5.4, 19.5.6, 19.5.9, 19.5.10, 22.5.3, 22.5.4, 22.5.5, 22.5.6, 22.5.7, 23.5.2, 23.5.4, 23.5.5, 23.5.11, 23.5.12, 23.5.16

[3]Para No. 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6, 1.2.7, 1.2.8, 1.2.9, 1.2.10, 1.2.11, 1.2.12, 1.2.13, 1.2.14, 2.5.1, 2.5.2, 3.5.4, 3.5.5, 4.5.3, 4.5.4, 6.5.5, 6.5.9, 6.5.10, 7.5.10, 10.5.3, 10.5.7, 11.5.4, 11.5.5, 11.5.6, 11.5.7, 11.5.8, 11.5.10, 11.5.14, 11.5.15, 11.5.16, 11.5.21, 11.5.32, 11.5.34, 11.5.35, 11.5.42, 11.5.43, 11.5.44, 11.5.45, 11.5.46, 11.5.48, 11.5.50, 11.5.55, 11.5.62, 15.5.3, 15.5.9, 15.5.10, 15.5.12, 15.5.13, 15.5.15, 15.5.16, 17.5.11, 17.5.12, 18.5.2, 18.5.6, 18.5.8, 18.5.9, 18.5.10, 18.5.12, 19.5.2, 19.5.8, 20.5.1, 21.5.1, 21.5.2, 22.5.10, 22.5.11, 22.5.12, 22.5.14, 23.5.1, 23.5.6, 23.5.9, 23.5.13, 23.5.14, 23.5.15

viii. Fixed Assets Register needs to be maintained. All assets need to be recorded in the stock register and physical verification be carried out annually.

ix. All auditable records be produced to Audit when demanded. PAOs need to take the issues of non-production of record seriously as it hampers the auditorial functions of the Auditor-General of Pakistan.

CHAPTER 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

The Directorate General Audit (Federal Government) analyzed the financial management of the Federal Government by reviewing Budget Estimates, Appropriation Accounts and IPSAS Financial Statements for the financial year 2024-25 and Grants of all the Ministries/Division included in the Audit Plan 2025-26. Overall financial health and fiscal discipline were reviewed in the light of the Financial Audit Manual, Public Finance Management Act, General Financial Rules, Accounting Policy and Procedures Manual, field audit of internal controls of selected formations and relevant legislations like Fiscal Responsibility and Debt Limitation Act, 2005.

The analysis revealed certain deficiencies and shortcomings which were shared with the management and all the stakeholders which include AGPR, CGA, Ministry of Finance and all the PAOs of the relevant Ministries/Divisions and other entities for corrective measures. It was observed during audit of the financial year 2024-25 that the Federal Government had certain financial management issues which include:

i. 92% of the total Supplementary Grants remained unapproved by Parliament – Rs. 3,177.682 billion (out of a total supplementary grant of Rs. 3,454 billion)
ii. Supplementary grant for principal repayment of loan without need assessment resulted into excess expenditure– Rs. 1,833.377 billion
iii. Expenditure in excess of Final Grants - Rs. 187.680 billion
iv. Unjustified demand of budget without need assessment – Rs. 3,809.190 billion
v. Non-utilization under 115 Cost Centers resulting in to lapse of Rs. 87.336 billion
vi. Non-utilization of supplementary Grant - Rs. 41.682 billion
vii. Non-preparation of Debt and Losses Reports
viii. Non-maintenance of fixed asset register and liabilities register
ix. Missing GP Fund subscriptions in individual GP Fund Accounts

x. Irregular Transfer of Funds from the Federal Consolidated Fund to the Public Account in Contravention of Article 78 of the Constitution - Rs. 7.498 billion

As per the Appropriation Accounts for the financial year 2024-25, there was a total provision of Rs. 43,438.864 billion, however, after surrender and supplementary grants, final allocation was Rs. 39,345.228 billion. The actual expenditure was Rs. 41,335.729 billion with Rs. 1,990.501 billion (5.06%) excess, greater than the final allocation. Detail of Current, Development and Charged expenditure is as under:

(Rupees in billion)

Heads	Number of Grants	Original	Supplementary Grant		Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	
			Printed	Not Printed				Amount	% age
Current	90	5,373.377	200.934	493.863	(1,209.963)	4,858.212	4,825.158	(33.053)	-0.69%
Development	44	2,017.000	81.638	39.333	(464.571)	1,673.400	1,629.899	(43.500)	-2.67%
Charged	14	33,873.469	1.574	2,644.485	(3,705.914)	32,813.615	34,880.670	2,067.055	5.93%
Total		**41,263.846**	**284.146**	**3,177.681**	**(5,380.448)**	**39,345.227**	**41,335.727**	**1990.502**	**5.06%**

Table I: Total Provisions in Appropriation Accounts 2024-25

**{excluding five (5) grants i.e. Defense Services, Geological Survey of Pakistan, Foreign Affairs, Foreign Missions and Capital Outlay on Civil Works).*

Comparison of current year's excess with the previous year's excess indicates improvement in budgeting of the Federal Government. Trend of expenditure in comparison to the final budget is tabulated as under.

(Rupees in billion)

Financial year	Final Grant	Actual expenditure	Excess / (Savings)	% (Savings) / Excess
2019-20	22,375.35	22,523.86	148.51	0.66%
2020-21	21,727.53	25,966.21	4,238.68	19.40%
2021-22	29,625.31	29,663.17	37.86	0.13%
2022-23	38,616.656	38,675.387	58.731	0.15%
2023-24	40,315.02	39,945.052	(369.969)	(0.92) %
2024-25	39,345.228	41,335.729	1,990.501	5.06%

Table II: Comparison with Previous Years

Overall appropriation figures revealed that the Federal Government granted supplementary grants of Rs. 3,461.830 billion, out of which Rs. 3,177.682 billion were not approved by the Parliament.

In four (4) grants, there was a saving of Rs. 8,003.215 billion after supplementary grants of Rs. 5,589.558 billion, showing non-utilization of 100% supplementary grant, and in 9 Grants, against there was excess expenditure of Rs.

187.680 billion against final appropriation of Rs. 11,235 billion without obtaining any supplementary grant. The detail is summed up in the **Figure I**.

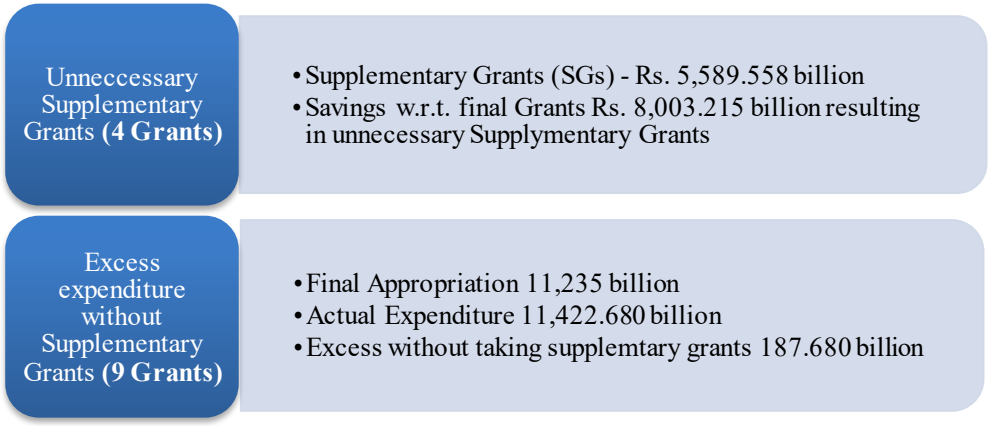


Figure I Variation of SGs from Actual Requirements

There was a slight increase in share of total expenditure on current and development grants during the financial year 2024-25 as compared to the financial year 2023-24 showing a bit increased resource allocation on development and current expenditure having positive effect on the growth of the economy as shown in **Figure II**:

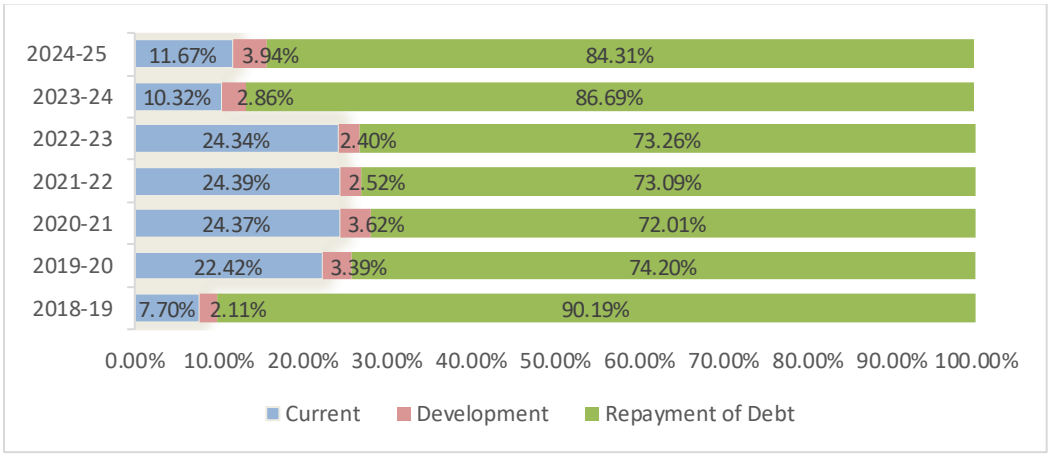


Figure II – Current, Development and Repayment of debt expenditure as % of Total Expenditure

Break-up of expenditure: As per Appropriation Accounts of the Federal Government, for the financial year 2024-25, the total expenditure of Rs. 41,335.730 billion was booked by the AGPR and its subordinate offices, as detailed below:

(Rs. in billion)

BREAK-UP OF DEBT AND NON-DEBT EXPENDITURE				
Economic Functions	**FY 2024-25**		**FY 2023-24**	
	Expenditure	**% of Total**	**Expenditure**	**% of Total**
i. Interest Payment	8,998.449	21.77%	8,207.18	20.55%
ii- Principal Repayments of Loans	25,853.234	62.54%	26,419.72	66.14%
A- Total Debt Servicing (i+ii)	**34,851.682**	**84.31%**	**34,626.91**	**86.69%**
B- Other than Debt	6,484.047	15.69%	5,318.15	13.31%
Grand Total	**41,335.730**	**100.00%**	**39,945.05**	**100%**
FUNCTION WISE EXPENDITURE*				
Function	**Expenditure**	**% of Total**	**Expenditure**	**% of Total**
01 - General Public Service	39,583.418	95.76%	38,449.49	96.26%
02 - Defence Affairs & Services	14.113	0.03%	13.56	0.03%
03 - Public Order and Safety Affairs	336.479	0.81%	283.21	0.71%
04 - Economic Affairs	492.586	1.19%	472.31	1.18%
05 - Environment Protection	4.311	0.01%	3.52	0.01%
06 - Housing and Community Amenities	14.747	0.04%	10.24	0.03%
07 – Health	75.254	0.18%	53.10	0.13%
08 - Recreation, Culture and Religion	25.190	0.06%	20.10	0.05%
09 - Education Affairs and Services	182.771	0.44%	159.30	0.40%
10 - Social Protection	606.860	1.47%	480.22	1.20%
Grand Total	**41,335.730**	**100.00%**	**39,945.05**	**100%**

Table III – Break-up of expenditure

**{excluding five (4) grants i.e. Defense Services, Geological Survey of Pakistan, Foreign Affairs and Capital Outlay on Civil Works).*

As evident from the table above, a high percentage of expenditure i.e. 95.76% was expended on General Public Service which includes 84.31% on repayment of debt and interest payments during 2024-25, which was 86.69% during 2023-24. Therefore, Federal Government was left with a meager 15.69% of total expenditure for socio economic functions (other than debt) which is slightly higher than the last year's percentage of 13.31%.

Analysis of Financial Statements of the Federal Government: As per Financial Statements of the Federal Government, for the financial year 2024-25, the Government expended Rs. 43,590,087 billion against the total receipts of Rs. 42,886,745 billion out of the Federal Consolidated Fund, as detailed below:

(Rs. in billion)

Particular	FY 2024-25	FY 2023-24
Revenue Receipts	9,838.30	7,047.17
Capital receipts (Debts/recovery of loans/adv)	33,048.45	34,995.91
TOTAL RECEIPTS	**42,886.75**	**42,043.07**
Revenue payments	16,756.37	14,592.18
Capital payments	26,833.72	27,331.32
TOTAL PAYMETS	**43,590.09**	**41,923.50**

Table IV: Total Payments

Five years trend in Public Debt[4]: Trend of domestic and foreign debt for the last 5 years is shown in the table given below. As per Financial Statements of the Federal Government for the financial year (FY) 2024-25, there was an increase in receipt of domestic-floating and permanent debts to Rs. 14.93 trillion and Rs. 14.64 trillion as compared to last year's receipt of Rs. 21.69 trillion and Rs. 10.65 trillion respectively. However, receipt of foreign debt was a bit increases to Rs. 3.20 trillion as compared to previous year's receipts of Rs.2.36 trillion.

The retiring of debt shows that during the financial year 2024-25, Federal Government paid off Rs. 16.50 trillion and 7.07 trillion of floating and permanent domestic debts as well as Rs. 2.28 trillion of foreign debt. Resultantly, the Federal Government decreased its debts by Rs. 6.91 trillion during 2024-25 which is 17% decrease from the last year, 2023-24.

(Rs. in trillion)

FY	Receipts				Payments				Net increase /(decrease)	% of increase /(decrease)
	Domestic Debt		Foreign Debt	Total Receipts	Domestic Debt		Foreign Debt	Total		
	Floating	Permanent			Floating	Permanent				
2021	14.55	3.18	2.24	19.96	13.807	0.96	0.96	15.72	4.24	56%
2022	17.94	6.53	3.08	27.54	17.96	1.88	1.84	21.68	5.86	38%
2023	25.17	7.29	2.88	35.34	22.63	2.46	3.24	28.33	7.01	20%
2024	21.69	10.65	2.36	34.71	20.64	3.47	2.31	26.42	8.29	18%
2025	14.93	14.64	3.20	32.77	16.50	7.07	2.28	25.85	6.91	-17%

Table V: Five Years' Trend of Public Debt

Composition of total receipts[5]: To meet its expenditures, Federal Government mainly relied on borrowings in the shape of public debt *(domestic and foreign debt)* which contributed Rs. 32,766.058 billion (76.40%) of the total receipt. There is a bit less reliance on borrowings as compared to last year when public debt to the tune of Rs. 34,710.80 billion was part of the total receipts.

(Rs. in billion)

Particulars	FY 2024-25	FY 2023-24
Revenue-Receipts	**9,838**	**7,047**
Taxation	5,091	4,170
Non-taxation	4,748	2,877
Capital–Receipts	**33,048**	**34,996**
Domestic debt	29,568	32,348
Foreign debt	3,198	2,363
Recoveries of loans and advances	282	284
Total Receipts	**42,887**	**42,043**

Table VI: Total receipts

[4] Financial Statement 2023-24 Page # 34-35
[5] Financial Statement 2023-24 Page # 15

During the financial year 2024-25, tax receipts of the Federal Government were Rs. 11,674.641 billion as compared to Rs. 9,246.168 billion for the previous financial year, which represents an increase of 26.26%. Out of the total tax collections for the financial year 2024-25, the Federal Government has transferred Rs. 6,583.984 billion to the provinces. These transfers are made from all heads of taxes in accordance with the NFC Award. The net tax reported after the transfers, leaves the Federal Government with a tax revenue of Rs. 5,090.657 billion against Rs. 4,170.473 billion in comparison with the previous financial year.

		2025 (Rupees in million)			2024 (Rupees in million)		
	Note	Tax Collected	Transfers	Net Tax Collected	Tax Collected	Transfers	Net Tax Collected
Income Tax	7.1	5,696,857	(3,137,070)	2,559,787	4,452,777	(2,374,863)	2,077,914
Sales Tax	7.2	3,902,922	(2,255,553)	1,647,369	3,091,529	(1,750,129)	1,341,400
Customs	7.3	1,264,021	(735,979)	528,042	1,086,392	(625,198)	461,194
Federal Excise	7.4	766,644	(447,225)	319,419	578,013	(318,046)	259,967
Others	7.5	44,197	(8,157)	36,040	37,457	(7,459)	29,998
		11,674,641	(6,583,984)	5,090,657	9,246,168	(5,075,695)	4,170,473

Composition of tax receipts: In 2024-25, there was a huge growth in Income Tax including nominal growth in the Sales Tax, Federal Excise, Custom Duty and others taxes which in total have increased by Rs. 920.184 billion (from Rs. 4,170.473 billion in the FY 2023-24 to Rs. 5,090.657 billion in the FY 2024-25) as compared to the previous financial year 2023-24[6]. The same is reflected in the Figure V:

[6] Financial Statements 2023-24 Page # 19

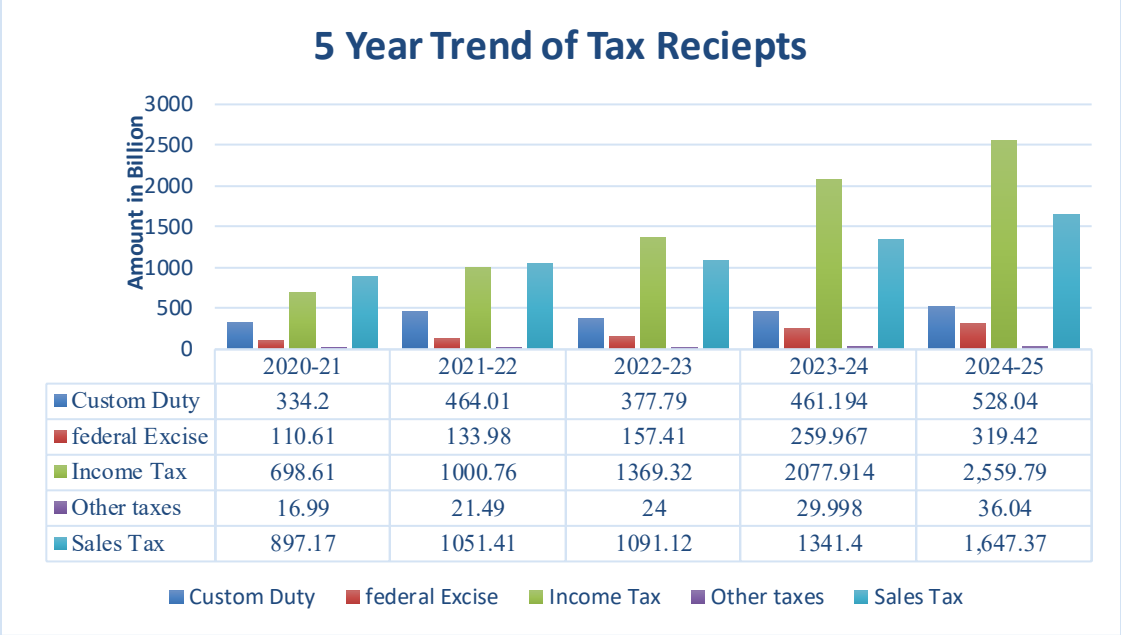
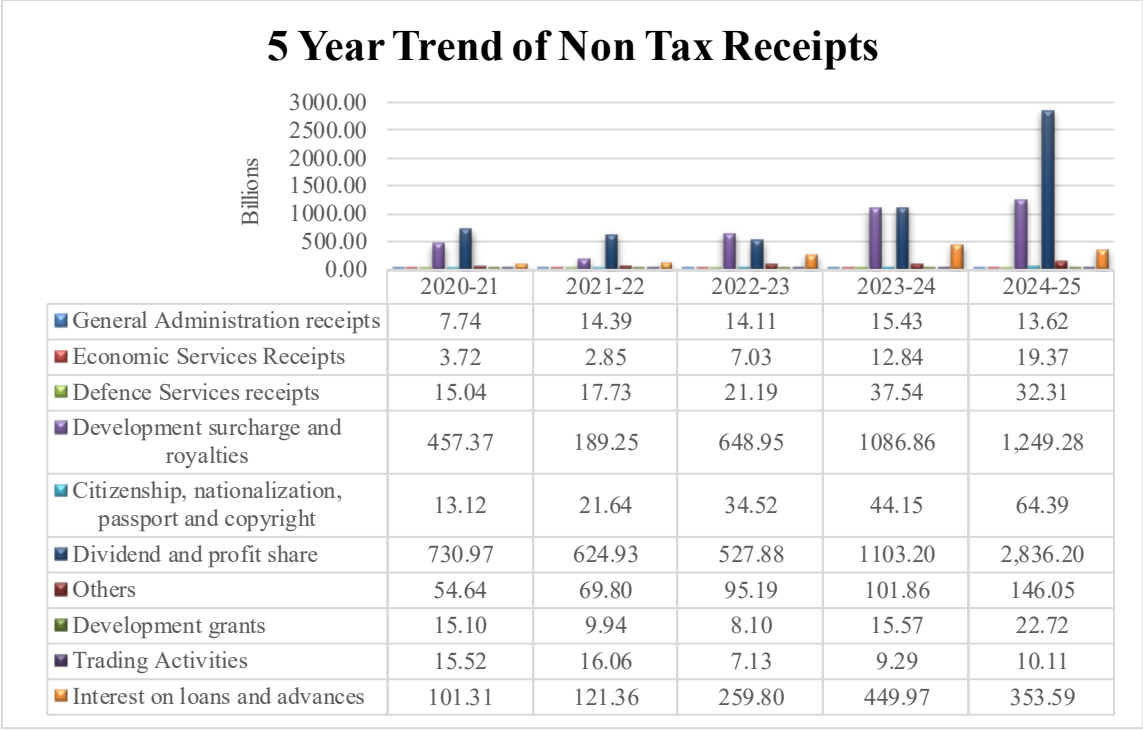


Figure V - 5 year trend in Tax Receipts of the Federal Government

According to Economic Survey of Pakistan 2024-25, Tax expenditure has been estimated at Rs. 2,434.73 billion.[7] Last year amount estimated as tax expenditure was Rs. 3,879.200 billion.

Non-tax receipts: Federal Government is experiencing an increase in the total non-tax receipts of Rs. 4,747.64 billion as compared to previous year figure of Rs. 2,876.690 billion, mainly due to increase in the development surcharge and royalties and dividend and profit share.

[7] Economic Survey of Pakistan 2024-25, Annex-II (Page 289)



	2020-21	2021-22	2022-23	2023-24	2024-25
General Administration receipts	7.74	14.39	14.11	15.43	13.62
Economic Services Receipts	3.72	2.85	7.03	12.84	19.37
Defence Services receipts	15.04	17.73	21.19	37.54	32.31
Development surcharge and royalties	457.37	189.25	648.95	1086.86	1,249.28
Citizenship, nationalization, passport and copyright	13.12	21.64	34.52	44.15	64.39
Dividend and profit share	730.97	624.93	527.88	1103.20	2,836.20
Others	54.64	69.80	95.19	101.86	146.05
Development grants	15.10	9.94	8.10	15.57	22.72
Trading Activities	15.52	16.06	7.13	9.29	10.11
Interest on loans and advances	101.31	121.36	259.80	449.97	353.59

Figure VI - Non-Tax Receipts of the Federal Government in the FY 2024-25[8]

Strenuous efforts are required to increase the tax and non-tax receipts of the Government in order to reduce dependency on debt.

1.2 Key issues highlighted in the Financial Attest Audit

Federal Government (AGPR)

1.2.1 92% of the total Supplementary Grants remained unapproved by the Parliament – Rs. 3,177.682 billion out of a total of Rs. 3,461.830 billion

CRITERIA

Article 84 of the 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

[8] Financial Statements 2023-24, Page 19

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.

FACT

During Certification Audit of Manuscripts of Appropriation Accounts for the year 2024-25, it was observed that Federal Government approved supplementary grants of Rs. 3,461.830 billion during 2024-25 as detailed below:

(Rs. in Billion)

Particulars	Amount	Percent
Total Supplementary Grants as per Manuscript of Appropriation Accounts for 2024-25	3,461.830	100%
Supplementary Grants printed in Supplementary Schedule of Authorized Expenditure	(284.148)	8.2%
Supplementary Grants not printed in Supplementary Schedule of Authorized Expenditure	3,177.682	91.7%

Audit observed that the supplementary grants amounting to Rs. 3,177.682 billion were unauthorized, as these were not placed before the National Assembly for approval during the financial year 2024-25.

IMPLICATION

Audit is of the view that non-placement of supplementary grants before the National Assembly constitutes a contravention of Article 84 of the Constitution of the Islamic Republic of Pakistan.

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. The Supplementary Grants of Rs. 3,177.682 billion mentioned in audit para shall be

submitted to the National Assembly in the next budget session to be held during current financial year 2025-26. It will then be approved by the National Assembly.

DAC's RECOMMENDATIONS

DAC was apprised that the Supplementary Grants was approved by the competent forum. However, the Supplementary Grant approved after 15th may to 30th June was not shown in the books as printed.

DAC accepted the stance of the department and settled the observation subject to verification of last year practice to audit.

AUDIT COMMENTS

Audit recommends to streamline the issue by improving the system of financial management. Moreover, unauthorized Supplementary Grants should be laid before National Assembly for approval as required under Article 84 of the Constitution of the Islamic Republic of Pakistan,1973.

1.2.2 Expenditure in excess of Final Grants without Supplementary Grant – Rs. 187.680 billion

CRITERIA

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

Section 25(1) of Public Finance Management Act, 2019 provides that the expenditure in excess of the amount of budget grant as well as the expenditure not

falling within the scope or intention of any budget grant, unless regularized by a supplementary grant, shall be treated as excess expenditure.

FACT

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2024-25, it was noticed that the Ministries/Divisions incurred excess expenditure of Rs 187.680 billion under 09 demands. Details are as under:

(Rupees)

Demand Type	Count of Demand	Supplementary	Final Budget	Expenditure	Excess
Charge	4	0	10,119,317,662,202	10,290,197,353,664	**170,879,691,462**
Current	4	0	916,212,400,430	917,380,510,182	**1,168,109,752**
Development	1	0	199,469,989,000	215,103,035,062	**15,633,046,062**
Grand Total	**9**	**0**	**11,235,000,051,632**	**11,422,680,898,908**	**187,680,847,276**

Audit observed that the expenditure of Rs. 187.680 billion was incurred in excess of final grants and without any supplementary grant.

IMPLICATION

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

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. The management stated in its reply that constitutional provisions mentioned in observation statement clearly states that expenditure can be incurred in excess of the amount granted and PFM Act also states excess expenditure can be incurred. The excess expenditure appearing in the accounts of financial year 2024-25 shall be laid before National Assembly for regularization/authorization in the form of Excess Budget Statement in the next budget session to be held during current financial year 2025-26.

DAC's RECOMMENDATIONS

The department explained in the DAC meeting held on 08.12.2025 that the relevant Principal Accounting Officers (PAOs)were responsible for making excess expenditure over their budgetary allocations.

DAC Settled the observation subject to verification of record by the Audit.

AUDIT COMMENTS

Audit recommends to implement the DAC decision and streamline the system of financial management.

1.2.3 Unjustified demand of budget without need assessment – Rs. 3,809.190 billion

CRITERIA

Section 5 of the Public Finance Management states that All government expenditures, whether from a recurrent or development demand for grant, shall be based on well-defined plans.

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.

FACT

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2024-25, it was noted that an amount of Rs. 3,809.190 billion was allocated out of which an amount of Rs. 3,644.804 was surrendered or reappropriated from 841 cost centers.

IMPLICATION

Audit is of the view that the PAOs failed to rationalize their budget estimates resulting in excessive demand causing over budgeting. This weak budget planning resulted in un-necessary demand and blocking of budget.

Audit is also of the view that no proper controls/checks existed in the Ministries/Divisions/ Departments to assess actual requirement before demanding the budget for subsequent utilization.

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. The management stated in its reply that Unjustified demand of budget without need assessment is the prior responsibility of PAOs concerned. The observation statement has been forwarded to the pertaining PAOs.

DAC's RECOMMENDATIONS

DAC directed the AGPR to carry out the reconciliation (PAO wise) with Finance (Budget wing) and verify the record to Audit.

AUDIT COMMENTS

Audit recommends to implement the DAC decision and get the record verified from the Audit.

1.2.4 Non-utilization under 115 Cost Centers resulting in lapse - Rs. 87.336 billion

CRITERIA

Section 12(1) of the Public Finance Management Act. 2019 states that All Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division at least twenty-five days before the presentation of the budget in the National Assembly, all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.

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.

FACT

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2024-25, it was noticed that the Parliament approved/allocated budget for Ministries/Division/ Departments.

Audit observed that Ministries /Divisions failed to utilize the allocated budget of Rs. 87.336 billion under 115 cost centers of Ministries / Divisions which resulted in lapse of whole final budget. The PAOs were required to surrender these savings in time to avoid lapse of funds but it was not done.

IMPLICATION

Audit is of the view that non-surrendering of savings, resulted in the lapse of funds, which consequently could not be utilized either by the respective Ministries/Divisions or by other Ministries/Divisions that required additional funds.

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. Management stated in its reply that all the funds were utilized and expenditure appeared in the relevant grant. It is the responsibility of relevant PAOs to surrender any saving in supplementary grant well in time to avoid the lapse of funds. The observation statement has been forwarded to PAOs concerned.

DAC's RECOMMENDATIONS

The DAC meeting was held on 08.12.2025. The management apprised that the non-utilization of funds is the responsibility of respective PAOs. However, the nominal savings under detail heads is quite nominal in percentage as compares to overall budget. Finance Division Budget wing will provide the figures/percentage to audit. DAC settled the para subject to verification of record by the Audit.

AUDIT COMMENTS

Audit recommends to implement the DAC decision.

1.2.5 Non-utilization of supplementary Grant - Rs. 41.682 billion

CRITERIA

Section 12(1) of the Public Finance Management Act. 2019 states that All Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division at least twenty-five days before the presentation of the budget in the National Assembly, all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.

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.

FACT

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2024-25, it was noticed that Federal Government allocated supplementary grants of Rs 41.682 billion under fourteen (14) cost centers as detailed below:

(Rupees)

S. No.	Ministry	Cost center	Supplementary	Saving
1	Ministry of Defence	ID8116 - Defence Services - Dp Estb/Iso's/Accts Orgns.	4,517,000,000	5,673,923,455
2	Ministry of Defence	PR0422 - Secondary Education	45,000,000	72,590,682
3	Ministry of Finance, Revenue And Economic Affairs	IB9312 - Provision For Anticipated Forex Inflows (Ram Project)	34,000,000,000	34,000,000,000
4	Ministry of Interior	IB3724 - Federal Bank For Cooperatives Building Islamabad	6,000,000	6,000,000
5	Ministry of Interior	IB3725 - Federal Shariat Court Building Islamabad And Rest Houses	8,950,000	8,950,000
6	Ministry of Interior	IB3727 - Local Government & Rural Development Department Building Islamabad	6,000,000	6,000,000
7	Ministry of Interior	IB3728 - Federal Government Polyclinic Hospital G-6 Islamabad	7,800,000	7,800,000

8	Ministry of Interior	IB3729 - Secretariat Training Institute (Sti) Building H-9 Islamabad	6,000,000	6,000,000
9	Ministry of Interior	IB3730 - National Fertilizer Development Centre (Nfdc) H-8/4 Islamabad	6,000,000	6,000,000
10	Ministry of Interior	IB3731 - Regional Training Institute (Rti) H-8/2 Islamabad	6,000,000	6,000,000
11	Ministry Of Interior	IB3733 - Shaheed-E-Millat Secretariat Building Islamabad	10,200,000	10,200,000
12	Ministry of Interior	IB3736 - Federal Tribunal/ Court Complexat Mauve Area	7,800,000	7,800,000
13	Ministry of Interior	IB4208 - Machine Readable Passport	2,937,600,000	4,466,452,000
14	Ministry of Energy	ID9681 - Expan & Upgradation of Pakistan Petroleum Corehone for its Sustainable Operations to Facilate O&G Expl. Resear	117,970,000	244,427,346
	Total		**41,682,320,000**	**44,522,143,483**

Audit observed that ministry / division failed to expend the allocated budget resulted into savings of Rs. 44.522 billion under 14 cost centers despite of the fact that additional budget was also granted through supplementary grant. The PAOs were required to surrender these savings in time to avoid lapse of funds, but it was not done.

IMPLICATION

Audit is of the view that non-surrendering of savings resulted in lapse of funds which were neither utilized by the respective Ministries/Divisions nor the same could be provided to other Ministries/Division that required more funds.

MANAGEMENT RESPONSE

The matter was reported to the management on 11.10.2025. The management stated in its reply that it is the responsibility of concerned PAOs to surrender any saving in supplementary grant well in time to avoid the lapse of funds. The observation statement has been forwarded to concerned PAOs.

DAC's RECOMMENDATIONS

The management apprised the DAC on 08.12.2025 that the non-utilization of funds is the responsibility of respective PAOs. DAC however directed the AGPR to issue reminders to PAOs to justify unnecessary/ irrational supplementary grants

by their offices to keep the things on record. The warranted approval and subsequent lapse of funds raised serious concerns by Audit regarding the Financial Management practices of the Federal Government. Finance Division may review the mechanism of approval of supplementary grants.

AUDIT COMMENTS

Audit recommends that the DAC directions may be implemented.

1.2.6 Supplementary grant for principal repayment of loan without need assessment resulted into excess expenditure– Rs. 1,833.377 billion

CRITERIA

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

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.

FACT

During Certification Audit of Manuscripts of Appropriation Accounts for the year 2024-25, it was noticed that Federal Government allocated funds of Rs. 24,069.507 billion under the head A10-Principal Payment of Loan and further allocated supplementary grant of Rs. 2,644.214 billion. Summary is as under:

(Rs.)

Particular	Expenditure
Original Budget	24,069,507,675,000
Supplementary	2,644,214,352,000
Surrender	2,777,993,634,819
Final Budget	23,935,728,392,181
Expenditure	25,769,105,957,893
Excess / (Saving)	1,833,377,565,712

Audit observed that the irrational budgeting resulted in un-necessary excess expenditure of Rs. 1,833.377 billion.

IMPLICATION

Audit is of the view that controls and checks within the Ministry of Finance require strengthening to ensure accurate assessment of the actual requirements under repayment of debt.

MANAGEMENT RESPONSE

The matter was reported to the management on 17.11.2025. The management stated in its reply that the as mentioned in the finding, the observation statement has been forwarded to Finance Division.

DAC's RECOMMENDATIONS

The DAC in its meeting held on 08.12.2025 directed the department to take up the matter with Finance Division budget wing and submit the revised reply to audit.

AUDIT COMMENTS

Audit recommends that the reconciliation may be carried out in the light of the DAC's directives.

1.2.7 Non-preparation of Debt and Losses Reports

CRITERIA

According to Para 2.2.9.1 and 2.2.9.2 of Financial Reporting Manual (FRM), "Debt Report is required to be prepared which will provide an analysis of the national debt position at the end of each month. The required information will be obtained from EAD / MOF on an AG / AGPR specified format as set out in chapter 11 of APPM, within 7 days after the end of each month."

Further, according to Para 2.2.10.1 of FRM, "A Losses Report is required to be prepared which will identify the relevant Division/Department to which the loss relates. These reports will be based on the information supplied by Divisions/Departments after the end of each month." The CMA and CQA will be approved by the Accountants General of each Province and the Accountant General Pakistan Revenue.

FACT

During certification audit of the Accounts of Federal Government for the financial year 2024-25, it was observed that the said reports were not being prepared by the AGPR. These reports were supposed to contain the following information:

i. Opening balances at the start of the reporting period for domestic debt (Including floating debt) and foreign debt (At the Rupee and foreign currency values)
ii. Additions during the reporting period
iii. Retirements during the reporting period
iv. Realized foreign exchange gains/losses on retirements
v. Unrealized foreign exchange gains/losses on translation/retranslation
vi. Other adjustments (To be specified)
vii. Closing balances in each category
viii. Brief description, repayment terms, interest rates and purpose of loan for material items within each category."

IMPLICATION

Audit is of the view that Non-compliance of financial rules may cause misreporting of assets and liabilities of the government.

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. The management stated in its reply that Financial Statements of the Federal Government have been prepared as per the format provided by the Auditor-General of Pakistan. There is no requirement /format of "Debt Report" available in the referred Financial Statements. Further, as per Para 11.7.1.2 EAD/MoF shall prepare a Debt Report on a monthly basis.

DAC's RECOMMENDATIONS

The DAC in its meeting held on 08.12.2025directed the department to take up the matter with Debt wing of Finance and share the updated reporting mechanisms and business processes to the Audit through Finance Division. Para stands

AUDIT COMMENTS

Audit recommends that AGPR, in coordination with the Economic Affairs Division (EAD) and Ministry of Finance (MoF), ensure preparation and submission of monthly Debt and Losses Reports in accordance with Paras 2.2.9 and 2.2.10 of the FRM to ensure accurate and transparent reporting of government assets and liabilities.

1.2.8 Non-maintenance of fixed asset register and liabilities register

CRITERIA

According to Section 2.2.7 of the FRM, based on information supplied by the Departments on a specified form of Fixed Assets Registers as set out in Chapter 13 of APPM, shall be signed by the PAO of each Department before 7th of each month. After which, the AG will prepare the fixed asset statement.

According to Para 11.4.2.3 of APPM, the detail of all liabilities recognized shall be held in a Liabilities Register by the AGPR and AG offices, and periodically updated as advised from the appropriate entities. This Register shall hold a formal detailed and aggregated record of all recognized liabilities for the respective Federal or Provincial Governments.

FACT

During Certification Audit of AGPR Islamabad for the financial year 2024-25, it revealed that no record of fixed assets and liabilities was maintained by the AGPR as required under the relevant rules. An amount of Rs. 63.098 trillion inclusive of deferred liabilities of Rs. 114.650 billion was observed in the financial statement of the Federal Government for the financial year 2024-25 but the balances could not be verified as no liabilities register of the Federal Government is being maintained by the AGPR.

IMPLICATION

Audit is of the view that non-compliance of rules resulted in non-reporting of actual position of the fixed assets and liabilities. Audit cannot certify Assets and Liabilities in absence of relevant authenticated records.

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. DAC was apprised that matter is being taken up at CGA(Controller General of Accounts) and AGPR(Accountant General of Pakistan Revenues) level. DAC Settled the para subject to updated reply/implementation status by Finance Division Expenditure wing.

DAC's RECOMMENDATIONS

The DAC was apprised in its meeting held on 08.12.2025 that matter is being taken up at CGA and AGPR level. DAC Settled subject to updated reply/implementation status by Finance Division Expenditure wing.

AUDIT COMMENTS

Audit recommends that the fixed assets and liabilities registers be prepared to reflect the actual position of the assets and liabilities.

1.2.9 Missing GP Fund subscriptions in individual GP Fund Accounts

CRITERIA

Rule 10 (1) of the General Provident Fund Rule states that a subscriber shall subscribe monthly to the Fund except during a period of suspension.

FACT

During Certification Audit of AGPR Islamabad for the financial year 2024-25, management has provided a list of missing GP Fund subscriptions.

Audit observed that there were 28,427 cases of missing credits (Subscriptions) of GP Fund which were either due to the payment of salaries vide manual bills or due to the posting/deputation of the persons in autonomous/self-accounting entities/projects.

IMPLICATION

Audit is if the view that missing GP fund subscriptions in the individual GP fund accounts are mainly due to flawed system because in many cases the Subscribers have submitted the missing GP fund subscriptions in the treasury and provided challans but the same was not being updated.

MANAGEMENT RESPONSE

The matter was reported to the management on 07.11.2025. The management stated in its reply that Audit Observation OS-16 concerning 22,000 missing GP Fund subscriptions is acknowledged. The primary causes are:

(1) Posting or deputation of employees to autonomous, self-accounting, or project-based organizations not connected to the AGPR/SAP system, where GP Fund deductions were not received through the electronic payroll process. Due to manual process of verification between the Treasury and AGPR, these deposits are not reflected promptly in individual accounts.

(2) Internal system gaps payment of salaries through manual a bills/off-cycles, where GPF deductions by GA/TA Sections are not automatically posted to the SAP Ledger, and,

(3) Legacy data pre-SAP period cases particularly of Class-IV employees where maintenance of GP Fund accounts was the responsibility of the respective DDOs of the departments.

Strenuous efforts are already underway to resolve the missing GPF subscriptions issue, including the progressive reconciliation of legacy cases and the prioritization of urgent final payment cases. Moreover, FABS have been engaged to implement two mandatory configurations:

1. External Data Integration: Devise a solution for the direct electronic integration of FTO data with SAP, ensuring the real-time (monthly) entry of GPF subscriptions for deputationists.

2. Internal Transfer Automation: Configure the facility for online transfers of GPF data within the SAP system between AGPR and its sub-offices, thereby eliminating manual bottlenecks.

DAC's RECOMMENDATIONS

The DAC in its meeting held on 08.12.2025directed the management to update the GP fund accounts and provide the Updated status to Audit.

AUDIT COMMENTS

Audit recommends that the management expedite reconciliation and updating of all missing GP Fund subscriptions in the SAP system, ensuring integration of external and internal data sources

1.2.10 Irregular Transfer of Funds from the Federal Consolidated Fund to the Public Account in Contravention of Article 78 of the Constitution Rs. 7.498 billion

CRITERIA

According to Article 78 of the Constitution of the Islamic Republic of Pakistan "(1) All revenues received by the Federal Government, all loans raised by that Government, and all moneys received by it in repayment of any loan, shall form part of a consolidated fund, to be known as the Federal Consolidated Fund.

(2) All other moneys:

(a) received by or on behalf of the Federal Government; or

(b) received by or deposited with the Supreme Court or any other court established under the authority of the Federation; shall be credited to the Public Account of the Federation."

In accordance with the above provision, the Federal Consolidated Fund (FCF) and the Public Account are constitutionally distinct funds, and no direct transfer of funds from one to the other is permissible without specific authorization of law or Parliament.

FACT

Audit observed that during the financial year 2024-25, funds allocated under Head A08310 – "Loans to Districts/TMAs" were withdrawn through cheques from assignment accounts operated under the Federal Consolidated Fund.

However, the withdrawn amounts were subsequently deposited back into the Treasury under Head G-11215 – "Revenue Deposits" of the Public Account, primarily by the National Highway Authority (NHA).

This practice resulted in a direct transfer of funds from the Federal Consolidated Fund to the Public Account, which is contrary to Article 78 of the Constitution. Such transfers also indicate misclassification of expenditure, as loans booked as disbursements under the Consolidated Fund were not actually advanced to the intended recipients but were instead parked in the Public Account.

IMPLICATION

Audit is of the view that the depositing of expenditure from the Federal Consolidated Fund into the Public Account constitutes a constitutional and procedural violation, leading to distortion of financial reporting, overstatement of expenditure under loans, and unauthorized inter-fund transfer. This undermines the integrity of budget execution and weakens parliamentary control over public funds. The object head A08310 ("Loans to Districts/TMAs") represents capital expenditure — an outflow from the FCF as a loan disbursement. The head G-11215 (Revenue Deposits) is a deposit account in the Public Account, used for temporary custody of receipts pending adjustment or refund. So, booking an expenditure (loan) under A08310 and then depositing it in a revenue deposit head (G-11215) effectively re-routes voted expenditure into a non-voted deposit, which defeats the purpose of the loan disbursement, distorts the Consolidated Fund accounts, and may result in overstatement of expenditure and understatement of Public Account liabilities

MANAGEMENT RESPONSE

The matter was reported to the management on 11.10.2024. The management replied that Assignment Account Section has not made any entry/transaction under the head G-11215. The matter has been referred to Finance Division.

DAC's RECOMMENDATIONS

DAC directed the department to take-up matter with NHA for provision of relevant record for verification to Audit. DAC Also advised the AGPR to check if any special Assignment Accounts is operated by NHA. Para stands

AUDIT COMMENTS

Audit recommends that the record may be provided to Audit for verification.

Central Directorate of National Savings (CDNS):

1.2.11 Non-Surrender of Anticipated Savings – Rs. 196.134 million

CRITERIA

Section 12 of the Public Finance Management Act, 2019 mandates that "All Ministries and Divisions, their attached departments and subordinate offices and autonomous organizations shall surrender to the Finance Division by thirty-first day of May each year, all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them."

These provisions obligate timely surrender of savings to ensure efficient use of public funds and compliance with fiscal discipline.

As per Rule 95 of GFR Volume I, "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."

FACT

Audit observed that the Central Directorate of National Savings (CDNS) failed to surrender an amount of Rs. 196.134 million of anticipated savings under three different Drawing & Disbursing Officer Cost Centers i.e. ID4852, ID4853, and ID4854 within the stipulated time period during the financial year. The amount remained unutilized and was not surrendered by 31st May as required under the above-cited rules. The detail is as under:

(Rs.)

ID No.	Description	Total Allocation	Total Expenditure	Excess/ Savings
ID4852	Commission To Authorized Agents	1,000,000	-	1,000,000
ID4853	Charges Payable to Banks	200,000,000	5,440,821	194,559,179
ID4854	Printing Charges	500,000,000	499,424,837	575,163
	Total	**701,000,000**	**504,865,658**	**196,134,342**

IMPLICATION

Audit is of the view that failure to surrender anticipated savings of Rs. 196.134 million constitutes a violation of Rule 95 of GFR and Section 12 of the PFM Act, 2019. This reflects poor budget management and results in unjustified blocking of scarce public resources due to which expenditure may appear inflated or inefficiently managed, as funds remain blocked under heads that were not actually utilized.

MANAGEMENT RESPONSE

CDNS shares estimated demand with Finance Division for allocation of Funds on yearly basis. The funds under ID's 4852,4853 and 4854 are allocated through head "Servicing of Domestic Debt (FC24SO9) annually for making expenditures. The Funds so allocated fall under Charged Budget. As per CDNS's understanding, the funds under charged upon budget are not surrendered / lapsed. There is no convention of saving/surrendering of said funds.

Further, CDNS, well before the next fiscal year (i.e. April, May) shares revised estimates with Finance Division against the funds containing the details of funds allocated, actual utilized and next year demand. Afterwards, the said funds rest at disposal of Finance Division.

DAC's RECOMMENDATIONS

The DAC meeting was held on 08.12.2025 in which Audit agreed that the cost centers (i.e. ID4852, ID4853 & ID4854) are under the demand of the Finance Division rather CDNS. So, Audit desired to show whether the balance of theses IDs was surrendered by the Finance Division or otherwise. The Finance Division will provide the surrender of the amounts in said IDs to Audit. DAC settled the Para subject to verification of record.

AUDIT COMMENTS

Audit recommends that DAC recommendations may be implemented and record be verified at the earliest.

1.2.12 Unauthorized excess expenditure on rent beyond prescribed limits without approval from the Finance Division - Rs. 58.237 million

CRITERIA

According to the Finance Division Office Memorandum No. F.No.4(7)R-14/2024 dated 24.10.2025, all Ministries/Divisions/Departments are required to strictly adhere to the prescribed procedure for hiring of office accommodation. They must not enter into any lease agreement with private parties involving rental rates higher than those permissible and issued by the Ministry of Housing & Works from time to time, without obtaining prior permission of the Finance Division (Regulation Wing). The O.M. further stipulates that no ex-post-facto approval shall be granted in such cases.

FACT

The management of National Savings Centers (NSCs) hired and paid rent for office accommodations at various locations across Pakistan during the financial 2024-25.

Audit observed that the National Savings Centers across Pakistan paid rent amounting to Rs. 58,237,001 over and above the rental limits prescribed by the Ministry of Housing & Works. The payments were made without obtaining prior permission from the Finance Division (Regulation Wing), in violation of the instructions contained in the Finance Division's O.M. No. F.No.4(7)R-14/2024 dated 24.10.2025.

IMPLICATION

Audit is of the view that non-adherence to the prescribed rental limits and failure to obtain prior approval from the Finance Division constitutes violation of financial discipline and exposes public funds to risk of excess and unauthorized expenditure. Furthermore, it depicts the overstatement of legitimate expenditure, as payments made without sanction are irregular and should not be recognized as authorized charges.

MANAGEMENT RESPONSE

National Savings Centre's (NSCs) are conducting commercial activities for providing financial services to general public besides special segment of society i.e senior citizen, widows, pensioners, differently abled persons etc through sale of retail government securities called National Savings Schemes. National savings is

competing commercial banks to sale its products to general public to achieve targets. Hence, the presence of its branches is required to be in commercial area where all the facilities are available for convenience of the investors.

In this context, commercial buildings were hired in areas at market rate in light of Ministry of H&W Letter No. 2(38)/97-E-VI dated 14.10.1997 and Pak PWD Letter No.728/694/Legal Karachi dated 17.03.1973 till 05.11.2018. It is also pertinent to mention that out of Rs. 58.237 million as observed by the audit, the cases amounting to Rs. 33.37 million have been approved by Finance Division during 2018 till 10.09.2024. Afterwards building were hired in light of Finance Division letter No. F.9(1)CDNS Section/2024-575 dated 10.09.2024 which again endorses the above-mentioned exception from Ministry of H&W to allow CDNS to hire buildings for NSC's on market rates instead of the prescribed rate of Ministry of H&W.

Moreover, the hiring of these commercial buildings have been strictly carried out in accordance with the financial powers vested under System of Financial Control & Budgeting/Financial Management and Powers of Principal Accounting Officers, Regulations, 2021, to the Regional Director/DG, CDNS or Finance Secretary (PAO) where, applicable, after completion of all codal formalities subject to budget availability.

DAC's RECOMMENDATIONS

The DAC in its meeting held on 08.12.2025 directed DAC directed the department to verify the record in respect of period of sanctions and rules / procedure applied during that period.

AUDIT COMMENTS

Audit recommends that DAC recommendations may be implemented and record be verified at the earliest.

1.2.13 Non transfer of unclaimed deposits of dead accounts to Government Account - Rs. 24.149 billion

CRITERIA

Rule 12A of Pensioners Benefit Account Rules, 2003 states as follows:

(1) In case, the account is opened or deposit made or re-deposited on or after the insertion of this rule and if the same is not withdrawn on maturity, the value i.e. principal deposit, shall cease to earn any further profit thereon.

(2) Account in respect of which no transaction has been made by the depositor for a period of one year shall be marked as dead account and no subsequent transaction by the depositor in such account shall be allowed without prior approval of the officer in charge of the concerned National Savings Centre.

(3) In case no transaction is made for a continuous period of two years from the date of maturity of the last unit, the principal amount of all units of such account shall be transferred to the Federal Government Account:

FACT

The management of Central Directorate of National Savings, Islamabad did not transfer funds from dead accounts to Federal Government Account, which has lapsed more than two years of maturity during the financial year 2024-25.

Audit observed as under:

1.The management of CDNS failed to implement the provisions of Rule 12A of the Pensioners Benefit Account Rules, 2003.

2.Several accounts were found to have had no transaction for over one year but were not marked as "dead" as required by Rule 12A (2). Due to the failure to mark accounts as "dead" and restrict transactions, the possibility exists that some accounts may have continued to earn profit beyond the maturity date, in violation of Rule 12A (1), as the rules state that inactive accounts are not entitled to further profit.

3.Accounts with no transaction for a continuous period of two years from the date of maturity of the last unit were not transferred to the Federal Government Account as mandated by Rule 12A(3).

IMPLICATION

Audit is of the view that the management of CDNS deprived the federal Government from its miscellaneous receipts of Rs. 24.149 billion, which caused a huge loss to the Government of Rs. 3,320.60 million as additional interest payments on different kinds of debt @ 13.75% being overall debt cost incurred by CDNS.

MANAGEMENT RESPONSE

The Audit has referred to Rule 12A of the Pensioners' Benefit Account Rules, 2003 regarding marking unclaimed accounts as "Dead" and transferring their principal amounts to the Federal Government Account after two years of maturity.

2. It is submitted that the Finance Division has already amended Rule 12A through Notification F.20(16)BS-2023-261 dated 02.05.2024. The amendment omits the provision requiring transfer of unclaimed deposits to the Federal Government Account. Accordingly, the earlier procedure is no longer applicable.

Rule 12(A) of PBA Rules, 2003 as amended is reproduced as follows:

in rule 12A,

(a) for sub-rule (1), the following shall be substituted, namely:

"(1) In case, any deposit is not withdrawn after maturity period of ten years, the principal deposit at credit of the account shall be deemed to have been re-deposited from the date of maturity for another term of ten years under these rules. The amount so re-deposited shall earn profit at the rate prevalent on the date of re-deposit as per procedure defined by the Central Directorate of National Savings."

(b) for sub-rule (2), the following shall be substituted, namely:

"(2) In case, no transaction is made for a continuous period of one year from the date of maturity of the last unit, the principle amount of all units of such account shall be marked as 'Dormant' and no transaction shall be allowed without the written request of the investor, nominee or successor, as the case may be, for re-activation of the account."; and

(c) Sub-rules (3) and (4) shall be omitted

Moreover, as per Amended Rule 12A(2) of PBA Rules 2003, and Rule 15(A) of BSC Rules 2003 The investments not claimed by customer after one year of date of maturity are marked "Dormant" by Core Business Application automatically.

It is further clarified that Profit is neither marked due nor paid ever in unclaimed deposits after maturity date ensuring no overpayments in this regard.

In light of above Rules, CDNS is operating strictly in line with the amended rules; therefore, the audit observation may be settled accordingly.

DAC's RECOMMENDATIONS

The DAC in its meeting held on 08.12.2025 directed the department to clarify the amount of unclaimed deposited Rs. 24 billion (as stated by the CDNS) against Rs. 72 billion (as pointed out by Audit) and show the Audit the evidence of lapsed amount. Audit advised that the responsibility may be fixed on incriminating evidence appear after reconciliation/verification because of violation of rules. Para stands

AUDIT COMMENTS

Audit recommends that DAC recommendations may be implemented and record be verified at the earliest.

1.2.14 Improper maintenance of the General Provident Fund Accounts

CRITERIA

Para 2.3.3.3 of the APPM states that the accounting system shall produce reliable financial information. This objective shall be addressed by the controls over completeness, accuracy and validity.

Rule 10 (1) of the General Provident Fund Rule, 1934 as amended up to 2017, states that a subscriber shall subscribe monthly to the fund except during a period of suspension.

Rule 13 (2) of the General Provident Fund Rules, 1934 as amended up to 2017, provides that when emoluments are drawn from any other source, the subscriber shall forward his dues monthly to the Accounts Officer.

Rule 9 of the GPF Rule, 1934 as amended up to 2017, provided that an account shall be prepared in the name of each subscriber and shall show the amount of his subscriptions with interest thereon calculated, as prescribed in Sub-Rule (2) of Rule 14.

The management of CDNS is maintaining GP Fund Accounts of CDNS employees since inception being Self Accounting Entity.

FACT

During Certification Audit for the Financial Year 2024-25, it has been observed the following discrepancies in the maintenance of G.P Fund Accounts of CDNS employees:

i. The GP fund ledger cards of CDNS employees have not been updated since November, 2023.Interest has not been applied on GP Fund Balances of CDNS Employees since November 2023, on interest bearing accounts.
ii. Neither GP Fund Ledger cards have been updated of newly appointed employees of CDNS since November 2022, nor interest has been applied on interest bearing GP Fund Accounts.
iii. Neither GP Fund Ledger cards have been updated for monthly subscriptions nor recovery of GP Fund advances have been recorded of newly appointed employees of CDNS since November 2022.
iv. Only few employees GP Fund Ledger balances have been updated on excel sheets on request, which need GP Fund statement for applying GP Fund Advances.
v. Some of GP Fund Ledger cards have been recorded their entries with lead pencils for monthly subscriptions as well as interest calculations.
vi. Some of GP fund Accounts were kept interest free without request of the GP Fund account holders.
vii. GP Fund ledger cards have not been updated of those employees, who are coming through transfer or deputation abroad.

IMPLICATION

Audit is of the view that the observed shortcomings highlight serious weaknesses in the maintenance of GP Fund Accounts of all employees of CDNS through manual record and internal controls due to which Audit cannot verify veracity of GPF balances in absence of authenticated record of GPF.

MANAGEMENT RESPONSE

Due to staff shortages and manual processing, some of the General Provident Fund (GPF) accounts maintained by the RAO Islamabad were not

updated. These accounts are currently being updated and will be completed within this month.

The GP Ledger Cards for newly appointed employees of CDNS are now being completed.

The majority of accounts have been updated. The remaining accounts will be updated within this month.

i. Lead pencil was used by a newly transferred official to avoid alterations, but the entries are now being erased
ii. GP Fund accounts are maintained as interest-free only after a written request is received. An account was erroneously marked as interest-free but then converted to interest-bearing after intimation by the employee
iii. The updation process for all accounts will be completed within this month.

DAC's RECOMMENDATIONS

DAC directed the CDNS to update the all record of GPF by 15-01-2026 and record may be shown to Audit for verification. Para stands

AUDIT COMMENTS

Audit recommends that DAC recommendations may be implemented and record be verified at the earliest.

CHAPTER 2

CABINET DIVISION

2.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 02.06.2025), following main businesses have been assigned to the Division amongst the other functions:

1. All secretarial work for the Cabinet, National Economic Council and their Committees, Secretaries' Committee.
2. 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. 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 PostWar Problems.

14. Communications Security.
15. Instructions for delegations abroad and categorization of International conferences.
16. Security and proper custody of official documents and Security Instructions for protection of classified matter in Civil Departments.
17. Preservation of State Documents.
18. 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.
19. Civil Awards: Gallantry Awards.
20. Tosha Khana.
21. Repatriation of civilians and civil internees from India, Bangla Desh and those stranded in Nepal and other foreign countries, and all other concerned matters.
22. 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.
23. All matters arising out of options exercised by and expatriation of Bengalies from Pakistan.
24. 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.
25. Management of movable and immovable properties left by the Bengalis in Pakistan.
26. Administration of the "Special Fund" for POWs and civilian internees held in India and War displaced persons.
27. Defence of Pakistan Ordinance and Rules.
28. Stationery and Printing for Federal Government official Publications, Printing Corporation of Pakistan.
29. National Archives including Muslim Freedom Archives.
30. People Works Programme (Rural Development Programme).
31. Pride of Performance Award in the field of arts.

32. Pride of Performance Award in academic fields.
33. Pakistan Tourism Development Corporation and its subsidiaries.
34. Treaty Implementation Cell.
35. Islamabad Club.
36. Pakistan Commissions of Inquiry Act, 2017.
37. Naya Pakistan Housing and Development Authority.
38. Administrative control of the National Electric Power Regulatory Authority (NEPRA), Pakistan Telecommunication Authority (PTA), Frequency Allocation Board (FAB), Oil and Gas Regulatory Authority (OGRA) and Public Procurement Regulatory Authority (PPRA).
39. Prime Minister's Performance Delivery Unit (PMDU) including Pakistan Citizen Portal (PCP), operation and management of which shall be managed by Prime Minister's Office (Public).
40. Warrant of precedence;

    (i) Pakistan Flag;
    (ii) Coat of Arms, National Emblem, monograms, seals;
    (iii) Standard time for Pakistan;
    (iv) Public holidays; and
    (v) Gazette of Pakistan.

41. Institutional Reforms Cell.
42. Special Technology Zones Authority.
43. Sheikh Sultan Trust.
44. Pakistan Cricket Board.
45. Cannabis Control and Regulatory Authority.
46. Administrative functions in respect of the National Anti-Money Laundering and Counter Financing of Terrorism Authority Act, 2023 (LIII of 2023).
47. National Anti-Money Laundering and Counter Financing of Terrorism Authority of Pakistan.
48. National Engineering Services Pakistan (NESPAK).

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1	Formations	43	3	12,080.889	-
2	Assignment Accounts (Excluding FAP)				-
3	Authorities/Autonomous Bodies etc. under the PAO	13	2	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

2.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2024-25 was Rs. 171,066.91 million, out of which the Division expended an amount of Rs. 170,404.43 million. Grant-wise detail of current expenditure and development expenditure is as under:

(Rs. in million)

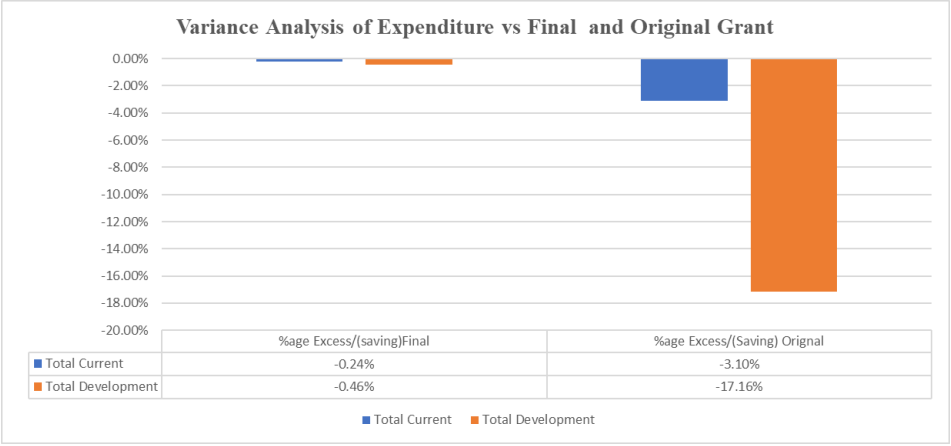
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
3	Current	351.895	-	-	351.895	345.253	(6.642)
4	Current	3,334.404	300.000	(0.772)	3,633.632	3,596.337	(37.295)
5	Current	889.34	-	-	889.34	846.07	(43.28)
6	Current	18,324.91	500.00	-	18,824.91	18,808.59	(16.32)
7	Current	19,266.44	-	-	19,266.44	19,266.44	-
8	Current	1,861.66	-	-	1,861.66	1,861.51	(0.15)
9	Current	1,564.22	-	(1,136.03)	428.18	428.13	(0.06)
10	Current	793.74	-	(114.74)	679.00	678.63	(0.37)
11	Current	860.52	-	(139.88)	720.64	719.07	(1.57)
12	Current	822.98	-	-	822.98	822.97	(0.00)
13	Current	1,271.64	-	(504.00)	767.64	763.15	(4.48)
14	Current	146.90	-	(4.05)	142.85	142.79	(0.06)
15	Current	750.30	-	(37.00)	713.30	705.41	(7.89)
17	Current	1,338.44	-	(28.50)	1,309.95	1,303.80	(6.14)
18	Current	3,368.51	-	(301.00)	3,067.51	3,067.51	-
19	Current	1,725.24	-	(150.00)	1,575.24	1,575.24	-
21	Current	103.49	-	(10.28)	93.21	83.22	(9.99)
Total Current		**56,774.64**	**800.00**	**(2,426.24)**	**55,148.40**	**55,014.13**	**(134.26)**
93	Dev	75,271.78	-	(27,896.24)	47,375.54	47,375.54	(0.00)
94	Dev	1,658.00	477.14	(1,472.80)	662.34	137.11	(525.23)
95	Dev	501.22	-	(195.10)	306.12	303.72	(2.40)
95A	Dev	-	523.08	(308.99)	214.09	213.51	(0.58)
97	Dev	36,604.08	5,500.00	-	42,104.08	42,104.08	-
124	Dev	25,000.00	-	-	25,000.00	25,000.00	-
125	Dev	256.33	-	-	256.33	256.33	-
Total Development		**139,291.41**	**6,500.22**	**(29,873.12)**	**115,918.51**	**115,390.30**	**(528.22)**
	Total	**196,066.05**	**7,300.22**	**(32,299.36)**	**171,066.91**	**170,404.43**	**(662.48)**

Audit noted that there was an overall savings of Rs. 662.48 million, which was mainly in current grants.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current and development expenditure, it is observed that, in case of current expenditure, 3.10% of savings with respect to original grant is changed to 0.24% of excess expenditure with respect to final grant while the 17.16% of savings in development grants is reduced to 0.46% of savings.



2.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 75,000.00 million, were raised in this report during the current audit of the **Cabinet Division**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Internal Control	75,000

2.4 Status of compliance with PAC Directives

PAO	Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Cabinet Division	2010-11	1	1	1	0	100
	2012-13	3	0	0	3	-
	2013-14	4	4	4	0	100
	2014-15	9	5	4	5	80
	2015-16	2	2	2	0	100
	2016-17	22	9	0	22	-
	2018-19	25	25	21	4	84
	2019-20	15	7	3	12	43
	2020-21	16	0	0	16	-
	2021-22	4	1	1	3	100
	2022-23	36	0	0	36	-
	2023-24	19	19	11	8	58
	2024-25	16	0	0	16	-
	Total	172	73	47	125	-

2.5 AUDIT PARAS

Cabinet Division

2.5.1 Non-observance of policy guidelines for Sustainable Development Goals Achievement Program (SAP) – Rs. 75.000 billion

The Sustainable Development Goals Achievement Program (SAP) was launched by the Federal Government to promote balanced regional growth, enhance social infrastructure and strengthen human resource development through small scale community-based projects. Further, as per Para 3 of the Revised Guidelines for SAP, only those schemes are eligible for funding which contribute to human development and ensure equitable regional growth.

During the Audit of Cabinet Division, Islamabad it was revealed that the Steering Committee of SAP approved schemes amounting to Rs. 75.000 billion, which were released by the Cabinet Division to Federal Ministries, Divisions and Provincial Governments during the Financial Year 2024-25 for implementation through respective executing agencies.

Audit observed as under:

i. The Cabinet Division did not obtain monthly progress reports or completion certificates from the executing agencies as required under Para IV (viii & x) of the policy. Consequently, Audit could not verify whether the program's resources were utilized equitably across all provinces and regions of Pakistan.
ii. In the absence of scheme-wise and region-wise data, Audit was unable to authenticate whether the allocation and utilization of Rs. 75.000 billion were carried out in line with the objective of balanced regional development envisioned under Para 3 of the guidelines.

Audit is of the view that the SAP was designed to bridge development gaps and ensure geographic balance in public investment by targeting underserved areas. However, in the absence of consolidated data and utilization records, Audit could not authenticate if the SAP funds were utilized in accordance with the objectives as laid down in Para 3 of the Revised Guidelines.

The matter was reported to the management on 05.11.2025. The management did not reply till finalization of the report.

Audit recommends that the Cabinet Division may establish a centralized digital monitoring system to track scheme-wise, sector-wise and region-wise allocation and utilization of SAP funds.

2.5.2 Non-framing of Rules under the Toshakhana Act, 2024

Section 06 of the Toshakhana Act, 2024 provides that the Federal Government shall, by notification in the official Gazette, make rules for carrying out purposes of this Act.

During Audit of the Cabinet Division, Islamabad, it was revealed that the Toshakhana Act was notified on 19.04.2024. However, the Rules and Regulations required for its implementation had not been framed even after more than one and a half years.

Audit is of the view that the non-framing Rules by the Cabinet Division, being the administrative Ministry, constitutes non-compliance with a mandatory provision of the Act, rendering it partially inoperative and contrary to the intent of Parliament.

The matter was reported to the management on 05.11.2025. The management did not reply till finalization of the report.

Audit recommends that the Cabinet Division may expedite formulation and notification of the Toshakhana Rules to ensure effective implementation of the Toshakhana Act.

CHAPTER 3

COMMUNICATIONS DIVISION

3.1 Introduction

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

1. National policy, planning, research and international aspects of roads and road transport; logistic; freight and coordination of multi model transportation.
2. Motorway, National highways and strategic roads; National Highway Council and Authority; Administration of the Central Road Fund and Fund for Roads of National Importance.
3. Enemy property.
4. National highways and Motorways police.
5. National Roads Safety Council, National Road Safety Steering Committee and National Road Safety Secretariat.
6. Postal Services and Postal Life Insurance Company Limited.
7. (i) services provided on behalf of the Federal Government and Provincial Government;
   (ii) agency functions on behalf of agency alliances and partnerships with corporate entities under regulatory regime of the Government such as the State Bank of Pakistan and the Securities and Exchange Commission of Pakistan, etc.
8. Establish, regulate specialized entities in logistic and freight.

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY-2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	11	3	5,214.09	5,267.83
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-

4	Foreign Aided Project (FAP)	-	-	-	-

3.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Communications Division for the financial year 2024-25 was Rs. 69,420 million, out of which the Division expended an amount of Rs. 67,980 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

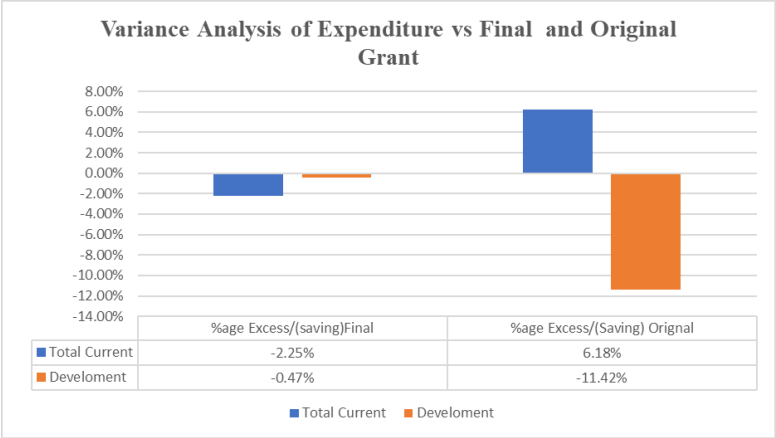
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings) Final
24	Current	303	-	-	303	321	17.47
25	Current	33,714	-	(1,014)	32,701	31,288	(1,413.14)
26	Current	23,474	6,000	(26)	29,449	29,437	(11.63)
Total Current		57,492	6,000	(1,039)	62,453	61,045	(1,407.31)
100	Development	7,828	-	(861)	6,967	6,934	(33.06)
Grand Total		**65,320**	**6,000**	**(1,900)**	**69,420**	**67,980**	**(1,440.37)**

Audit noted that there was savings of Rs. 1,440.37 million, which was mainly due to Current Grant No. 25.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current and development expenditure, it was observed that, in case of development expenditure, there was (11.42) % savings w.r.t. original grant which finally became (0.47) % savings w.r.t. final grant and in case of current expenditure 6.18% of excess became 2.25% savings in expenditure.



3.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 788.07 million, were raised in this report during the current audit of the Ministry of Communications. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	674
2	Recovery	41.85
3	Internal Control	27.14
4	Others	45.08

3.4 Status of compliance with the PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
1997-98	7	7	4	3	57
2000-01	31	31	30	1	97
2003-04	15	15	9	6	60
2005-06	3	3	1	2	33
2006-07	1	1	0	1	-
2007-08	2	2	0	2	-
2021-22	7	0	0	7	-
2024-25	5	0	0	5	-
Total	**71**	**59**	**44**	**27**	-

3.5 AUDIT PARAS

National Highways and Motorway Police, Islamabad

3.5.1 Duplication of expenditure on uniform for NHMP Officers – Rs. 41.852 million

Regulation 8(c) of the Financial Management and Powers of the Principal Accounting Officers Regulations, 2021 states that the powers delegated to the Principal Accounting Officers and other officers in the attached Schedule are subject to principles that the heads of departments and heads of autonomous bodies shall also be responsible for financial propriety and accountability to the extent of financial powers delegated to them.

The management of National Highways and Motorway Police (HQs), Islamabad incurred an expenditure of Rs. 62.437 million on account of purchase of uniform for the officers BPS 16 and above. An amount of Rs. 20.584 million was paid as uniform allowance to these officers during the Financial Year 2024-25. Detail is as under:

(Rs.)

No.	Uniform allowance	Expenditure on Uniform	Difference
1	20,584,062	62,437,049	41,852,987

Audit observed that NHMP officers received both uniform allowance as well as the uniforms items which was unjustified and constituted a duplication of benefits that resulted in improper utilization of public funds.

The management replied that a uniform allowance of Rs. 1,200 per month was paid to officers in BPS-16 and above in accordance with Finance Division (Regulation Wing)'s OM No. F.1(1)/Imp/2005 dated 01.07.2005. The procurement of uniforms for gazetted officers had also been approved by the Prime Minister and the Chief Executive of Pakistan, authorizing five sets of uniforms per year, free of cost, vide U.O. letters dated 13.10.1997 and 04.09.2000, respectively. Accordingly, the procurement and issuance of uniforms were carried out in accordance with the approved Terms and Conditions of Service applicable to NHMP personnel.

The management has accepted the audit finding that officers in BPS 16 and above received both uniform allowance and free uniforms, resulting in duplication of benefits. Further, the approvals cited by management dated 13.10.1997 and

04.09.2000 did not authorize simultaneous payment of uniform allowance and provision of free uniforms.

Audit is of the view that it was a duplication of benefits for the same purpose was contrary to the principles of financial propriety and accountability.

In the DAC meeting held on 13.02.2026, the Chair directed the management to justify the payment through revised reply.

Audit recommends that this practice be stopped besides recovery of expenditure incurred for the purchase of uniform.

3.5.2 Unauthorized deduction of expenses other than collection charges - Rs. 45.086 million

Rule 2(i) the National Highways and Motorways 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 National Highways and motorway Police after reconciliation by the National Highway Authority on monthly basis.

The management of National Highways and Motorway Police (HQs), Islamabad reconciled fine money of Rs. 13,700.800 million with NHA for the period 01.10.2023 to 30.09.2024 realized through imposition of fine. Detail is as under:

(Rs.)

Period	Gross fine	O&M charges	Net Fine	Due 50% share of NHMP	Paid by NHA	Less receipt
	A	B	C=A-B	D	E	
October – December, 2023	2,256,227,327	301,438,642	1,954,788,685	977,394,342	967,334,848	10,059,494
January-March, 2024	3,074,176,780	314,607,914	2,759,568,866	1,379,784,433	1,368,332,224	11,452,209
April- June, 2024	4,052,677,740	318,099,480	3,734,578,260	1,867,289,130	1,854,976,145	12,312,985
July – September, 2024	4,317,718,749	355,138,558	3,962,580,191	1,981,290,095	1,970,027,977	11,262,118
Total	**13,700,800,596**	**1,289,284,594**	**12,411,516,002**	**6,205,758,001**	**6,160,671,194**	**45,086,807**

Audit observed that NHA has not so far paid Rs. 45.086 million to NHMP.

The management replied that the deduction of Rs. 45.086 million had been made by NHA on account of Trauma Centre-related expenses, as decided in the 22nd meeting of the National Highway Council where it was agreed that such

expenses would be shared 50:50 between NHA and NHMP through fine collections.

The reply is not tenable. Rule 2(i) of the National Highways and Motorways Police (Road Safety Campaigns, Performance Reward Fund) Rules, 2007, framed with the approval of the Federal Government, clearly defines NHMP's share as 50% of the total fine money after deduction of collection charges and does not authorize any other deductions by NHA. The deduction of Rs. 45.086 million for Trauma Centre-related expenses was unilateral and not permitted under the Rules. Furthermore, no amendment to the Road Safety Rules can be made without the prior approval of the Federal Government.

Audit is of the view that non-payment share by NHA was a violation of the Road Safety Rules, 2007.

In the DAC meeting held on 13.02.2026, the para was pended till the resolution of the matter with NHA.

Audit recommends that recovery be made and deposited in the Government treasury under intimation to Audit.

3.5.3 Purchase of vehicles without receipt of NHA's Matching Grant Share – Rs. 673.996 million

Rule 6(g) the National Highways and Motorways Police (Road Safety Campaigns, Performance Reward Fund) Rules, 2007 amended on 22.02.2019 states that for replacement and repair of existing transport, equipment intelligent digital solution affecting help, safety, enforcement, rescue and recovery, expenditure would be financed on the matching grant basis between NHMP and NHA on recommendations of the Committee headed by Secretary Communication with Chairman NHA and IG, NHMP as Members.

The 9th meeting of the Matching Grant Committee held on 15.05.2024 headed by the Secretary Communication, allowed to purchase 413 new vehicles as replacement of old vehicles. The Finance Division vide Letter No. 7(78)/Exp-IV/2024 dated 30.09.2024 relaxed the ban for purchase of 138 (1/3rd of the proposed vehicles). Detail is as under:

(Rs.)

Sr. No.	Description	Brand	Number of vehicles	Amount
1	Car/Corolla Altis (A/T) (1800 cc)	Toyota	76	530,024,000
2	Pickup Double Cabin/ Revo (A/T) 4 x 4 (2800 cc)	Toyota	14	195,230,000
3	Fortuner (A/T) GR-S 4 x 4 (2800cc)	Toyota	18	359,964,000
4	Pickup Single Cabin Hilux U/S 4X2 (4200cc)	Toyota	10	69,720,000
5	Hiace Van Dual AC (2500 cc) diesel	Toyota	09	110,700,000
6	Motorcycle for patrolling (150cc)	Honda	05	3,225,000
7	Ambulance Van Dual AC (2500 cc) diesel	Toyota	02	28,290,000
8	Coaster (4000 cc)	Toyota	01	27,003,500
9	Truck (4000 cc)	Hino	02	23,600,000
10	DR Bike (125 cc)	Honda	01	234,900
		Total	**138**	**1,347,991,400**

Audit observed that NHMP purchased 138 vehicles without obtaining 50% share from NHA amounting to Rs. 673.996 million against matching grant of Rs.1,347.991 million. Furthermore, the amount was recoverable as arrears from the previous year and resulted in a surplus balance, as NHMP had already met its expenditure of that year from existing revenues. Hence, the amount was required to be deposited in the Federal Consolidated Fund (FCF), in accordance with the Finance Division's clarification dated 23.01.2024.

Audit is of the view that the non-recovery of the matching grant share from NHA and deposit thereof in FCF, resulting in a loss to the public exchequer. It was a violation of the Road Safety Rules, 2007.

The management replied that the expenditure had been incurred under Rule 6(g) of the Road Safety Campaigns and Performance Reward Rules (S.R.O. 244(1)/2019). A meeting on 15-05-2024 decided that NHA would provide 50% of the funds in FY 2024-25. NHMP initiated the procurement process, obtained NOC from the Finance Division, and placed the work order for 138 vehicles. Multiple correspondences had been made with NHA for its share, but no response had been received.

The reply is not satisfactory as the expenditure of Rs. 1,347.991 million was incurred without receiving the matching grant.

In the DAC meeting held on 13.02.2026, the management was directed to take up the matter with NHA for receipt of the amount.

Audit recommends that amount be recovered from NHA and deposited in the Government treasury under intimation to Audit.

National Highways & Motorway Police, Karachi

3.5.4 Non-utilization of available land and payment of rented offices – Rs. 27.138 million

Para 10(i) of GFR, Vol-I mandates that public officers must exercise the same level of financial vigilance over public funds as they would with their own money.

The management of the National Highways & Motorways Police (NH&MP), Karachi provided a detail of land situated in various cities of the Sindh province as under:

S. No.	Location of land	Date of acquisition	Area
1.	Deh Hakra Tupo Ruk, Tehsil and Dustrict Ghotki	06.02.2010	14 Kanals
2.	Deh and Tapo Their, Tehsil and District Khairpur Mirs	03.11.2007	14 Kanals
3.	Deh and Tapo Ranipur, Tehsil Sobhodero District Khairpur	29.06.2007	14 Kanals
4.	Deh Khahi Rahu, Tehsil Bhiria, District Naushehro Feroze	22.02.2011	14 Kanals
5.	Deh Moro, Tehsil Moro, District Naushehro Feroze	10.04.2007	32 Kanals
6.	Deh Saeedabad, Tehsil Saeedabad, District Matiari	12.02.2011	14 Kanals
7.	Deh Matiari, Tehsil and District Matiari	10.11.2007	1.7 acres
8.	Plot No. A/52 Site Area, Nooriabad	15.11.2008	2 acres

Audit observed that the organization possesses government-owned land that has remained unutilized for several years. Instead of constructing its own buildings, the organization continued to occupy rented premises, resulting in avoidable expenditure of Rs. 27.138 million.

Audit is of the view that hiring rented accommodations despite the availability of government-owned land constitutes inefficient use of public funds and violation of the principles of financial propriety.

The management replied that the construction could not be started due to non-allocation of budget.

In the DAC meeting held on 13.02.2026, DAC issued the directions that fresh case may be taken up for effective utilization of vacant lands.

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

3.5.5 Deficient weighing stations leading to vehicle bypassing and causing massive road damages

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

During the audit of NHMP, weighing stations were visited and relevant reports and correspondence were reviewed. and following issues were identified:

1. It was noted that in certain weighing station locations on the Karachi–Hyderabad Motorway, the layout of pathways was such that it could allow vehicles to bypass the weighing process, leading to non-payment of challans and damage to the road infrastructure. The internal correspondence highlighted this issue at other sites of Motorway police also stating "Large number of overloaded vehicles bypass the weigh stations through provincial Highways/link road"
2. CCTV coverage was inadequate, as key entry, exit, and bypass points were not fully monitored. Several cameras were poorly positioned, leaving blind spots, while official correspondence indicated that most stations lacked CCTV cameras altogether, restricting effective oversight.
3. Internal correspondence revealed offloading facilities were insufficient at multiple weighing stations. Transporters often consider fines merely a "cost of doing business." In the absence of offloading capability, the deterrent effect of the Axle Load Control Regime is lost, as overloaded vehicles continue their journeys after paying fines, undermining road safety & enforcement objectives.

These weaknesses collectively undermine the axle load enforcement system. Vehicle bypassing, inadequate CCTV coverage, and lack of offloading facilities allow overloaded trucks to operate unchecked, resulting in severe road damages, frequent accidents, and costly infrastructure repairs requiring billions of rupees. Bypassing vehicles also evade fines, leading to direct loss of government revenue. persistent overloading shortens highway lifespan, endangers public safety, and causes significant financial losses.

The management replied that the issue needs cooperation from NHA and FWO and the matter has been agitated several times.

In the DAC meeting held on 13.02.2026, the management apprised that the NHMP is vigorously pursuing the matter with NHA. DAC directed the management to actively take up the issue with NHA.

Audit recommends redesigning weighing station layouts to prevent vehicle bypassing and revenue loss, ensuring full CCTV coverage of all access points, and establishing functional offloading facilities.

CHAPTER 4

DEFENCE DIVISION

4.1 Introduction

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

Defence of the Federation or any part thereof in peace or war including Army, Naval and Air Force of the Federation and any other armed forces raised or maintained by the Federation; and armed forces which are not the forces of the Federation but are attached to or operating with any of the armed forces of the Federation.

1- Civilian employees paid by the Defence services.
2- International Red Cross and Geneva Conventions in so far as they affect belligerents.
3- Pardons, reprieves and respites, etc. of all personnel belonging to the Armed Forces.
4- Administration of Military Lands and Cantonments Group.
5- National Maritime Policy.
6- Marine surveys and elimination of dangers to navigation.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Directorate of Military Land and Cantonments.
ii. Federal Government Educational Institutions (Cantonments/Garrisons) Directorate.
iii. Pakistan Military Accounts Department.
iv. Office of the Surveyor General of Pakistan.
v. Pakistan Armed Services Board.
vi. Pakistan Maritime Security Agency.
vii. Airport Security Force
viii. Pakistan Metrological Department

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY 2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	32	11	3,912.22	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

4.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Defence Division for the financial year 2024-25 was Rs. 2,235,804.73 million, out of which the Division expended an amount of Rs. 2,235,336.39 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

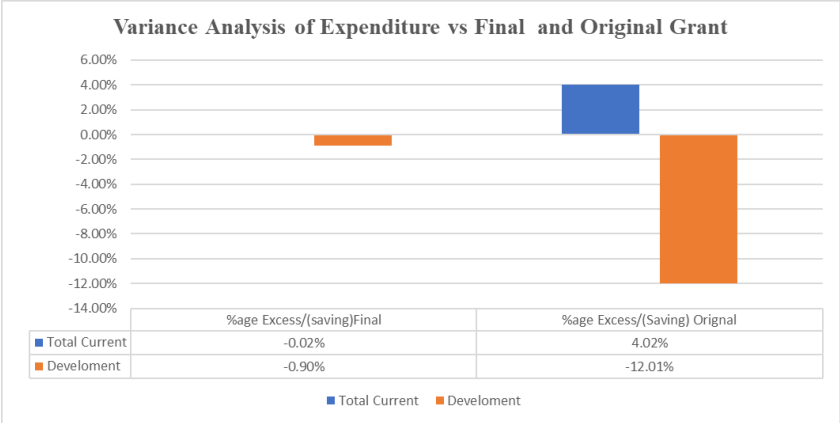
Grant No	Nature	Original Grant / Appropriation	Supplementary Grant / Appropriation	Surrender	Final Grant / Appropriation	Actual Expenditure	Excess / (Savings) Final
27	Current	7,864.90	3,052.00	(208.00)	10,708.90	10,597.59	(111.31)
28	Current	14,319.24	1,436.32	-	15,755.56	15,445.00	(310.56)
29	Current	2,122,000.00	82,336.50	-	2,204,336.50	2,204,334.93	(1.57)
Total Current		**2,144,184.14**	**86,824.82**	**(208.00)**	**2,230,800.97**	**2,230,377.52**	**(423.45)**
101	**Development**	**5,636.00**	**430.00**	**(1,062.24)**	**5,003.76**	**4,958.87**	**(44.89)**
Grand Total		**2,149,820.14**	**87,254.82**	**(1,270.24)**	**2,235,804.73**	**2,235,336.39**	**(468.34)**

Audit noted that there was an overall savings of (Rs. 468.34 million), which was mainly due to saving in current expenditure.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current and development expenditure it is observed that, in case of development expenditure, there was 12.01% of savings w.r.t, Original grant which finally became 0.90% w.r.t. final grant and in case of current expenditure 4.02% of excess reduced to -0.02% of savings.



4.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 1,026.32 were raised in this report during the current audit of the **Defence Division**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Recovery	1,016.88
2	Internal Control	9.44

4.4 Status of compliance with PAC Directives

Ministry	Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Defence Division	2011-12	3	0	0	3	-
	2012-13	5	0	0	5	-
	2013-14	2	2	1	1	50
	2014-15	5	0	0	5	-
	2016-17	1	0	0	1	-
	2017-18	1	1	0	1	-
	2019-20	4	0	0	4	-
	2020-21	7	0	0	7	-
	2021-22	23	0	0	23	-

	2023-24	2	0	0	2	-
	2024-25	2	0	0	2	-
	Total	**55**	**3**	**1**	**54**	**-**
Aviation Division	2011-12	1	1	0	1	-
	2013-14	1	1	1	0	100
	2015-16	1	1	1	0	100
	2017-18	1	1	0	1	-
	2018-19	2	2	0	2	-
	2019-20	9	0	0	9	-
	2020-21	2	0	0	2	-
	2021-22	4	0	0	4	-
	2022-23	14	0	0	14	-
	2023-24	2	2	1	1	50
	2024-25	7	0	0	7	
	Total	**44**	**8**	**3**	**41**	**-**

4.5 AUDIT PARAS

Airport Security Force Foundation

4.5.1 Refusal of audit by Airport Security Force Foundation

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

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

Airport Security Force Foundation was established through SRO 15(KE)/2014 dated 17.04.20214 by the Government of Pakistan. Audit intimations were issued on 11.03.2025, 28.03.2025, 16.04.2025 and 28.10.2025 to conduct the audit of Airport Security Force Foundation.

In response to the audit intimations, Airport Security Force Foundation vide letters dated 24.03.2025, 11.04.2025 and 30.10.2025 stated that the ASFF operates on a self-sustained basis, without any seed money or land allocation from the Government. All financial resources are generated, managed and utilized by the by the foundation independently. The management further stated that the case has already been initiated with Ministry of Defence to discontinue audit of ASF Foundation.

The matter was reported to the Secretary, Ministry of Defence vide letter dated 16.07.2025, 17.11.2025. However, no response in such a matter has been received so far.

Audit is of the view that the stance taken by the management is in violation of the orders of the Honorable Supreme Court of Pakistan and attracts Section 14(3) of AGP's Ordinance, 2001.

Audit is also of the view as the ASFF established under SRO by the Federal Government thus it falls under the audit jurisdiction of the Auditor General of Pakistan.

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 Honorable Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record.

Pakistan Meteorological Department, Karachi

4.5.2 Non-acquisition of land measuring 8.865 Acres

Rule 23 of GFR, Vol-I states that every Government officer must recognize that they will be held personally accountable for any financial loss to the Government due to negligence. Furthermore, they will also be responsible for any loss arising from the negligence of other Government officers if it is established that their own inaction contributed to it.

As per KDA's Letter No. KDA/NG/Sch-36/Meteorology Deptt/44 dated 08.01.1985, 8.865 Acres (42,906.600 Sq. Yards) of land was allotted to Pakistan

Meteorological Department (PMD), Karachi in exchange for land to be used by KDA in a road construction project in Gulistan-e-Jauhar (Scheme No. 36).

Audit observed that although KDA had issued a possession order accepting the possession, PMD, Karachi never acquired the physical possession.

The management replied that the PMD had raised the issue with the KDA which told that no records could be found to validate this transfer in 1985 and the authenticity of the KDA's transfer of land in 1985 is questionable. The management also claimed that original 100 acres allotted in 1958 are still intact.

Management's reply does not address the core audit concern regarding non-acquisition of possession of 8.865 Acres allotted as replacement land in 1985.

Audit is of the view that the management of the PMD, Karachi failed to take timely action with the KDA authorities for the eviction of encroachers, or compensation for the lost land. Therefore, Audit recommends expeditious action to reclaim the encroached land and ensure its rightful ownership.

Audit recommends that an inquiry into the matter may immediately be conducted and to take up the matter with KDA for expeditious resolution. Furthermore, follow-up with the Survey of Pakistan to finalize the boundary demarcation is also recommended.

4.5.3 Encroachment of land measuring 7,420 square feet in Larkana

Rule 23 of GFR, Vol-I provides that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through 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 Meteorological Department (PMD) established a Meteorological Office in Larkana in 1973 and acquired land measuring 6.13 Acres in Survey No.315, Deh Wah Nabi Bux, Taluka District, Larkana.

Audit observed that a land of 7,420 Square Feet was encroached upon by Mr. Nazir Hussain, S/o Muharram Ali, who illegally constructed 22 shops at the front gate of the PMD Office. Despite this blatant encroachment and construction, no timely action was taken by the PMD's management to prevent it. The encroacher even went on to file a Civil Suit No. 2010 in the Court of Senior Civil Judge III, Larkana, claiming that the land was leased to him. However, the Honorable Court, in its Judgment dated 15.09.2011, rejected his claim as false and ruled in favor of the PMD.

Audit further observed that one Acre of PMD's land was illegally occupied by a religious party, who constructed a madrassah and a mosque on the encroached land.

The management replied that they had taken strenuous efforts to reclaim the encroached land of 7,420 Square Feet in Larkana. These efforts are supported by three court Judgments in PMD's favor between 2011 and 2015. The PMD claims that the land grabbers' claims are based on a dubious report by the Mukhtiarkar. The department has issued three eviction notices and plans to lodge an FIR as advised by the Deputy Commissioner. Further, the PMD has sought the assistance of DG Rangers, Sindh and repeatedly engaged with the District Administration for anti-encroachment operations. They also conducted a boundary demarcation and land digitization exercise through the Survey of Pakistan and are awaiting the final report.

Audit is of the view that despite securing favorable court rulings over a decade time, the department has neither physically reclaimed the land on which 22 shops were erected nor the additional one Acre of land occupied by a political/religious party.

Audit recommends that the PMD immediately enforce all the existing Judgments, coordinate with other agencies to regain full control of the encroached areas, establish a clear timeline with regular progress reporting mechanism, and hold every responsible official fully accountable for these failings.

Airport Security Force (HQs), Karachi

4.5.4 Payment of cash reward without framing rules – Rs. 9.443 million

Section 11 (2) of the Airport Security Force Act, 1975 states that the Federal Government may, by notification in the official Gazette, make rules regulating the classes and grades of and their remuneration and rewards to be paid to the officers and members of the Force and their conditions of service.

The management of Airport Security Force, Karachi paid Rs. 9.443 million as cash reward to the employees working at ASF (HQs) and different stations, during the Financial Year 2024-25. Detail is as under:

(Rs.)

No.	Description	ID	Amount
1	Airport Security Force (HQs), Karachi	KA9642	660,000
2	CSO ASF IIA Islamabad	IB5171	1,700,000
3	CSO ASF (North) Islamabad	IB5172	49,000
4	CSO ASF Faisalabad Airport	FD5053	320,000
5	CSO ASF AIIAP Lahore	LO9667	1,259,430
6	CSO ASF Multan Airport	MN0701	250,000
7	CSO ASF Sialkot Airport	ST0168	272,000
8	CSO ASF BKIA Peshawar	PR9619	930,360
9	CSO ASF JIAP Karachi	KA9643	1,855,630
10	Commandant ASF Academy Karachi	KA9644	475,220
11	CSO ASF Airguards Company Karachi	KA9645	170,000
12	CSO ASF (South) Karachi	KA9646	1,050,960
13	CSO ASF BNB Airport Sukkur	SK0323	150,000
14	CSO ASF Quetta Airport	QA7087	300,000
Total			**9,442,600**

Audit observed that the cash reward was paid without framing rules duly approved by the Federal Government.

Audit is of the view that payment of cash reward without framing rules was unauthorized. It was a violation of the Airport Security Force Act, 1975.

The management replied that the Cash Award is granted to ASF staff as per Cash Award Policy duly approved by Director General, ASF having powers to grant awards.

The reply is not tenable as approval by the Director General under internal policy did not substitute the statutory requirement for the Government notified Rules.

Audit recommends that this practice be stopped beside regularization of already incurred expenditure.

4.5.5 Irregular expenditure on uniform – Rs. 38.606 million

Rule 18(b) of the Airport Security Force (Service) Rules, 1978 states that all officers and members shall be governed by the terms and conditions laid down by the Federal Government from time to time for its officers and staff in addition, be entitled to the kit allowance as admissible to the officers in corresponding Grade or rank in the Police.

The management of Airport Security Force (HQs), Karachi incurred an expenditure of Rs. 247,402,921 for the purchase of uniform items and distributed among the officers and members during the Financial Year 2024-25.

Audit observed that as per ASF Service Rules, 1978, the officers were entitled to draw a uniform allowance, as admissible to police officers, at the rate of Rs. 1,200 per (Rs. 14,400 per annum). However, the officers were provided with uniform items Rs. 51,846 per annum, resulting an excess expenditure of Rs. 38.606 million (Rs. 37,446 per officer per year). Further, four officers were drawing uniform allowance as well as the uniforms which was unauthorized.

(Rs.)

Uniform allowance per person per annum	Cost of uniform per person per annum	Difference	Working strength of Officers	Extra payment
1,200 x 12 = 14,400	51,846	51,846-14,400 = 37,446	1,031	37,446 x 1,031 = 38,606,383

Audit is of the view that provision of uniforms items instead of uniform allowance, put an extra burden on the public exchequer, was unauthorized.

The management replied that the policy for providing uniform items to ASF officers is based on Police Rules and Finance Division OM No. F.1(1)/Imp/2005 dated 01.07.2005. As per ASF Rules 1978, amended 2018 (Section 18), officers and members are entitled to Ration and Kit Allowances as admissible to

corresponding grades in the Police. Currently, some ASF allowances differ from Police entitlements. The uniforms are issued to ensure uniformity and to avoid purchasing counterfeit or unauthorized items from the local market.

The reply is not tenable. The justification of uniformity or avoidance of local procurement did not override the statutory entitlement of officers to uniform allowance. Further, payment of both uniform allowance and uniform items to some officers was clearly unauthorized.

Audit recommends that this practice be stopped beside recovery of extra expenditure.

CHAPTER 5

ECONOMIC AFFAIRS DIVISION

5.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (as amended up to 01.12.2021), following main functions have been assigned to the Division:

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

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY 2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1	Formations	4	1	800.71	
2	Assignment Accounts (Excluding FAP)				
3	Authorities/Autonomous Bodies etc. under the PAO				
4	Foreign Aided Project (FAP)				

5.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Economic Affairs Division for the financial year 2024-25 was Rs. 3,943,480.94 million, out of which the Division expended an amount of Rs. 3,890,495.10 million. Grant-wise detail of expenditure is as under:

(Rs. in million)

Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings) Final
31	Current	905.15	-	(94.68)	810.48	809.77	(0.71)
32	Current	29,775.12	-	(7,736.01)	22,039.11	22,036.56	(2.55)
Total Current		**30,680.27**	**-**	**(7,830.68)**	**22,849.58**	**22,846.33**	**(3.25)**
129	**Development**	**745,317.64**	**-**	**(48,577.60)**	**696,740.05**	**661,787.89**	**(34,952.16)**
C	Charged	1,038,601.75	-	(96,529.76)	942,071.99	922,460.61	(19,611.38)
D	Charged	4,989,963.35	-	(2,777,993.63)	2,211,969.72	2,213,517.86	1,548.14
E	Charged	29,500.00	40,349.61	-	69,849.61	69,882.42	32.81
Total Charged		**6,058,065.11**	**40,349.61**	**(2,874,523.40)**	**3,223,891.31**	**3,205,860.88**	**(18,030.43)**
Grand Total		**6,834,063.02**	**40,349.61**	**(2,930,931.68)**	**3,943,480.94**	**3,890,495.10**	**(52,985.84)**

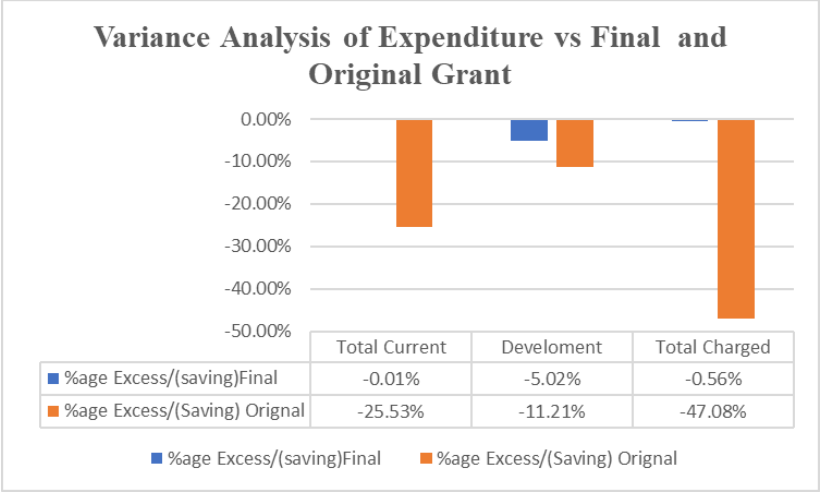
Audit noted that there was an overall saving of (Rs. 52,985.84 million), which was mainly due to saving in development and charged grant.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in the current expenditure and charged expenditure, it was observed that 25.53% of savings in

current grants reduced to 0.01% w.r.t. final grant and in case of charged grant 47.08% of savings are reduced to 0.56%.



5.3 Classified Summary of Audit Observations

Audit observations amounting to Rs. 1,928,706 million, were raised in this report during the current audit of the Economic Affairs Division. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Recovery	1,928,706

5.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	1	0	0	1	-
2011-12	4	0	0	4	-
2013-14	4	4	1	3	25
2020-21	5	0	0	5	-
2022-23	2	0	0	2	-
2023-24	2	0	1	1	50
2024-25	2	0	0	2	-
Total	**20**	**4**	**2**	**18**	-

5.5 AUDIT PARAS

Economic Affairs Division

5.5.1 Non-recovery of principal, interest and exchange risk on foreign relent loans - Rs. 1,927.359 billion

According to Schedule II: Distribution of Business among the Divisions, one of the functions of the Economic Affairs Division is external debt management, including authorization of remittances for all external debt service, compilation and accounting and analysis of economic assistance from all foreign governments and organizations.

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

The management of the Economic Affairs Division provided a list of defaulting departments/entities up to 30.06.2025 showing arrears/overdue amount of foreign relent loans.

Audit scrutiny of the recovery position of foreign relent loans up to 30.06.2025 revealed that an amount of Rs. 1,927.359 billion remained outstanding and unrecovered from various State-Owned Enterprises, Corporations, and Departments. This includes Rs. 736.488 billion on account of principal, Rs. 654.628 billion on account of interest and Rs. 536.243 billion as exchange risk fee.

Audit is of the view that non-recovery of foreign relent loans amounting to Rs. 1,927.359 billion reflects serious weaknesses in the debt recovery mechanism of the Economic Affairs Division.

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

Audit recommends that the Economic Affairs Division may immediately initiate comprehensive recovery proceedings to ensure timely realization of the outstanding principal and interest amounts from all defaulting entities.

5.5.2 Irregular payment of commitment charges against 71 loans – Rs. 1,347 million

According to Manual on Foreign Debt Management, one of the functions of the Debt management wing is prompt realization of recoveries of foreign loans.

Office Memorandum subject Policy for relending of Foreign Loans 2020 dated 08.02.2021 states that one-time fixed administrative charge (FAC) of 0.25% will be applicable on the amount of loan disbursed to the borrower. The FAC shall be paid by the borrower at the time of each disbursement received, within seven (7) days into the Government treasury. The commitment charges are to be deposited in Government treasury on the due dates along with the interest/principal payments.

The EAD is required to maintain, assess and recover fixed administrative charges and commitment charges against the borrowing entities.

Audit scrutiny of recovery data up to 30.06.2025 revealed that the Economic Affairs Division (EAD) did not maintain any segregated or consolidated records reflecting the assessment, recovery, or outstanding position of Fixed Administrative Charges @ 0.25% against borrowing entities. Similarly, although commitment charges amounting to Rs. 1.347 billion were paid by the Government of Pakistan to 71 donors against 71 loans, EAD did not maintain any separate, segregated, or consolidated statement showing the recovery of these commitment charges from the respective borrowers.

Audit is of the view that non-maintenance of segregated and consolidated records of Fixed Administrative Charges and commitment charges reflects weak financial management and internal control mechanisms within the Economic Affairs Division.

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

Audit recommends to ensure calculation of the FAC @ 0.25% and ensure proper accounting for foreign loan disbursements and commitment charges.

CHAPTER 6

FEDERAL EDUCATION AND PROFESSIONAL TRAINING DIVISION

6.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main businesses have been assigned to the Division amongst the other functions.

1- Academy of Educational Planning and Management (AEPAM), Islamabad.

2- Federal Board of Intermediate and Secondary Education (FBISE), Islamabad.

3- National Education Assessment Centre, Islamabad.

4- National Talent Pool, Islamabad.

5- Youth Centers.

6- All matters relating to the National Commission for Human Development (NCHD) and National Education Foundation (NEF).

7- Pakistan National Commission for UNESCO (PNCU).

8- Higher Education Commission.

9- External examination and equivalence of degrees and diplomas.

10- Commission for standards for higher education.

11- National Institute of Science and Technical Education, Islamabad.

12- National College of Arts, Lahore and Rawalpindi.

13- Pakistan Chairs abroad.

14- Selection of Scholars against Pakistan Chairs abroad by the Special Selection Board.

15- Boy Scouts and Girl Guides; Youth Activities and Movement.

16- International exchange of students and teachers, foreign studies and training and international assistance in the field of education.

17- Social Welfare, Special Education, Welfare, development and rehabilitation of children and disabled in the Federal area.

18- Federal College of Education, Islamabad.

19- Federal Directorate of Education and education in the Capital.

20- Federal Government Polytechnic Institute of Women, Islamabad.

21- Sir Syed School and College of Special Education, Rawalpindi.

22- Training, education and rehabilitation of disabled in Islamabad.

23- Private Educational Institutions Regulatory Authority.

24- Dealing and agreements with other countries and international organizations in the fields of social welfare.

25- Relationship with UNESCO and participation in its activities, liaison with other international agencies and organizations in educational programs.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. National Training Bureau.

ii. Pakistan Manpower Institute.

iii. Federal Directorate of Education, Islamabad.

iv. Directorate General of Special Education.

v. Academy of Educational Planning and Management, Islamabad.

vi. Federal Board of Intermediate and Secondary Education, Islamabad.

vii. National Education Assessment Centre, Islamabad.

viii. Pakistan National Commission for UNESCO (PNCU).

ix. Inter-Board Committee of Chairmen.

x. National College of Arts, Rawalpindi and Lahore.

xi. Private Educational Institutes Regulatory Authority.

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1.	Formations	502	8	8,312.50	428.41
2.	Assignment Accounts (Excluding FAP)	-	-	-	-
3.	Authorities/Autonomous Bodies etc. under the PAO	7	2	9,891.26	-
4.	Foreign Aided Project (FAP)	-	-	-	-

6.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Federal Education and Professional Training Division for the financial year 2024-25 was Rs. 191,387.77 million, out of which the Division expended an amount of Rs. 189,778.68 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

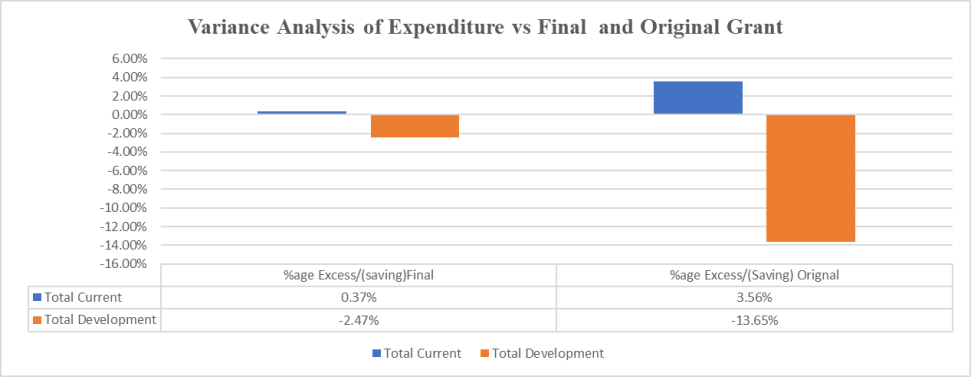
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
36	Current	39,337.35	500.00	(4.68)	39,832.66	40,479.31	646.65
37	Current	66,331.45	3,449.88	(544.00)	69,237.33	69,002.42	(234.91)
38	Current	101.75	-	(12.21)	89.54	88.47	(1.07)
39	Current	716.06	-	(4.16)	711.90	709.42	(2.48)
Total Current		**106,486.61**	**3,949.88**	**(565.04)**	**109,871.44**	**110,279.64**	**408.20**
104	Dev	19,333.88	-	(8,084.33)	11,249.55	11,168.16	(81.38)
105	Dev	66,315.00	-	(5,215.34)	61,099.66	59,175.14	(1,924.52)
106	Dev	6,417.12	2,750.00	-	9,167.12	9,155.74	(11.38)
Total Dev		**92,066.00**	**2,750.00**	**(13,299.67)**	**81,516.33**	**79,499.04**	**(2,017.29)**
Grand Total		**198,552.61**	**6,699.88**	**(13,864.72)**	**191,387.77**	**189,778.68**	**(1,609.09)**

Audit noted that there was savings of Rs. 1,609.09 million, which was mainly due to savings in the development grants which further offset by excess in current grants.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current and development expenditure, it was observed that in case of development grant, there was 13.65% savings w.r.t. original grant which was finally reduced to 2.47% savings w.r.t. final grant and in case of current grants 3.56% of excess was reduced to 0.37% of excess.



6.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.633.92 million, were raised in this report during the current audit of the **Federal Education And Professional Training Division**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	262.47
2	Recovery	121.45
3	Internal Control	250.000

6.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	17	17	13	4	76
2011-12	25	7	4	21	16
2012-13	8	0	0	8	-
2013-14	28	28	22	6	79
2014-15	20	10	2	18	20
2015-16	8	2	2	6	25 -
2016-17	13	1	0	13	-
2017-18	14	10	2	12	20
2018-19	27	23	9	18	39

2019-20	34	0	0	34	-
2020-21	19	0	0	19	-
2021-22	19	1	0	19	-
2022-23	22	1	0	22	-
2023-24	18	18	6	12	33
2024-25	13	0	0	13	-
Total	**285**	**118**	**55**	**230**	-

6.5 AUDIT PARAS

National College of Arts, Rawalpindi

6.5.1 Unauthorized opening of bank accounts and retention of funds – Rs. 262.472 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of the National College of Arts, Rawalpindi was maintaining eleven bank accounts at the Habib Bank Ltd., Liaquat Road, Rawalpindi Branch. The details are as under:

(Rs.)

S. No.	Name of the account	Account number	Balance as on 30.06.2024
1.	Security Refundable	04557900051303	9,841,003
2.	Game Fund	04557900051903	8,999,733
3.	Medical Fund	04557900051403	15,741,115
4.	Stationery Fund	04557900051603	12,027,558
5.	Guild Fund	04557900051503	8,561,841
6.	Recurring	04557900047903	6,556,064
7.	Art Material	04557900051803	12,339,996
8.	Student Fee	04557900047703	102,425,327
9.	G P Fund	04557900218101	35,330,845
10.	NCA Pension Contribution	04557900355001	49,142,814
11.	NCA Advance Loan	04557900752703	1,505,503
Total			**262,471,799**

Audit observed that the management did not deposit balances in the treasury single account so far, in the light of the Finance Division's Notification No. 1(1)/S.O (TSA)/2020/47 dated 31.01.2023.

Audit further observed that theses bank accounts were opened without the approval of the Finance Division in violation of the aforementioned Act's provision.

Audit is of the view that the non-depositing of amount in the treasury single account and maintenance of bank accounts without prior approval of the Finance Division is a violation of the Public Finance Management Act.

The management replied that the scope of the Treasury Single Account (TSA) system has been extended to include the listed institutions, including NCA. However, the existing bank accounts are being maintained until formal instructions and implementation mechanism are issued by the Finance Division. Necessary action will be taken accordingly upon receipt of further directions.

The management has accepted the audit observation.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

Pakistan Boy Scouts Association, National Headquarters, Islamabad

6.5.2 Payment of allowances without approval of the Finance Division – Rs. 44.379 million

Para 5(iii) of the Finance Division's OM No.4(3)/R-4/2011 dated 23.01.2024 states that the Pays, allowances and their revision of all the Government employees, including those employed in Autonomous/Semi-Autonomous/ Corporate bodies requires prior approval of the Finance Division.

The Pakistan Boy Scouts Association, National Headquarters, Islamabad vide a Notification No. PBSA//4-5/ PSCC/112 dated 28.08.2017 had approved the following allowances for the employees of Pakistan Scouts Cadet College Batrasi:

(Rs.)

S. No.	Kind of allowance	Percentage/rate
1	Pakistan Scouts Cadet College Allowance	50% of Basic Pay to all the employees
2	PSCC Batrasi Special Allowance	10% of Basic Pay to all the employees

During the Financial Year 2023-24, the management made payment of the above allowances amounting to Rs. 44,379,874 (Rs.40,603,509 + Rs. 3,776,572) to its employees.

The College had adopted the Pay Scales of the Finance Division in toto.

Audit observed that no approval of the Finance Division was obtained before making payment of above said allowances of Rs. 44.379 million (Rs. 40,603,509 + Rs. 3,776,572) to the employees of the Cadet College.

Audit is of the view that the payment of above said allowances without the approval of the Finance Division is unauthorized.

The management acknowledged the finding but replied that Scouts Cadet College, Batrasi operates as a self-reliant educational institution under the administrative control of the National Headquarters, Pakistan Boy Scouts Association (NHQ, PBSA). The allowances are given taking into account its hardship location and residential structure.

The management has admitted and acknowledge the audit observation.

Audit recommends either to get approval of the Finance Division of recovery of inadmissible allowances from the concerned employees and stoppage of future payment forthwith.

6.5.3 Unauthorized payment to the contractor - Rs. 10.034 million

Rule 23 of the GFR, Vol-I states every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the 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 Finance Division's Annexure 16 to OM dated 17.09.2019 no funds shall be released for un-approved projects.

Rule 3 of the Pakistan Scouts Cadet College Rules and Bye Laws states that the Board shall have the powers to suspend an expenditure sanctioned in the budget

and authorize an expenditure not provided for or beyond the budgetary limits of the financial year.

The management of the Pakistan Scouts Cadet College, Batrasi made a payment of Rs. 10,034,424 to M/s PREST ONE, Islamabad, on the verbal direction of Pakistan Boy Scouts Association, Islamabad, on loan basis, for construction of boundary wall of land allotted by the Punjab Government at Chak No. 23/UCC, Tehsil Sharqpur for establishment of Pakistan Scouts Cadet College.

Audit observed that the payment of Rs. 10.034 million was made to a private contractor, M/s PREST One, Islamabad on behalf of PBSA without settlement of terms and conditions and approval of the BoG and PC-I. The payment was made without obtaining original invoice of the firm and tender documents from the PBSA. Audit also observed that the loan was still not recovered despite lapse of one year.

Audit is of the view that the grant of loan to the PBSA without the settled terms and conditions and approval of the BoG, is unauthorized. The non-recovery of the loans is a loss to the College.

The management replied that the payment was made under time-sensitive circumstances to facilitate early project execution. The matter has since been taken up with PBSA, and recovery or adjustment is in progress.

The management admitted that extending financial support without codal formalities and prior approval was a procedural deviation.

Audit recommends an inquiry to fix the responsibility against the persons concerned for grant of loan, recovery of loan from the PBSA and obtaining ex-post approval of the Board.

Ministry of Federal Education and Professional Training

6.5.4 Contract without penalty clause leading to non-recovery of payment from the absconded firm - Rs. 20.000 million

Clause 2.9.1 (a) of the contract states that the client may terminate the contract if the consultants do not remedy a failure in the performance of their

obligations under the contract, within thirty days after being notified or within any further period as the client may have subsequently approved in writing.

The management of the project titled "Provision of Basic Education Facilities in Educational Institutions in ICT under FDE" under the Ministry of Federal Education and Professional Training, Islamabad made a payment of Rs. 20,000,000 on account of consultancy services to M/s Engineering Consultants International (Pvt.) Ltd. during the Financial Year 2022-23.

Audit observed that

i. There was no penalty clause in the contract agreement which made it possible to consultant to abscond.
ii. No performance or bank guarantee was obtained from the consultant.
iii. Management failed to provide details of the work completed against the payment made to the consultant.
iv. No efforts were made to blacklist the defaulting consultant.

Audit is of the view that the management did not take any action to recover the payment or initiate the blacklisting process against the absconding firm.

The management did not reply till finalization of the report.

Audit recommends the investigation of the matter for non-inclusion of the penalty clause in the agreement beside the recovery of the amount paid to the firm without completing the work.

6.5.5 Non-obtaining of audited adjustment accounts from Sadiq Public School - Rs. 250.000 million

Para 213(5) of GFR, Vol-I 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.

Para 668 of the FTR states that advances granted under special orders of the competent authority to the 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 the Federal Education and Professional Training, Islamabad released funds of Rs. 250,000,000 for development / upgradation to Sadiq Public School, Bahawalpur under the Prime Minister's directives during the Financial Year 2024-25.

Audit observed that adjustment accounts including vouchers in support of expenditure, were not obtained.

Audit is of the view that in the absence of adjustment record, the authenticity of expenditure cannot be ascertained.

The management did not reply till finalization of the report.

Audit recommends that adjustment accounts / expenditure vouchers be provided to Audit for scrutiny.

Private Educational Institutions Regulatory Authority (ICT-PEIRA)

6.5.6 Unauthorized payment of pay and allowances to Chairperson and Members of ICT-PEIRA – Rs. 4.303 million

Para 2(j) of the Islamabad Capital Territory – Private Educational Institutions Regulatory Authority (ICT-PEIRA) Financial Rules, 2024 states that "pay and allowances" means the pay and allowances shall as in force in the Federal Board of Intermediate & Secondary Education (FBISE), Islamabad for time to time and duly adopted by the Authority under section 10 of the Act.

The management of ICT-PEIRA was required to pay salaries to the Chairperson as per revised MP Scales, 2023 and to the Members as per Basic Pay scales of the Federal Government.

Audit observed that ICT-PEIRA paid an excess amount of Rs. 4,302,942 to the Chairperson and Members for different allowances in contravention of Para 2(j) of the Islamabad Capital Territory – Private Educational Institutions Regulatory Authority (ICT-PEIRA) Financial Rules, 2024 and Para 41 & 42 of FBISE Employees (Services) Regulations, 2005. Details are as under:

(Rs.)

	House Rent Allowance	Medical Allowance	Dearness Allowance	Utility Allowance	Total
Chairperson	1,837,872	927,720	371,088	206,496	**3,343,176**
Member-Registration	232,618	257,991	176,982	132,739	**800,330**
Member Academics	50,057	51,681	32,970	24,728	**159436**
Total					**4,302,942**

Audit observed that the excess and inadmissible allowances, were being paid to the Chairperson and Members of ICT-PEIRA in addition to the allowances admissible to them.

Audit is of the view that excess and inadmissible payment of allowances to the Chairperson and Members of ICT-PEIRA was a serious lapse on the part of the management.

The management replied that as per Section 2(j&k) of the ICT-PEIRA Financial Rules, 2024, the "pay and allowances" shall be those in force in the Federal Board of Intermediate and Secondary Education (FBISE) and duly adopted by the Authority under Section 10 of the Act. Moreover, in compliance with the directions of DAC in its meeting held on 03.12.2024, pay and allowances of the Chairperson and Members are being drawn strictly in accordance with the prescribed MP and BPS scales with effect from January, 2025.

The management accepted that the payment of excess and inadmissible allowances amounting to Rs. 4.302 million to the Chairperson and Members of ICT-PEIRA is irregular.

Audit recommended the management of ICT-PEIRA to recover the inadmissible payment and to fix responsibility on the officers/ officials who authorized such irregular payments.

6.5.7 Payment of inadmissible allowances and excess payment due to allowance paid on running basic instead of initial basic - Rs. 13.299 million

Para 41 of FBISE Employees (Services) Regulations, 2005 states that National Pay Scale 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 further states that in all matters not specifically provided for in these Regulations, the rules and procedures applicable to Federal Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

The management of ICT-PEIRA paid salaries to the employees as per Basic Pay scales of the Federal Government along with Adhoc Relief Allowances and Disparity Reduction Allowances as admissible to the Federal Government employees, sanctioned by the Federal Government to compensate the employees against of escalation.

Audit observed that ICT-PEIRA paid an excess amount of Rs. 13,299,480 to the employees for different allowances in contravention of Para 2(j) of the Islamabad Capital Territory – Private Educational Institutions Regulatory Authority (ICT-PEIRA) Financial Rules, 2024 and Para 41 & 42 of FBISE Employees (Services) Regulations, 2005. Details are as under:

(Rs.)

House Rent Allowance (drew 65% on running basic pay instead of initial basic pay)	Medical Allowance (drew 50% on running basic pay instead of 35% of initial basic pay)	Dearness Allowance (drew 20% on running basic pay, which was not covered under the rules)	Utility Allowance (drew 15% on running basic which was not covered under the rules)	Total
3,833,206	4,284,706	2,960,896	2,220,672	**13,299,480**

Audit observed that the allowances on running basic pay instead of initial basic pay and inadmissible allowances, were being paid to the employees of ICT-PEIRA in addition to the allowances admissible to the employees of FBISE, Islamabad.

Audit is of the view that excess and inadmissible payment of allowances to the employees of ICT-PEIRA was a serious lapse on the part of the management.

The management replied that PEIRA is an autonomous body and since its establishment, the pay, allowances, and fringe benefits as applicable in the Federal Board of Intermediate and Secondary Education (FBISE) have been duly adopted under the relevant rules and financial framework.

The reply is not tenable, as the management did not provide documentary evidence to substantiate that the allowances were being paid strictly in accordance with the ICT-PEIRA Financial Rules, 2024 and at par with those admissible in the Federal Board of Intermediate and Secondary Education (FBISE), Islamabad. Hence, the excess payment of allowances constitutes irregular expenditure and indicates weak internal financial controls.

Audit recommends the payment of allowances should be made as per approved policy and recover the overpaid allowance.

6.5.8 Unauthorized payment of Eid allowance, Honoraria and Leave encashment - Rs. 29.436 million

Para 42 of Federal Board of Intermediate and Secondary Education Employees (Service) Regulations, 2005 states that in all matters not specifically provided for in these Regulations, the rules and procedures applicable to Federal Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

Rule 38 of the ICT-PEIRA Employees Service Rules, 2006 states that in all matters not specifically provided for in these Rules, the rules and procedures applicable to Federal Civil Servants shall, as far as possible, apply to the employees of the Authority provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government.

The management of ICT-PEIRA paid an amount of Rs. 29,435,963 on account of following fringe benefits to its Chairperson, Members and Employees during the financial year 2024-2025. Details are as under:

Sr. No.	Head of Account	Amount (Rs.)
1.	Eid Allowance	2,113,090
2.	Honoraria	18,547,790
3.	Leave Encashment @ 1.5 Gross Basic Pays.	8,775,083
	Total	**29,435,963**

Audit observed that no provision exists in the FBISE Employees (Service) Regulations, 2005 for such payments. Audit further observed that payment of aforementioned benefits to PEIRA employees were in contravention of the applicable rules.

The management replied that PEIRA is an autonomous body whose employees are not civil servants. Since its inception, PEIRA has adopted the pay, allowances, and fringe benefits applicable to the Federal Board of Intermediate and Secondary Education (FBISE).

The reply of the management is not tenable as the payment of additional benefits to PEIRA employees lacks explicit authorization from the competent authority, i.e., the Federal Government. No documentary evidence or approval has been provided to substantiate that such benefits were sanctioned in accordance with the rules.

Audit recommends the recovery of the inadmissible amounts from the concerned employees besides discontinuation of payment of such inadmissible allowances.

6.5.9 Irregular functioning of 187 Private Educational Institutions without registration

Clause 4(1) of ICT-PEIRA (Registration, Regulation and Promotion) Rules, 2024 states that application for registration under rule (3) shall be made by the institution to the Authority at least two months before commencement of the academic year.

Clause 4(3) of ICT-PEIRA (Registration, Regulation and Promotion) Rules, 2024 states that upon commencement of these rules, a new institution shall be allowed to function only after the issuance of registration certificate.

The management of ICT-PEIRA has registered 1108 private educational institutions in Islamabad Capital Territory (ICT) till June, 2025.

Audit observed that 187 Private Educational Institutions are functioning in Islamabad Capital Territory without obtaining registration certificates.

Audit is of the view that ICT-PEIRA failed to effectively enforce the mandatory registration requirement and regulate unregistered PEIs as envisaged under its governing law and rules.

The management replied that ICT-PEIRA is actively pursuing the registration of the concerned Private Educational Institutions (PEIs) through correspondence, notices, and field visits to verify their current status. Consequently, 21 PEIs have submitted the required documents and have been issued registration certificates, while the remaining 64 PEIs are being processed expeditiously.

The reply of the management is not acceptable as the record of 21 PEIs being registered have not been provided and 166 are still working without registration.

Audit recommends an inquiry to fix responsibility for unauthorized functioning of institution without registration.

6.5.10 Non-functioning of monitoring unit for oversight of Private Educational Institutions

Section 15(1) of the PEIRA Act, 2013 states that an institution shall be subject to monitoring by the Authority and for this purpose the Government or any officer or authority authorized by it may inspect any institution with a view to ensuring that such an institution is maintained in accordance with the provisions of this Act, the rules and the terms and conditions of the certificate of registration and the management of the institution shall afford all facilities for carrying out a proper inspection.

During the PEIRA audit, the management was requested to furnish detailed information regarding monitoring visits and reports for Private Educational Institutions (PEIs). However, the management was unable to provide the required details concerning monitoring visits and reports.

Audit observed that no such monitoring unit has so far been established in the PEIRA to oversee the financial, commercial, and operational performance of the Private Educational Institutions.

Audit also observed that the non-functioning of the monitoring unit, the fines on private educational institutions under new rules of PIERA could not be imposed, thus impeding enforcement.

Audit is of the view that due to non-establishment of the monitoring unit; financial and performance oversight of the Private Educational Institutions has remained weak.

The management replied that observation regarding inadequate monitoring of private educational institutions has been noted to ensure compliance with regulatory standards and promote quality education.

The management has admitted that only random monitoring is being conducted due to limited human resources, which confirms the audit contention.

Audit recommends establishment of a dedicated monitoring unit in ICT-PEIRA as required under rules.

CHAPTER 7

HIGHER EDUCATION COMMISSION

7.1 Introduction

Higher Education Commission (HEC) was set up through an Ordinance in September, 2002 to facilitate the development of indigenous universities to be world-class centers of higher education, research and development.

To address the challenges of higher education, a comprehensive strategy has been defined by the HEC that identifies the core strategic aims for reform as (i) Faculty development, (ii) Improving access, (iii) Excellence in learning and research, and (iv) Relevance to national priorities. These strategic aims are supported by well-integrated cross-cutting themes for developing leadership, governance and management, enhancing quality assessment and accreditation and physical and technological infrastructure development.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

- All Public-Sector Universities

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY 2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	27	25	90,380.54	9,723.40
2	Assignment Accounts (Excluding FAP)	-	-		
3	Authorities/ Autonomous Bodies etc. under the PAO	21	0		
4	Foreign Aided Project (FAP)	2	2	1,980.85	

7.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2024-25 was Rs. 130,336.99 million, out of which the Commission expended an amount of Rs. 128,177.56 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

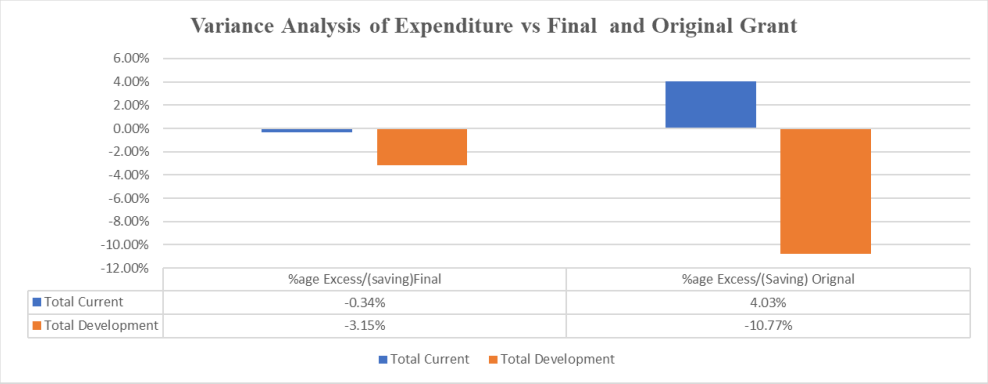
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
37	Current	66,331.45	3,449.88	(544.00)	69,237.33	69,002.42	(234.91)
105	Dev	66,315.00	-	(5,215.34)	61,099.66	59,175.14	(1,924.52)
	Total	**132,646.45**	**3,449.88**	**(5,759.34)**	**130,336.99**	**128,177.56**	**(2,159.43)**

Audit noted that there was an overall saving of (Rs. 2,159.43 million), which was mainly due to saving in the development grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of GFR, Vol-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, it was observed that, in case of development grant, there was 3.15% of saving w.r.t. final grant, in case of current grant, there was savings of 0.34%.



7.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 15,201.63 million, were raised in this report during the current audit of the **Higher Education Commission**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No	Classification	Amount
1	*Management of account with commercial banks*	2,444.96
2	*Recovery*	382.43
3	*Internal Control*	11,592.82
4	*Others*	781.41

7.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	5	4	1	80
2011-12	25	0	0	25	-
2012-13	17	0	0	17	-
2013-14	44	44	33	11	75
2014-15	6	6	5	1	83
2015-16	22	22	8	14	36
2016-17	51	10	3	48	30
2017-18	72	44	18	54	41
2018-19	60	15	3	57	-
2019-20	21	3	0	21	-
2020-21	39	8	2	37	25
2021-22	48	10	6	42	60
2022-23	49	11	6	43	65
2023-24	22	13	11	11	90
2024-25	27	0	0	27	-
Total	**508**	**191**	**99**	**409**	-

7.5 AUDIT PARAS

Centre of Excellence in Solid State Physics, Lahore

7.5.1 Overpayment of inadmissible allowances from Tenure Track System - Rs. 7.293 million

The Ministry of Finance vide a Letter No. 4(6)R-4/2016-PT dated 28.03.2025 states that the table duly signed by the Joint Secretary (Regs.), Finance Division and Director Finance, HEC is attached. The HEC may circulate the table to the Universities with the directions to make payment of arrears to the TTS faculty strictly on the basis of the table. This payment is to be considered as arrears to maintain the 35% gap and shall not construct as revision in the TTS scales.

The Higher Education Commission, Islamabad vide a Letter No. F.P.2-103/HEC/2024-25/1379 dated 04.04.2025 circulated the Ministry of Finance's Letter No. 4(6)R-4/2016-PT dated 28.03.2025 to all the Heads, Registrars and Treasures / Director Finance / Accounts Officers of all the Public Sector Universities / HEIs for compliance.

The management of the Center of Excellence in Solid State Physics, Lahore, made a payment of Rs. 91,853,509 to TTS faculty members against the due amount of Rs. 84,560,995 during the Financial Years 2022-23 to 2024-25. The details of the excess payment are as under:

(Rs.)

No.	Name, designation and BPS	2022-23	2023-24	2024-25	Total
1.	Prof. Dr. Saira Riaz, Director (BPS 21)	601,151	601,151	392,481	1,594,783
2.	Prof. Dr. Afaq Ahmed, Professor (BPS 21)	620,456	601,151	392,481	1,614,088
3.	Dr. Shahid Atiq, Associate Professor (BPS 20)	556,207	501,801	128,346	1,186,354
4.	Dr. M. Javaid Iqbal, Associate Professor (BPS 20)	464,189	431,987	+ 38195	857,981
5.	Dr. Imran Sadiq, Assistant Professor (BPS 19)	464,189	149,909	+ 92,883	521,215
6.	Dr. Hadia Noor, Assistant Professor (BPS 19)	464,189	149,909	+ 92,883	521,215
7.	Dr. Muhammad Akram Raza, Assistant Professor (BPS 19)	464,189	464,189	68,538	996,916
Total		**3,634,570**	**2,900,097**	**981,846**	**7,292,552**

Audit observed that the Tenure Track System faculty members were paid in excess of the approved rates specified in the table duly signed by the Joint Secretary (Regulations), Finance Division and the Director (Finance), HEC and approved by the Ministry of Finance vide a Letter No. 4(6)R-4/2016-PT dated 28.03.2025.

Audit is of the view that making payments in excess of the approved rates, was irregular and resulted in a financial loss to the public exchequer.

The management did not reply till finalization of the report.

The DAC in its meeting held on 18.11.2025 discussed the para in detail and directed the management that updated recovery status be shared with Audit.

Audit recommends the recovery of the overpayment from the respective employees.

Bahria University, Islamabad

7.5.2 Unauthorized maintenance of bank accounts and retention of balances - Rs. 162.030 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of the Bahria University, Islamabad, has been maintaining 137 bank accounts during the Financial Year 2023-24, as detailed in the Trail Balance. There were closing balances of Rs. 162.03 million in these bank accounts, as on 30.06.2024.

Audit observed as under:

i. 137 bank accounts were opened without obtaining prior approval from the Finance Division, as required under the Treasury Single Account Rules, 2020.
ii. The closing balances amounting to - Rs. 162.030 million lying in these bank accounts as on 30.06.2024 were not deposited in the Federal Consolidated Fund.

Audit is of the view that opening of 137 bank accounts without approval of the Finance Division and retention of bank balance is unauthorized.

The management did not reply till finalization of the report.

The DAC in its meeting held on 31.12.2025 discussed the para in detail and directed the university management to minimize the number of bank accounts and that the record may be got verified from audit. Further, directed the Finance Division, HEC to take up the matter with Ministry of Finance, Islamabad for clarification regarding implementation of Treasury Single Account I &II with reference to HEI and HEC. Para stands.

Audit recommends obtaining approval of the Finance Division and deposit of closing balances in the Federal Consolidated Fund.

7.5.3 Unauthorized payment of Leave Encashment and recovery thereof - Rs 40.586 million

Para 5(iii) of the Finance Division's (Regulations Wing) vide OM No. 4(3)R-4/2011 dated 23.01.2024 states that pay, allowances and their revision of all Government employees including those employed in Autonomous/Semi-Autonomous/Corporate bodies requires prior approval of the Finance Division.

Finance Division's (Regulations Wing) vide OM No. 4(3)R-4/2011 dated 23.01.2024 states that the Auditor-General of Pakistan should ensure that during audits of all offices of the Federation, Finance Division's specific approvals, are available and are verified in respect of all the expenditures and charges including pays and allowances.

Rule 18 (amended) of the Revised Leave Rules, 1980 states that encashment of leave preparatory to retirement (LPR) not exceeding three hundred and sixty five days shall be effective from the first day of July, 2012 and shall, for the entire period of leave refused or opted for encashment, be applicable to a civil servant retired or, as the case may be, retiring on or after the first day of July, 2012, provided such leave is available at his credit subject to a maximum of three hundred and sixty five days.

As per Clause 10.15.1 of the Bahria University (BU) statutes, employees in BU Pay Group 6 and above may redeem their leave, as per prevalent Financial Rules, when not spared due to exigencies of the service.

The management of the Bahria University paid Rs. 40.586 million on account of leave encashment to their serving employees during the Financial Year 2023-24. It is emphasized that this is not leave encashment upon superannuation, which is admissible to all the Government servants; rather it is encashment of annual leave, which is inadmissible to the Government servants.

Audit observed that the statues of the Bahria University were approved by the BoG without consultation of the Finance Division, as required under Rule 12(1) of the Rules of Business, 1973.

Audit is of the view that the payment of leave encashment amounting to Rs. 40.586 million without concurrence of the Finance Division, was irregular and unauthorized.

The University did not reply till finalization of the report.

The DAC in its meeting held on 31.12.2025 discussed the para in detail and directed the university management to refer the case to Ministry of Finance, Islamabad for concurrence/approval.

Audit recommended concurrence of the Finance Division on the Policy of leave encashment or recovery of the amount paid to serving employees of the Bahria University.

COMSATS University Islamabad, Vehari Campus

7.5.4 Overpayment of House Rent Allowance - Rs. 68.850 million

Para 5(iii) of the Finance Division's (Regulations Wing) vide OM No. 4(3)R-4/2011 dated 23.01.2024 states that pay, allowances and their revision of all Government employees including those employed in Autonomous/Semi-Autonomous/Corporate bodies requires prior approval of the Finance Division.

Finance Division's (Regulations Wing) vide OM No. 4(3)R-4/2011 dated 23.01.2024 states that the Auditor-General of Pakistan should ensure that during audits of all offices of the Federation, Finance Division's specific approvals, are available and are verified in respect of all the expenditures and charges including pays and allowances.

Finance Division's instructions say that the House Rent Allowance will be paid to the Government employees and semi-Government at the rate of 45% of the minimum of the relevant BPS for the cities of Islamabad/Rawalpindi, Karachi, Lahore, Peshawar, Quetta, Hyderabad, Multan and Faisalabad, while at the rate of 30% of the minimum of the relevant BPS for all other cities.

Audit observed that the management of CUI Islamabad Vehari Campus paid House Rent Allowance @ 45% per month on their running pay instead of 30% on initial pay scale. In this way, an amount Rs. 68.850 million was overpaid as detailed below:

(Rs in million)

Sr. No.	Financial Year	House Rent Allowance paid	House Rent admissible	Recovery
1	2018-2019	26,193,976	17,462,451	8.731
2	2019-2020	26,334,425	17,556,283	8.778
3	2020-2021	28,055,693	18,703,795	9.351
4	2021-2022	42,469,484	28,312,989	14.156
5	2022-2023	42,107,919	28,071,946	14.035
6	2023-2024	41,411,634	27,607,756	13.803
Total		**206,573,131**	**137,715,422**	**68.858**

Audit is of the view that the payment of House Rent Allowance to the employees over the entitlement was irregular, unauthorized and extra burden on the campus budget

The DAC in its meeting held on 31.12.2025 discussed the para in detail and directed the university management matter may be placed before Senate of the University and outcome be shared with audit.

Audit recommends that the amount overpaid may be recovered and practice should be stopped.

Karakoram International University, Gilgit

7.5.5 Non-appointment of officers on tenure post

Para 39(c) of the Supreme Court of Pakistan's Order dated 21.10.2024 states that vacant tenured positions must not be held for more than six months on acting-charge-basis and such temporary charge be given to that person, who is specified in the applicable law and in the absence thereof to a person of equivalent seniority, failing which to the person next in seniority.

The tenured posts include the post of Registrar, Treasurer and Controller Examination of the University. Details of the current postings in the KIU, Gilgit against the said posts are as under:

No.	Name of the officer	Current status
1	Dr. Abdul Hameed Lone, Registrar	Retired on 06.05.2025
2	Mr. Noman Butt, Treasurer	Acting Charge basis since 2022
3	Mr. Wajid Hussain, Controller Examinations	On interim basis since 2021

Audit observed as under:

i. Dr. Abdul Hameed Lone, ex-registrar retired on 06.05.2025. Thereafter, Mr. Sajjad Ali, Director Academics was assigned to assist the Vice Chancellor with matters pertaining to the Registrar's Office during the 25th meeting of the Senate, held on 10.05.2025.
ii. The management did not appoint a regular Treasurer, and instead acting charge was given to the Director Finance from 2022 till date.
iii. Mr. Wajid Hussain, Director Coordination (BPS 20) was posted as Controller Examination in 2021 on interim basis, as evident from the minutes of the meeting of Senate, held on 10.05.2025.

Audit is of the view that the non-appointment against the tenured posts is a violation of the Supreme Court's Orders and the statutory requirements of the Karakoram International University Order, 2008.

The management replied that due to financial constraints and to maintain continuity, senior officers were assigned these roles on interim basis. The management has now initiated the recruitment process, and the posts have been advertised on open merit.

The reply is not tenable as financial constraints do not justify the prolonged non-appointment of the regular officers on tenured posts.

The DAC in its meeting held on 18.11.2025 discussed the para in detail and directed the management to take steps to fill the statutory posts. The para will remain pending until the appointment of tenured positions.

Audit recommends that the appointments against the tenured posts be made in compliance with the Supreme Court's Orders.

7.5.6 Irregular payment of KIU allowance to TTS Employees @ 50% of the basic pay – Rs. 7.366 million

Statutes 2.4.2(a) of Model Track Process (benefits of existing faculty members on Tenure Track) states that the salary scales are all inclusive and no other allowance (Ph.D. 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, the medical facility will be provided by the University, as per BPS scales.

Audit observed that the management of the Karakoram International University (KIU), Gilgit paid KIU Allowance equal to 50% of basic pay to the Tenure Track System (TTS) staff from November, 2023 to June, 2025 to 22 Professors, Associate Professors and Assistant Professors.

Audit is of the view that the payment of the KIU allowance @ 50% of basic pay to the TTS employees was made in violation of the instructions/allowance, and hence unauthorized.

The management replied that 27 TTS faculty members were appointed and initially their request for 50% KIU allowance under the TTS statutes was denied. Following litigation, the Supreme Appellate Court, GB directed the University to grant the allowance from August, 2023. A review petition is pending.

The reply is not acceptable, as payment of the KIU allowance to the TTS faculty is irregular and contrary to the TTS statutes.

The DAC in its meeting held on 18.11.2025 discussed the para in detail and directed that HEC & university management pursue the court case vigorously and outcome will be shared with audit.

Audit recommends that the case needs to be pursued vigorously in the court so that the payment of such allowance be stopped beside recovery of the already paid amount.

7.5.7 Unauthorized maintenance of thirty-one bank accounts – Rs. 396.444 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of the Karakoram International University is maintaining thirty-one (31) bank accounts, which had a closing balance of Rs. 396,443,632, as on 30.06.2025.

Audit observed as under:

i Accounting procedures and Fund Rules/Regulations were not framed.
ii The same issue was also highlighted during the previous audits, but no corrective measures have been taken by the management.

Audit is of the view that maintaining thirty-one (31) bank accounts without framing accounting procedures and Fund Rules/Regulations, was irregular and unauthorized.

The management replied that the Karakoram International University maintained multiple bank accounts to separately manage receipts and expenditures for research projects and specific university functions, ensuring transparency and ease of audit. Financial rules and fund-specific guidelines are being finalized, and the KIU Calendar with administrative and financial regulations has been approved.

The reply is not acceptable, as maintaining numerous bank accounts without finalized financial rules increases the risk of weak internal control and fund mismanagement.

The DAC in its meeting held on 18.11.2025 discussed the para in detail and directed the university management that list of bank accounts bifurcating the project accounts may be provided to audit for verification.

Audit recommends closure of all unauthorized accounts and framing of accounting procedures and fund rules/regulations.

Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU), Islamabad

7.5.8 Irregular appointment on contract basis

Para (vii) of the Establishment Division's OM No. F.53/I/2008-SP dated 22.10.2014 states that the vacancies in each Ministry/Division/Department/

Autonomous body/Corporation as per provincial/Regional quota etc. shall be advertised through widely published national /provincial / regional newspapers.

The management of Shaheed Zulfiqar Ali Bhutto Medical University (SZABMU), Islamabad appointed two lecturers on a contract basis and made payment of Rs. 2,798,000 on account of their salaries up to the Financial Year 2024-25. The details are as under:

S. No.	Name of employees	Designation	Date of Appointment
1.	Dr. Hadia Anjum, Lecturer	Lecturer (BPS-18)	08.03.2023
2.	Dr. Mamoona Tasleem Afzal, Lecturer	Lecturer (BPS-18)	08.03.2023

Audit observed that the appointments were made without open competition, without conducting skill tests, and without adherence to the merit policy, as required under Para (vii) of the Establishment Division's OM No. F.53/I/2008-SP dated 22.10.2014.

Audit is of the view that these appointments were made in violation of Para (vii) of the Establishment Division's O.M. No. F.53/I/2008-SP dated 22.10.2014.

The management did not reply till finalization of the report.

Audit recommends an inquiry to probe the matter and fix the responsibility.

Quaid-e-Azam University, Islamabad

7.5.9 Irregular deduction of Benevolent Fund, Group Insurance, GPF and Academic Staff Association Scheme from the TTS employees - Rs. 13.250 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 (Ph.D. 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.

The management of the Quaid-i-Azam University, Islamabad paid personal pay amounting to Rs. 3,756,474 and deducted Rs. 9,493,346 on account of Benevolent Fund, Group Insurance, GPF and Academic Staff Association Scheme from the salaries of the Tenure Track employees during the financial year 2023-24.

(Rs.)

No.	Deductions	Amount
1	Benevolent Fund	606,016
2	Group Insurance	592,960
3	GP Fund	6,840,230
4	Academic Staff Association Scheme	372,400
5	Academic Staff Association	1,081,740
	Payments	
6	Personal Pay	3,756,474
Total		**13,249,820**

Audit observed that as per the TTS Model Statute, TTS employees were not entitled for the Personal Pay and other deductions in the form of Benevolent Fund, Group Insurance, GPF and Academic Staff Association Scheme.

Audit is of the view that payment of personal pay and deductions from the salaries of the TTS employees is against the provisions of the TTS Model.

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

Audit recommends either provision of justification allowing the additional benefits to the TTS employees or the practice be stopped and recovery be.

7.5.10 298 acres of land encroached for the last 50 years – Rs. 11,592.815 million

CDA Land Allotment Terms & Conditions (Standard Clause on Possession & Use) state that the allottee shall take over physical possession of the allotted land immediately and shall ensure that no encroachment, unauthorized occupation, or adverse possession is created on any part of the allotted land.

Section 36(b) and Section 51 of the CDA Ordinance, 1960, empower the CDA Board to determine terms for sale/lease of land and related charges. Further, CDA Regulations on Ground Rent (AGR) states that Annual Ground Rent shall be payable by the allottee for the entire allotted land from the date of allotment, irrespective of the extent of land utilized or occupied by the allottee.

The Capital Development Authority allotted 1,709 Acres, 4 Kanals, 12 Marlas of land to Quaid-i-Azam University (QAU), Islamabad on 04.02.1976 for education activities.

Audit observed that 298 Acres of land has remained encroached by private settlers/encroachers since 1976.

Audit is of the view that unauthorized occupation of government-paid land resulted in potential loss of state assets and risk of adverse possession.

The management stated that CDA acquired 1709 Acres, 4 Kanals and 12 Marlas for Quaid-i-Azam University in 1967, with full payment made, but vacant possession was never handed over despite boundary demarcation on a map.

Audit recommends that the University should actively pursue the vacation of the encroached land with CDA and take immediate legal measures to remove encroachments, in coordination with relevant authorities.

7.5.11 Non-deposit of Deducted Income Tax into Government Treasury – Rs. 177.773 million

Section 149 of the Income Tax Ordinance, 2001 requires every employer to deduct income tax from employees' salary payments at the prescribed rates and treat the deducted amount as withholding tax on behalf of the Federal Government.

Further, Section 160 of the Ordinance and Rule 43 of the Income Tax Rules, 2002 stipulate that the tax deducted at source must be deposited into the Government Treasury within the time prescribed by the Federal Board of Revenue (FBR).

The management of the Quaid-i-Azam University, Islamabad deducted an amount of Rs. 177.73 million as income tax from the salaries of the employees under Section 149 of the Income Tax Ordinance, 2001.

Audit observed that the deducted amount was not deposited into the Government Treasury. Prolonged retention of such a large amount without any valid justification reflects serious non-compliance with withholding tax laws.

The management stated in its reply that the University has been facing a severe financial crunch for the last several years and did not have sufficient cash to deposit the deducted tax. It is also stated that out of total tax i.e. Rs. 177.773 million, University deposited Rs. 83.084 million in the FBR.

The reply is not acceptable, as financial constraints do not absolve the University from its statutory obligation to deposit withheld Government revenue within prescribed timelines. Withheld income tax is not the property of the University and cannot be retained or utilized to meet operational expenditures. Moreover, no evidence of the deposit of Rs. 83.084 million was shared with Audit.

Audit Recommendation that the University should immediately deposit the remaining withheld income tax into the Government Treasury under intimation to audit.

7.5.12 Irregular award of contract and non-recovery of the rent of shops - Rs. 25.935 million

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, realised and duly credited in the Public Account.

Rule 5 (14) of the Rules of Business 1973 states that assessment and fixation of rent of government owned buildings is in the power Ministry of Housing and Works.

The management of QAU, Islamabad awarded the contracts of 41-shops and canteens to different contractors. Detail of the business points is as under:

(Rs.)

No.	Name of Business Point	Number	Rent per month
1	Canteens	24	25,935,299
2	Fruit Shops	8	
3	Tuck Shops	5	
4	Photocopy Shops	1	
5	Barber Shops	1	
6	Cobbler Shops	2	

Audit observed that:

i. The contracts of the shops were awarded without observing codal formalities and without consultation of Pak-PWD. The terms and

condition for shops were written on an affidavit without endorsing from the Oath Commissioner.

ii. Rent was not collected and it has been written in remarks for all shops and canteens that "Rent amount is being adjusted monthly". The scrutiny of record revealed that all shops were rented out in 2023, but even after lapse of two years, no rent has not been recovered.

iii. No bill on account of electricity and gas was received from contractor on the basis of actual reading of sub –meters.

Audit is of the view that contracts were awarded without meeting the codal formalities and consultation of Pak PWD or CDA. Further, non-recovery of rent since long constitutes the negligence on the part of the management.

No reply was received till issuance of this report.

Audit recommends that the University should immediately recover outstanding rent and utility charges, reassess and fix the rent in consultation with Pak-PWD/CDA or Ministry of Housing and Works.

7.5.13 Irregular opening of bank accounts and retention of funds - Rs. 152.078 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of QAU, Islamabad is maintaining sixty-one (61) bank accounts in commercial banks and retained an amount of Rs. 152.078 million in these bank accounts as on 30.06.2025.

Audit observed that:

i. Management did not close above bank accounts after issuance of Cash Management and Treasury Single Account Rules, 2020.

ii. These bank accounts were operational without the approval of Finance Division.
iii. Management retained an amount of Rs. 152.078 million in the bank accounts in violation of Government instructions.

Audit is of the view that maintaining bank accounts / retention of money in violation of instructions of the Finance Division and non-inclusion of receipts in the annual budget was irregular and unauthorized.

Management stated that the University opens bank accounts for specific purposes such as projects and scholarships and that the University Syndicate authorizes the Vice Chancellor and Treasurer/Registrar to open and operate bank accounts under the University Act. Only one account was opened with the approval of Finance Division.

The reply is not convincing as the Rules issued by the Finance Division override internal authorizations of the Syndicate. The Cash Management and TSA Rules, 2020 are mandatory in nature and apply equally to self-accounting entities receiving public funds.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

7.5.14 Unauthorized Retention of Scholarship Amounts and Investment of Endowment Funds without Approved Policy - Rs. 359.725 million

Rule 205 of FTR Volume-I states that a government officer entrusted with the payment of money shall obtain for every payment he makes, a voucher setting forth full and clear particulars of the claim.

Rule 77 & 80 of GFR, Vol-I stipulate that money shall be applied only to the purpose for which it is provided and diversion of funds without competent authority's approval is strictly prohibited.

The management of the Quaid-i-Azam University Islamabad is maintaining following scholarships/Endowment Funds accounts out of which investments amounting to Rs. 356.725 million were made. Details are as under:

(Rs.)

No.	Account Name	Amount
1.	President Gold Medal	5,600,000
2..	QAU Alumni Association Scholarship	3,000,000
3.	Begum Khurshid Razi ud Din Siddiqui Fund	2,300,000
4.	Dr. Ishaq Zahid Scholarship	2,500,000
5.	Benazir Bhutto Chair	5,050,000
6.	Roshan Ahmed Scholarship	3,500,000
7.	A.Q. Khan Scholarship	3,875,000
8.	QAU Sultan Azmat Hayat S/Ship	1,500,000
9.	QAU Salim uz Zaman Siddiqui	4,900,000
10.	QAU Endowment Funds	313,200,000
11.	Farida Razi ud Din S/Ship	600,000
12.	Qau Zainab Habib ullah Endowment Fund	2,400,000
13.	Dr. Razi ud Din Fellow Ship	2,300,000
14.	Ameer Ahmed Siddiqui Memorial Trust Fund	6,000,000
	Total	**356,725,000**

Audit observed that the management of Quaid-i-Azam University (QAU), Islamabad retained and invested scholarship/endowment funds amounting to Rs. 356.725 million, instead of utilizing them. Further, it was also observed that above funds were invested without framing any investment policy.

Audit is of the view that Scholarship/Endowment Funds are specific purpose funds, but the funds were diverted for other purposes other than the Scholarship which was irregular and unauthorized.

Management stated in its reply that the funds are being utilized strictly according to the objectives laid down by the donors. Temporary investments are made after approval to safeguard the principal and generate income.

Reply is not accepted. Audit is of the view that Scholarship and Endowment Funds are special-purpose funds to be utilized exclusively for awarding scholarships to eligible students. Moreover, no evidence of prior approval or formal investment policy was placed on record at the time of investment.

Audit recommends that the University should ensure that Scholarship/Endowment Funds are utilized strictly for awarding scholarships and no part of the funds should remain invested without formal, documented approval of an investment policy.

7.5.15 Irregular investment of funds by Centers without approved policy – Rs. 281.414 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-rated banks, working balance limit of each organization to be determined with the approval of administrative Ministry in consultation with Finance Division, obtaining competitive bids, investment exceeding Rs. 10 million not to be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, utilization of services of professional fund managers approved by SECP etc.

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.

Audit reviewed the record of various Centers of Quaid-i-Azam University (QAU) and noted that the Investment Committees of these Centers invested General Provident (GP) Fund, Pension Fund and Benevolent Fund amounts in different banks and National Savings schemes, as detailed below:

(Rs. in million)

S. No.	Center Name	Fund Invested	Bank Name	Amount	Rate
1.	National Institute of Psychology	GP Fund Pension Fund	Bank Alfalah	27.500	10.75 %
2.	National Institute of Pakistan Studies	GP Fund Pension Fund	Bank Alfalah	62.245	10.75 %
3.	Area Study Centre	GP Fund Pension Fund Benevolent Fund	HBL	65.000	17.60 %
4.	NHCR	GP Fund Pension Fund Benevolent Fund	HBL	39.000	8.50 %
5.	NHCR	GP Fund Pension Fund Benevolent Fund	NSC	9.500	7.80 %
6.	Centre of Excellence in Gender Studies	Pension Fund Benevolent Fund	Bank Alfalah	78.169	19.00 %
			Total	**281.414**	

Audit observed that management invested substantial amounts of funds without framing any approved investment policy and without determination of working balance and without seeking advice from independent investment advisor.

Audit is of the view that investment of GP Fund, Pension Fund, and Benevolent Fund without an approved investment policy and fulfilling codal formalities was irregular.

No reply was received till the issuance of this report.

Audit recommends that the University should immediately frame and implement a comprehensive investment policy for all statutory funds.

Higher Education Commission (HEC), Regional Centre, Karachi

7.5.16 Irregular payment of 25% Allowance on running basic pay – Rs. 3.137 million

Finance Division O.M.No.F.4(3)R-4/2011, dated 23.01.2024, states that pay, allowances and their revision of all Government employees, including those employed in Autonomous / Semi-Autonomous / Corporation bodies requires prior approval of Finance Division.

Rule-10(i) of the Grant-in-Aid Rules, 2021, states that all the organizations which receive more than fifty percent of their recurring expenditure in the form of grant-in-aid, should ordinarily formulate terms and conditions of service of their employees which are, by and large, not higher than those applicable to similar categories of employees in the Federal Government. In exceptional cases, relaxation may be made in consultation with the Finance Division.

The management of HEC Regional Centre, Karachi paid an amount of Rs. 3,137,246 on account of "25% Allowance" on running basic pay w.e.f. 01.12.2024 to the Officials / Officers during the period Dec-2024 to June-2025 and continued till-date.

Audit observed that the "25% Allowance" on running basic pay was paid by the management without obtaining the approval of the Finance Division for the grant of "25% Allowance" in violation of Rule-10(i) of the Grant-in-Aid Rules, 2021.

Management replied that the payroll matters are being dealt by the HRM Division HEC, Islamabad.

The management's reply is not acceptable. Even though payroll and financial matters are handled by HEC Islamabad, the payment of a 25% allowance on running basic pay without prior approval from the Finance Division.

Audit is of the view that the unauthorized disbursement of Rs. 3.137 million represents irregular expenditure and reflects weak financial control and non-compliance with prescribed government financial regulations.

Audit recommends that the allowance of 25% on running basic pay paid without approval of the Finance Division be recovered from the employees and responsibility fixed on the person(s) at fault.

Center for Clinical Psychology, University of Punjab, Lahore

7.5.17 Unauthorized maintenance of Bank Accounts and retention of public funds – Rs 62.875 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of the Center for Clinical Psychology, Lahore is maintaining eight (08) commercial bank accounts during the Financial Year 2024-25. The detail is given below:

(Rs.)

No.	Bank Account No.	Purpose of the Account	Status	Closing Balance 30.06.2025
1.	4002458448 NBP	Fee Receipts	Active	11,552,070
2.	4002458457 NBP	Journal Account	Active	372,655
3.	4002458475 NBP	Pension Account	Active	3,610,545
4.	4002458484 NBP	GP/Benevolent Account	Active	3,442,564
5.	4002458591 NBP	Conference Account	Active	363,868
6.	1820024329903 HBL	Admission Account	Active	41,497,655
7.	1820013336303 HBL	Development Account	Active	24,131
8.	1820034411001 HBL	Client Consultation Account	Active	2,011,752
Total				**62,875,240**

Audit observed that the management was maintaining different banks accounts and had retained public funds amounting to Rs. 62.875 million therein.

Audit is of the view that maintaining eight (8) commercial bank accounts and non-depositing of the money in the single treasury account is a violation of the Public Financial Management Act, 2019.

The DAC in its meeting held on 31.12.2025 directed the management to minimize the existing Bank accounts keeping in view the needs of the Centre and ensure compliance of Single Treasury Account in true letter and spirit.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

Centre of Excellence in Molecular Biology (CEMB), Lahore

7.5.18 Unauthorized opening of bank accounts and retention of funds – Rs. 169.581 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of Centre of Excellence in Molecular Biology (CEMB), Lahore was maintaining different Bank Accounts in respect of recurring grant. Detail is given below:

(Rs.)

Sr. No.	Bank Account No.	Name of Bank	Title of Account	Balance as on 30.06.2025
1.	1168	NBP	Recurring Grant	0
2.	3253816775	NBP	CEMB, Income	22,034,219
3.	3251569895	NBP	CEMB, Expenditure	5,918,056
4.	3244252034	NBP	CEMB, Pension	124,390
5.	3244252123	NBP	CEMB, GP Fund	2,809,288
6.	3244594424	NBP	CEMB, Benevolent Fund	812,829
7.	424350955	NBP	CEMB, Stipend	5,524,594

8.	3250372867	NBP	CEMB, Pension Endowment Fund	21,082,364
9.	3250372858	NBP	CEMB, R&D Fund	4,639,684
10.	4243381137	NBP	CEMB, Security	5,187,703
11.	3256971931	NBP	CEMB	101,447,158
12.	6010038581500045	BoP	CEMB	774
			Total	**169,581,059**

Audit observed that the management was maintaining eleven bank accounts, in addition to one authorized but approval of the Federal Government / Finance Division was not obtained.

Audit further observed that instead of opening the bank accounts in NBP, one bank account was opened in a commercial bank.

Audit is of the view that opening of bank accounts and holding of heavy balances, without approval of Ministry of Finance was irregular.

No reply was submitted by the department.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

7.5.19 Irregular investment of funds - Rs. 500.00 million

Section 23(2) of Public Finance Management Act 2019 states that no authority shall transfer public moneys for investment or deposit from government account (including the assignment accounts) to other bank account without prior approval from the Federal Government.

The management of Centre of Excellence in Molecular Biology (CEMB), Lahore made investments of Rs. 500.00 million in Term Deposit Receipts (TDRs) during the financial year 2024-25.

Audit observed that instead of surrendering the funds to government, remaining un-utilized at the close of financial year, these were invested by the management without approval of rules.

Audit is of the view that investment of funds without approval of federal government was irregular and un-authorized.

No reply was submitted by the department.

Audit recommends that the invested funds on maturity may be deposited in the Federal Consolidated Fund under intimation to Audit.

7.5.20 Irregular transfer of funds from assignment account to other bank accounts without authorization - Rs. 25.618 million

Section 23(2) of Public Finance Management Act 2019, amended up to 30.06.2024, states that no authority shall transfer public moneys for investment or deposit from government account (including the assignment accounts) to other bank account without prior approval from the Federal Government.

The management of Centre of Excellence in Molecular Biology (CEMB), Lahore transferred funds from Assignment Account to other bank accounts during the financial year 2024-25. The detail is as under:

(Rs.)

S. No	Date	Transferred from	Transferred to	Amount
1	26.05.2025	Assignment Account	R&D Endowment Fund	1,000,000
2	23.06.2025	Assignment Account	R&D Endowment Fund	3,617,948
3	27.05.2025	Assignment Account	Pension Endowment Fund	10,000,000
4	17.06.2025	Assignment Account	Pension Endowment Fund	11,000,000
			Total	**25,617,948**

Audit observed that the authorities transferred funds amounting Rs.25.618 million from Assignment account to other bank accounts without prior approval of Finance Division.

Audit is of the view that funds amounting Rs. 25.618 million transferred from Assignment Account to other bank accounts without getting mandatory approval of Finance Division was irregular and unauthorized.

No reply was submitted by the department.

Audit recommends that the irregularity may be got regularization from the competent authority and practice may be stopped forthwith.

7.5.21 Irregular retention of government funds – Rs. 21.565 million

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

The management of Centre of Excellence in Molecular Biology (CEMB), Lahore received a grant of Rs. 311.136 million during financial year 2024-25 from the Federal Government for the smooth functioning of the Centre. The detail of generated income is as under:

(Rs.)

S. No.	Description	Amount
1.	Auction of Old HVAC	11,000,000
2.	Recovery of HBA / MCA	3,382,450
3.	Recovery of Electricity Charges	7,182,681
	Total	**21,565,131**

Audit observed that:

i. The management generated a receipt of Rs.11.000 million by auctioning the old HVAC Plant (SABRO) which were not deposited in to the Government's treasury.
ii. The management recovered Rs. 7.183 million on account of electricity charges from CAMB, Lahore which was made their income instead of depositing the same in to the Government's account.
iii. The management also recovered Rs. 3.382 million on account of HBA / MCA from its employees which were paid from the Government's grant but the same was not deposited into the Government's treasury.

Audit is of the view that retention of Government's funds amounting Rs. 21.565 million instead of depositing into the Government's treasury was irregular.

No reply was submitted by the department.

Audit recommends that the funds amounting Rs. 21.565 million being Government's receipt may be deposited in to the Government's treasury under intimation to Audit.

Pakistan Study Centre, Lahore

7.5.22 Unauthorized opening of bank accounts in commercial banks and retention of Government funds and receipt - Rs. 5.330 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of Pakistan Study Centre, Lahore was maintaining different Bank Accounts in respect of recurring grant. Detail is given below.

(Rs.)

Sr. No.	Bank Account No.	Name of Bank	Title of Account	Balance as on 30.06.2025
1.	01820009272903	HBL	Recurring	5,000,648
2.	01820018389101	HBL	Pension Account	5,145
3.	01820035851501	HBL	Student Expense	320,564
4.	1157	NBP	Recurring	3,981
			Total	**5,330,338**

Audit observed that:

i. Management was maintaining four (04) bank accounts but approval of the Federal Government / Finance Division was not obtained.
ii. Instead of opening the bank accounts in NBP, three of the bank accounts were opened in commercial banks.
iii. The management did not surrender the balances in above bank accounts to Federal Treasury as required under Cash Management and Treasury Single Account Rules, 2020.

Audit is of the view that opening of bank accounts in commercial banks, without approval of Ministry of Finance and retention of funds is irregular.

No reply was submitted by the department.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

7.5.23 Irregular payment of Adhoc Relief Allowance-2022 @ 15% and 2023 @ 30% & 35% of basic pay - Rs. 4.246 million

Finance Division OM No. 4(3)/R-4/2011-Revision dated 06.09.2022 states that Autonomous/Semi-Autonomous Bodies and Corporations, etc. will forward the cases of executive/ supervisory staff (only) with the recommendations of their respective boards for concurrence of the Finance Division to the grant of Adhoc relief Allowance-2022 @ 15% of basic pay subject to existing conditions w.e.f. 01.07.2022.

Finance Division Corrigendum No.F.4(3)R-4/2011-Revision dated 03.10.2022 states that no Division shall without previous consultation with the Finance Division, authorize the issue of any orders which will 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 Pakistan Study Centre, Lahore incurred an expenditure of Rs. 4.246 million on payment of Adhoc Relief Allowance-2022 @ 15% and Adhoc Relief Allowance-2023 @ 30% & 35% of basic pay to the staff of Pakistan Study Centre, Lahore (including executive/ supervisory staff) during the financial year 2024-25. The detail is as under:

(Rs.)

No.	Description	Financial Year	Amount
1.	Adhoc Relief Allowance 2022 @ 15%	2024-25	987,362
2.	Adhoc Relief Allowance 2023 @ 30% and 35%	2024-25	3,258,374
		Total	**4,245,736**

Audit observed that the management paid Adhoc Relief Allowance-2022 @ 15% and Adhoc Relief Allowance-2023 @ 30% & 35% of basic pay to its employees without the concurrence of the Finance Division.

Audit is of the view that the payment of the allowances to Pakistan Study Centre, Lahore, without the concurrence of the Finance Division was irregular and unauthorized.

No reply was submitted by the department.

Audit recommends that irregularity may be got condoned from the Finance Division.

Federal Urdu University of Arts, Science & Technology, Karachi

7.5.24 Non-recovery of rent and arrears from NBP - Rs. 22.958 million

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

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

The management of FUUAST, Karachi rented out 5,400 sq. ft. building to National bank of Pakistan. Audit observed the following irregularities.

i. The rent and arrears have not been recovered from 01.01.2022 to 01.09.2025 amounting to Rs. 22.958 million.
ii. The rent agreement has not been executed with the management of National Bank of Pakistan. Without terms and conditions, the tenant may deviate from the commitments.

Audit is of the view that the University sustained loss of above amount due to non-recovery of outstanding rent.

The management has not submitted reply till finalization of the report.

Audit recommends that the outstanding rent may be recovered from the NBP and rent agreement may be executed at the earliest.

7.5.25 Irregular payment of Orderly Allowance to the faculty members – Rs. 8.970 million

Para-3(iv) of Higher Education Commission Letter No. F.P 2-156/HEC/2021-22/600 dated 19.05.2021 states that the university shall stop paying all such allowances that are not part of BPS or the SPS adopted by the university.

The management of FUUAST, Karachi paid orderly allowance amounting to Rs. 8.970 million to the faculty members of the university during the financial year 2024-2025.

Audit observed that the Orderly Allowance was paid to the faculty members which is meant for the administrative positions.

Audit is of the view that the payment of orderly allowance in violation of HEC instructions and without approved rules is a lapse on the part of management.

The management has not submitted reply within given time frame and till finalization of the report.

Audit recommends that the paid Orderly Allowance may be recovered from the employees.

7.5.26 Unauthorized opening of 28 bank accounts without the prior approval of Finance Division

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of Federal Urdu University of Arts, Sciences and Technology, Karachi was maintaining 28 bank accounts during financial year 2024-2025.

Audit observed that the management of the Federal Urdu University of Arts, Science and Technology, Karachi is also maintaining a foreign currency account with United Bank Ltd. University Road. Branch, Gulshan-e-Iqbal, Karachi. Balance therein is US$ 36,923.16 (US$ 36,923.16 x Rs.283.20 = Rs.10,270,964) as on 01.09.2025. The bank accounts were opened without obtaining the approval of the Finance Division.

Audit is of the view that retention of public money in commercial bank accounts in violation of instructions of the Finance Division and held irregular and unauthorized.

The management has not submitted reply till finalization of the report.

Audit recommends that unauthorized operation of maximum bank accounts may be closed and responsibility may be fixed on the person(s) found at fault or the irregularity may be justified to audit.

Pakistan Study Centre, University of Peshawar

7.5.27 Unauthorized maintenance of eleven bank accounts – Rs. 50.061 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of Pakistan Study Center, Peshawar maintained eleven (11) bank accounts having closing balance of Rs. 50,061,049 on 30.06.2025. Detail is as under:

No.	Account title	Account No.	Bank	Branch	Balance 30.06.2025
1	Rec Head Account (old)	4048673030	NBP	University Campus Branch Peshawar	29
2	GPF Head Account	148610044645	UBL	-do-	231,9074
3	Pension Head Account	148610013726	UBL	-do-	4,470,893
4	HBA Adv Head Account	148610033775	UBL	-do-	1,757,234
5	Endowment Fund Account	000283423675	UBL	-do-	1,630,414
6	Scholarship Account	4040025446103	UBL	-do-	441,331

7	B.F Head Account	04047900561901	HBL	-do-	842,730
8	Academic Head Account	04040022924601	HBL	-do-	3,961,034
9	Faysal Bank Head	02501450000423	FBL	-do-	357,141
10	Pension Endowment Fund	20020094485077	BoK	-do-	34,281,167.24
11	Project Account	No.94-8	UBL	-do-	0.00
Total					**50,061,048.85**

Audit observed as under:

i. The bank accounts were opened without the approval of the Finance Division.
ii. The quarterly basis information i.e. complete list of bank accounts, balances, purpose, signatories and the legal instrument or approval for operating these accounts was not provided to the Finance Division.
iii. The bank account was neither jointly reviewed by the Finance Division and Division concerned nor were the closing balances transferred to the Federal Consolidated Fund.

Audit is of the view that maintenance of bank accounts without the approval of Finance Division and non-transfer of closing balance in the Federal Consolidated Fund or the Public Account was unauthorized.

The department did not reply till the issuance of the report.

Audit recommends that bank accounts may be closed beside deposit of their closing balances in the Federal Consolidated Fund.

School of Biological Sciences, University of The Punjab, Lahore

7.5.28 Unauthorized payment of salary during study leave to TTS employee - Rs. 2.330 million

Section 2.6 of Model Tenure Track Process Statutes states that a faculty member on tenure track may proceed on Sabbatical leave at the rate of one semester (4 months) paid leave for every three years of service in the University. The leave

period shall count towards the tenure track probationary period, if applicable, Sabbatical leave may not be combined with any other leave.

Dr. Hafiz Naveed Shahzad was appointed as Assistant Professor on Tenure Track basis on 07.11.2014 and was promoted as Associate Professor in 2020. Later on, he was awarded postdoctoral fellowship at the University of Liege, Belgium. The officer was granted study leave of one and half year with effect from 05.01.2021 to 05.06.2022, leave without pay with effect from 01.07.2022 to 10.10.2023, 11.10.2023 to 31.12.2023 and leave without pay with effect from 01.01.2024 to 25.11.2026.

Audit observed that as per TTS criteria, officer was entitled to only four months' pay with pay for each three years of service, therefore as he completed seven years of service with effect from 07.11.2014 to 01.01.2021 and was entitled to eight months' salary. The officer was paid nineteen months' salary during leave period instead of eight months, therefore eleven months' salary was paid over and above his entitlement and excess salary paid Rs. 2,330,405 (211,855 per month x eleven months).

Audit is of the view that excess payment of salary during leave period over and above the ceiling was unauthorized.

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

Audit recommends excess salaries may be recovered from the officer at the rate of 1/3rd of basic pay and deposited into Government treasury.

National University of Modern Languages, Islamabad

7.5.29 Un-authorized opening of bank accounts without the approval of Finance Division - Rs.1,039.656 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The National University of Modern Languages, Islamabad was maintaining the following bank accounts and having balances amounting to Rs.1,039,656,124 as on 30.06.2024:

(Rs.)

No.	Account No	Account titles	Bank	Branch	Balance
1	ASDA 71-0	NUML Fee Deposit – Graduate course	Askari Bank	I-9	37,926,663
2	ASAD 55-0	Fee of Integrated Studies – M Phil/PHD	Askari Bank	I-9	97,635,072
3	CD 203-8	Fee of Integrated Studies – Indigenous studies	Askari Bank	I-9	64,012,516
4	PLS 50501712	Need Based Scholarship	Askari Bank	I-9	886,470
5	3165252943	Ehsas Undergraduate Scholarship	NBP	H-9	3,365,648
6	PLS 2266-6	Library Fund – Security	NBP	H-9	22,885,835
7	PLS 2265-7	Benevolent Fund	NBP	H-9	16,784,677
8	PLS 6212-2	General Provident Fund	NBP	H-9	112,469,212
9	PLS 6211-3	Pension Fund	NBP	H-9	233,769,016
10	3715-01	M. Phil / PhD Thesis Evaluation	HBL	I-9	53,955,222
11	ASAD 72-0	NUML Fee Deposit – Functional Courses	Askari Bank	I-9	268,581,706
12	1440000424	NUML Misc	Askari Bank	I-9	27,186,556
13	PLS 7401-1	Integrated Studies at NUML	NBP	H-9	15,541,925
14	3153488908	House Building Advance	NBP	H-9	25,288,410
15	3153488917	Motor Car Advance	NBP	H-9	16,104,977
16	4243627087	Provision of accommodation for Female students NML (PSDP)	NBP	H-9	43,262,219
Total					**1,039,656,124**

Audit observed that the bank accounts were opened without the approval of Finance Division in violation of aforementioned Rules.

Audit further observed that management did not operate accounts through treasury single account, in the light of the Finance Division's Notification No. 1(1)/S.O(TSA)/2020/47 dated 31.01.2023.

Audit is of the view that maintaining bank accounts without prior approval of Finance Division and non-operation of account in treasury single account is violation of Public Finance Management Act is irregular and unjustified.

Management stated that NUML is an autonomous body established under a Presidential Ordinance (2000), managing its academic and administrative affairs independently.

The reply of the management is not acceptable as the NUML is specifically included under the Scope of TSA under PFM Act, in the light of Sr. No. 5(4) of Finance Division's Notification No. 1(1)/S.O(TSA)2020/47 dated 31.01.2023.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

7.5.30 Irregular fixation of pay package and recovery – Rs. 7.106 million

The National University of Modern Languages (NUML) had approved Basic Pay Scale structure for its regular employees and contractual pay package for employees working on contract basis.

The University appointed several retired personnel on a contract basis and fixed their pay packages in accordance with the pay package notified by the Military Welfare and Rehabilitation Directorate, which was admissible only to retired personnel re-employed in Defence organizations. Detail is as under:

(Rs.)

No.	Designation	Salary Drawn as per W & R Rate	Contract Staff Salary	Difference	No. of Months	Amount over paid
1.	Director Administration	450,000	249,188	200,812	08	1,606,496
2.	Director Human Resource	450,000	249,188	200,812	08	1,606,496
3.	Director Regional Services	300,000	183,168	116,832	08	934,656
4.	Additional Director P & I	300,000	183,168	116,832	08	934,656
5.	Staff Officer	250,000	126,423	116,832	08	934,656
6.	MTO	250,000	113,770	136,230	08	1,089,840
Total						**7,106,800**

Audit observed that the Military pay package was extended to retired Army personnel in the public sector university, funded by the HEC, which was not

admissible. An excess payment of Rs. 7.106 million was made to the re-employed personnel during the Financial Year 2024-25.

Audit is of the view that extending military pay packages to the retired personnel in civil sector university was irregular and unauthorized.

The irregularity was reported to the management on 16.10.2025. The management did not reply till finalization of the report.

Audit recommends to ensure that all future contractual appointments and pay fixations strictly comply with the approved pay structure of the University, beside to recover the excess payment.

7.5.31 Irregular appointment of the Pro-Rector / Director General

As per Section 11 of the National University of Modern Languages (NUML) Ordinance, 2000, "A language-qualified Brigadier of the Army Education Corps shall be appointed by the Chairman of the Board to be the Director General".

The Board of the Governor (BoG) of the NUML appointed Brigadier as Director General / Pro-Rector on 01.10.2023.

Audit observed that the officer belonged to the Baloch Regiment (Infantry) instead of the Army Education Corps.

Audit is of the view that the appointment of Director General / Pro-Rector was irregular, being inconsistent with Section 11 of the NUML Ordinance, 2000.

The matter was reported to the management on 05.11.2025. The management did not reply till finalization of the report.

Audit recommends that the appointment may be reviewed by the Board of Governors (BoG), and all future appointments be made strictly in accordance with the NUML Ordinance.

CHAPTER 8

MINISTRY OF INDUSTRIES AND PRODUCTION

8.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (as amended up to 23.04.2019), following main businesses have been assigned to the Division:

1. National industrial planning and coordination.
2. Industrial policy.
3. Employment of foreign personnel in commercial and industrial enterprises.
4. Federal agencies and institutions for:
    a) promoting industrial productivity.
    b) promoting of special studies in the industrial fields; and
    c) testing industrial products.
5. 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.
6. Import and distribution of white oil.
7. Explosive (excluding the administration of Explosive Substances Act, 1908) and safety measures under the Petroleum Act, 1934 and Rules made thereunder.
8. Prescription and review of criteria for assessment of spare parts and raw materials for industries.
9. Administrative, financial, operational, personnel and commercial matters of the Pakistan Garments Corporation.
10. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited.
11. National Fertilizer Corporation, Lahore.
12. Development of Industries (Federal Control) (Repeal) Ordinance, 1979.
13. Economic Reforms (Protection of Industries) Regulation, 1972.
14. 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) 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 (PIDC).

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Department of Explosives.

ii. Pakistan Industrial Technical Assistance Centre, Lahore.

iii. Engineering Development Board.

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY 2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	14	4	84.69	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

8.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Industries and Production Division for the financial year 2024-25 was Rs. 19,003.86 million, out of which the Division expended an amount of Rs. 18,998.45 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
55	Current	75,931.18	220.00	(58,719.77)	17,431.41	17,431.24	(0.17)
131	Dev	4,918.76	-	(3,346.31)	1,572.45	1,567.22	(5.23)
	Total	**80,849.94**	**220.00**	**(62,066.08)**	**19,003.86**	**18,998.45**	**(5.40)**

Audit noted that there was an overall savings of (Rs. 5. 40 million), which was due to saving in the Development grants.

8.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 85.02 million, were raised in this report during the current audit of the **Ministry of Industries and Production**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	68.26
2	Recovery	16.76

8.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	3	3	2	1	67
2012-13	2	2	2	0	100
2013-14	5	5	3	2	60
2014-15	5	5	5	0	100
2015-16	1	1	1	0	100
2016-17	12	11	7	5	65
2018-19	4	4	4	0	100
2019-20	6	5	2	4	40
2020-21	2	2	2	0	100
2021-22	1	0	1	0	-
2023-24	3	1	1	2	100
2024-25	12	0	0	12	-
Total	**56**	**39**	**30**	**26**	-

8.5 AUDIT PARAS

Pakistan Industrial Technical Assistance Centre (PITAC), Lahore

8.5.1 Unauthorized opening of bank accounts in commercial banks and retention of Government funds and receipt - Rs. 68.256 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of Pakistan Industrial Technical Assistance Centre, (PITAC) Lahore, was maintaining different Bank Accounts during the financial years 2020-21 to 2024-25. Detail is given below.

(Rs.)

Sr. No.	Bank Account No.	Name of Bank	Title of Account	Balance as on 30.06.2025
1.	3003430878	NBP	PITAC Motorcar Advance	10,034,544
2.	4003467525	NBP	PITAC Pension	54,248,135
3.	10607900568403	HBL	PITAC Pay	979,683
4.	4146651967	NBP	PITAC NAVTTC	2,993,291
			Total	**68,255,653**

Audit observed that:

i. The management was maintaining nine (9) bank accounts but approval of the Federal Government / Finance Division for four (04) bank accounts mentioned above was not obtained.

ii. The management did not surrender the balances in above bank accounts to Federal Treasury as required under Cash Management and Treasury Single Account Rules, 2020.

Audit is of the view that opening of bank account in commercial bank, without approval of Ministry of Finance and retention of funds is irregular.

No reply was given by the department.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

8.5.2 Loss due to non-investment of funds - Rs. 16.761 million

Clause 10 of Chapter II of Bye Laws of PITAC regarding budget estimates, accounts, funds and contracts states that Except for such funds as are required for meeting the day-to-day expenses of the Centre, the other funds of the Centre shall be deposited in Bank(s) or invested in such manner as may be approved by the Governing Body from time to time.

The management of Pakistan Industrial Technical Assistance Centre, (PITAC) Lahore, invested an amount of Rs. 35.00 million from Employee Provident Fund (EPF) in National Savings in the shape of Special Savings Certificates which matured on 18.05.2023.

Audit observed that the matured investment of Rs. 44.387 million (3,500,000 + 9,387,000) was neither withdrawn nor re-invested by the management since its maturity on 18.05.2023. The average return in money market funds in the relevant years has been 17%[9]. On that rate, the value of investment could have been 44,387,000 x $(1.17)^2$ = 60,761,364.

(Rs.)

No.	Financial Year	Amount Not Invested	Money Market Return	Profit Forgone
1.	2023-24	44,387,000	17%	7,545,790
2.	2024-25	51,932,790	17%	8,828,574
	Total	96,319,790		16,374,364

Audit is of the view that non-investment of EPF funds resulted into financial loss of Rs. 16.374 million.

No reply was given by the department.

Audit recommends to investigate the matter to fix the reasonability.

[9] https://www.mufap.com.pk/Industry/IndustryStatDaily?tab=1

CHAPTER 9

INFORMATION AND BROADCASTING DIVISION

9.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. Policy relating to internal publicity on national matters including the administration of the provisions of the Post Office Act, 1898, and the 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 the 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 the newspaper industry.
6. (i) Policy regarding Government advertisement; control of advertisement and placement; (ii) Audit of circulation of the newspapers.
7. Administration of the Newsprint Control Ordinance, 1971.
8. National Anthem.
9. Liaison and coordination with agencies and media on matters concerning Government policies and activities.
10. Administration of the Information Group.
11. External Publicity.
12. Pakistan National Centers.
13. (i) Administration of:

a. Pakistan Broadcasting Corporation Act, 1973.
b. Associated Press of Pakistan (Taking Over) Ordinance, 1961; and
c. Pakistan Electronic Media Regulatory Authority.

(ii) Matters relating to-

a. The Pakistan Television Corporation; and
b. Omitted vide SRO No.48(1)/2016 dated 26.01.2016.
c. Shalimar Recording and Broadcasting Company.

14. Training facilities for Radio and Television personnel.
15. Special Selection Board for the selection of Press Officers for posting in the Pakistan Missions abroad.
16. Establishment of tourists centers abroad.
17. Administration of the Newspapers Employees (Conditions of Service) Act, 1973.
18. (i)National Institute of Folk and Traditional Heritage of Pakistan (Lok Virsa). (ii) Pakistan National Council of Arts.
19. Cultural pacts and protocols with other countries.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

1. Press Information Department.
2. Directorate of Electronic Media and Publication.
3. Implementation Tribunal for Newspaper employees.
4. Central Board of Films Censor, Islamabad.
5. Federal Land Commission.
6. Pakistan Electronic Media Regulatory Authority.
7. Audit Bureau of Circulation.

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY 2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	53	8	9,654.42	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

9.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Information and Broadcasting Division for the financial year 2024-25 was Rs. 22,669.68 million, out of which the Division

expended an amount of Rs. 22,518.31 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

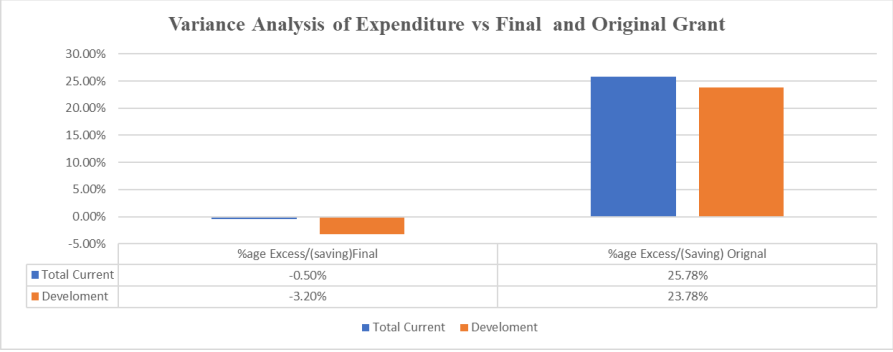
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
56	Current	5,326.84	4,456.82	(6.64)	9,777.02	9,674.91	(102.11)
57	Current	11,518.00	-	-	11,518.00	11,512.72	(5.28)
Total Current		**16,844.84**	**4,456.82**	**(6.64)**	**21,295.02**	**21,187.63**	**(107.39)**
112	Dev	1,075.00	1,656.46	(1,356.80)	1,374.66	1,330.68	(43.98)
	Total	**17,919.84**	**6,113.28**	**(1,363.44)**	**22,669.68**	**22,518.31**	**(151.37)**

Audit noted that there was an overall excess of (Rs. 151.37 million), which was mainly due to excess in the current grants.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in the current, development and charge expenditure, it was observed that, in case of development grant, there was 23.78% excess expenditure w.r.t. the original grant which changed to savings of 3.20% after obtaining supplementary grant and in case of the current grant, 25.78% excess was finally changed to 0.50% savings.



9.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 178.275 million, were raised in this report during the current audit of the **Information And Broadcasting Division**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Recovery	87.53
2	Procurement related irregularities	90.74

9.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	2	2	0	2	-
2011-12	2	1	0	2	-
2012-13	18	5	1	17	20
2013-14	17	17	0	17	-
2014-15	7	0	0	7	-
2015-16	4	4	3	1	75
2016-17	11	4	0	11	-
2017-18	5	1	0	5	-
2018-19	10	10	5	5	50
2019-20	24	16	7	17	45
2020-21	21	8	4	17	50
2021-22	2	0	0	2	-
2022-23	7	3	2	5	67
2023-24	7	0	0	7	-
2024-25	7	0	0	7	-
Total	**144**	**71**	**22**	**122**	-

9.5 AUDIT PARAS

Press Information Department, Islamabad

9.5.1 Irregular payment of health insurance without open competition - Rs. 90.740 million

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

Rule 42(c)(ii) of the Public Procurement Rules, 2004 states that a procuring agency shall only engage in direct contracting if only one manufacturer or supplier exists for the required procurement.

Clause iv of the SOP issued by the Press Information Department, Islamabad dated 15.08.2023 states that the individual shall not be currently availing any services under the Sehat Card of the Federal or Provincial Government.

The management of the Press Information Department, Islamabad incurred an expenditure of Rs. 90.740 million for the Insurance Program of Journalists and Media Workers. The contract was awarded to M/s State Life Insurance Corporation during the Financial Year 2023-24.

Audit observed as under:

i. The contract was awarded without open competition, as required under the PPRA Rules, 2004.
ii. There was no certificate available in the record confirming that the beneficiary's spouse or dependent was not a Federal or Provincial Government servant.
iii. There was no mechanism in place to determine whether the media worker or journalist was already availing services under the Sehat Card of the Federal or Provincial Government.

Audit is of the view that awarding the contract without open competition was irregular and a violation of the PPRA Rules, 2004.

Audit is also of the view that the failure to determine eligibility criteria regarding the Sehat Card facility constitutes a clear violation of the SOPs issued by the Press Information Department on 15.08.2023.

The management replied that the services were hired under Rule 42(f) of Public Procurement Rules, 2004.

The reply was not accepted because State Life Insurance Company hired the services of private sectors in violation of the Rules.

The DAC in its meeting held on 30.12.2025 directed management to obtain clarification regarding the subject matter from the appropriate forum.

Audit recommends an investigation into the matter to fix responsibility for violation of the PPRA Rules as well as the regularization of the expenditure from the competent forum.

Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad

9.5.2 Non-recovery of the outstanding fees and fine money - Rs. 87.535 million

Section 29B of the Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2023 states that all dues including outstanding license fee, annual renewal fee or any other charges including fine, as imposed by the Authority shall be recoverable, as arrears of land revenue.

Section 36A of the Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2023 states that all penalties and fins recovered by the Authority, shall be credited to the Federal Consolidated Fund

The management of the Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad had outstanding recoverable/receivable dues amounting to Rs. 87,535,339 as on 30.06.2025. Detail is as under:

Sl. No.	Components	Amount (PKR)
1.	Cable TV	59,885,339
2.	Satellite TV	17,920,000
3.	FM Radio	2,330,000
Sub-Total		**80,135,339**
4.	Penalty/Fine imposed	7,400,000
Total		**87,535,339**

Audit observed that the management failed to recover the outstanding dues in violation of the Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2023.

Audit is of the view that the non-recovery/collection of outstanding fees and fine money is a lapse on the part of the management, which deprived the Authority from its due receipts.

The management did not reply till finalization of the report.

Audit recommends recovery of the outstanding dues at the earliest beside strengthening of the recovery system.

CHAPTER 10

MINISTRY OF INTER-PROVINCIAL COORDINATION

10.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. General coordination between the Federal Government and the Provinces in the economic, cultural and administrative fields.
2. Promoting uniformity of approach in formulation of policy and implementation among the Provinces and the Federal Government in all fields of common concern.
3. Discussions of policy issues emanating from the provinces which have administrative or economic implications for the country as a whole.
4. All secretarial work for the Council of Common Interests and their committees.
5. Any other matter referred to the Division by a Province or any of the Ministry or Division of the Federal Government.
6. Malam Jabba Resort Ltd.
7. Pakistan Veterinary Medical Council, Islamabad.
8. Inter Board Committee of Chairmen, Islamabad.
9. Medical, nursing, dental, pharmaceutical, para-medical and allied subjects; -
    i. Education abroad; and
    ii. Educational facilities for backward areas and for foreign nationals, except the nomination of candidates from the Federally Administered Tribal Areas for admission to the Medical College.
10. Legislation covering all aspects of sports affairs and matters ancillary thereto.
11. Administrative control of the Board established for the promotion and development of sports under the Sports (Development and Control) Ordinance, 1962.
12. Pakistan Sports Board (PSB).
13. Dealing and agreements with other countries and international organizations in matters relating to the Youth Exchange Programs (External).
14. National Internship Program.

15. National Volunteer Movement.
16. Paralympics.
17. Gun and Country Club.
18. Federal Land Commission.
19. International Organizations and agreements relating to tourism.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Department of Tourist Services in Islamabad.
ii. Pakistan Sports Board.
iii. Guns and Country Club
iv. Pakistan Veterinary Medical Council, Islamabad.

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY-2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	25	6	14,965.54	21,431.38
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

10.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Inter-Provincial Coordination Division for the financial year 2024-25 was Rs. 3,627.34 million, out of which the Division expended an amount of Rs. 3,069.98 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

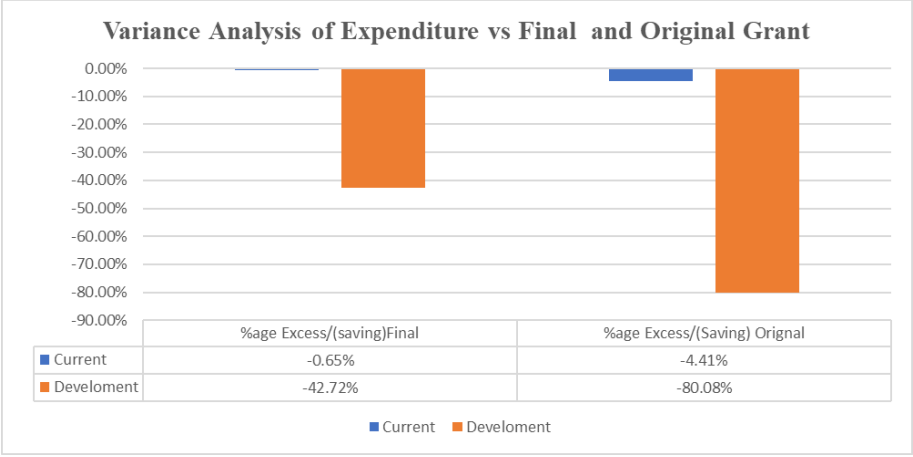
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
64	Current	2,451.00	-	(92.69)	2,358.31	2,343.02	(15.28)
115	Dev	3,650.00	200.00	(2,580.97)	1,269.03	726.95	(542.08)
	Total	**6,101.00**	**200.00**	**(2,673.66)**	**3,627.34**	**3,069.98**	**(557.36)**

Audit noted that there was an overall savings of (Rs. 557.36 million), which was mainly due to saving in both the grants.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in the current and development expenditure, it was observed that, in case of the development grant, there was 80.08% of the saving w.r.t. the original grant which was finally reduced to 42.72% w.r.t. the final grant and in case of the current grant, 4.41% saving was finally reduced to 0.65%.



10.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 176.83 million, were raised in this report during the current audit of the **Ministry of Inter-Provincial Coordination**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	HR/Employees related irregularities	16.47
2	Procurement related irregularities	78.27
3	Management of account with commercial banks	82.09

10.4Status of compliance with PAC Directives

Audit Year	Number of Audit Paras	Number of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	7	7	1	6	14
2011-12	5	5	0	5	-
2012-13	11	0	0	11	-
2013-14	11	2	1	10	50
2015-16	6	6	5	1	83
2016-17	29	0	0	29	-
2017-18	5	0	0	5	-
2018-19	29	0	0	29	-
2019-20	13	0	0	13	-
2020-21	57	0	0	57	-
2021-22	10	10	0	10	-
2023-24	28	0	0	28	-
Total	**211**	**30**	**7**	**204**	-

10.5 AUDIT PARAS

Pakistan Sports Board, Islamabad

10.5.1 Non-depositing of receipts in the treasury single account – Rs. 32.090 million

Section 30(2) (d) of the Public Finance Management Act, 2019 states that all the Ministries and Divisions, attached departments and subordinate officers shall ensure placement of all public moneys in the treasury single account.

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

The management of the Pakistan Sports Board, Islamabad is maintaining Receipt Account in the National Bank of Pakistan No. 4007923015, Aabpara Branch, Islamabad and balance of Rs. 32,090,591 as on 30.06.2025.

Audit observed that the management is maintaining the Bank Account despite the introduction of the Treasury Single Account Rules, 2020.

Audit is of the view that maintaining of bank account after the introduction of the Treasury Single Account Rules, 2020 is violation of the Government instructions.

The management did not reply till finalization of the report.

Audit recommends that the bank account may be closed and balance thereof may be deposited in the Treasury Single Account.

10.5.2 Irregular selection of panel hospitals - Rs. 7.829 million

Clause 19(3) of the Constitution of Pakistan Sports Board, 2022 states that the Board shall follow applicable financial, procurement and other regulations with due care and diligence, in compliance with the Government instructions.

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 the Pakistan Sports Board, Islamabad hired the services of the following private hospitals and laboratories and placed them at the PSB panel. An amount of Rs. 7,829,268 was paid to these private hospitals and laboratories during the Financial Year 2024-25. Details are as under:

Sr. No.	Name of the private hospital	Amount (Rs.)
1	M/s Ali Medical Complex	1,842,048
2	M/s Bilal Hospital	1,471,874
3	M/s Kulsoom International Hospital	0
4	M/s Islamabad Diagnostic Centre (IDC)	2,483,999
5	M/s Excel Lab.	2,031,347
Total		**7,829,268**

Audit observed that the services of the private hospitals and laboratories were selected without open competition. Further, the Pakistan Sports Board, Islamabad received more than 90% of its recurring budget through Federal Government's Grant-in-Aid. The Federal Service Medical Attendance Rules, 1990 do not permit the hiring or empanelment of the private hospitals.

Audit is of the view that selection of panel hospital without open competition, is irregular.

The management did not reply till finalization of the report.

Audit recommends that irregular practice may be stopped forthwith.

10.5.3 Non-preparation of the Financial Statements from 2009-10 to 2024-25

Article 13(1) of the Constitution of the Pakistan Sports Board, 1981 states that the accounts of the Board and subordinate offices shall be audited annually by a Chartered Accountant within the meaning of the Chartered Accountant Ordinance, 1961, to be appointed by the Executive Committee.

Rule 14(1) of the Pakistan Sports Board Financial Rules, 1981 states the Director General shall at some date not exceeding three months after the close of each financial year, lay before the Executive Committee for approval of balance sheet and income and expenditure account for preceding year duly audited by a person who shall be a Chartered Accountant within the meaning of Chartered Accountant Ordinance, 1961.

The financial statements of the Pakistan Sports Board (PSB), Islamabad for the year ended on 30.06.2009 were audited by a firm of Chartered Accountant (M/s Naveed Zafar Hussain Jaffery and Co., Chartered Accountants) but the Financial Statements for the Financial Years 2009-10 to 2024-25 were neither prepared nor got audited by a Chartered Accountant firm.

Audit is of the view that the non-preparation of Financial Statements is a violation of the Constitution of the Pakistan Sports Board.

The management did not reply till finalization of the report.

Audit recommends that the Financial Statements may be prepared and got audited from the Chartered Accountants under intimation to Audit.

Pakistan Tennis Federation

10.5.4 Non-approval of Civil Works from the Council - Rs. 46.535 million

Section 17(a) of the Constitution of the Pakistan Tennis Federation (PTF), 2010 stipulates that the supreme authority of the Federation rests with the Council, comprising the President and duly authorized representatives/Presidents of all federating units i.e. member associations, departments and organizations.

Audit's scrutiny revealed that the management of the PTF, Islamabad incurred an expenditure of Rs. 45.741 million on civil works during the Financial Years 2018-25.

Audit observed that these civil works were undertaken without obtaining the mandatory approval of the Council.

Audit is of the view that the execution of civil works without Council's sanction constitutes a violation of the Constitution of the PTF.

The management did not reply till finalization of the report.

Audit recommends that all the civil work matters be placed before the Council for ratification and the responsibility for the irregular expenditure already incurred, be fixed.

10.5.5 Irregular payment of salaries in cash – Rs. 16.466 million

Rule 157 of the Federal Treasury Rules stipulates that cheques issued in favour of the Government officers and departments, in settlement of the Government dues, must always be crossed "A/c Payee Only – Not Negotiable."

Audit's scrutiny revealed that the management of the Pakistan Tennis Federation (PTF), Islamabad, disbursed an amount of Rs. 16.466 million on account of salaries during the Financial Years 2018-25.

Audit observed that the entire salary amount of Rs. 16.466 million was disbursed in cash to the officers/officials of the PTF during the said period, instead of through crossed cheques or bank transfers.

Audit is of the view that cash payment of salaries constitutes a serious violation of the Federal Treasury Rules and reflects weak internal financial controls.

The management did not reply till finalization of the report.

Audit recommends immediate discontinuation of this irregular practice and fixation of the responsibility for the lapse.

10.5.6 Unauthorized expenditure from special grant received for investment - Rs. 50.000 million

The Ministry of Inter-Provincial Coordination released a non-development grant of Rs. 50.000 million through the Pakistan Sports Board (PSB) to the Pakistan Tennis Federation (PTF), with the direction that the funds be invested strictly in line with the investment policy issued by the Finance Division, mutatis mutandis, and that only the profit earned thereon be utilized by the Federation.

Audit scrutiny revealed that upon receipt of the revolving fund on 30.01.2017, PTF invested Rs. 25.000 million in Summit Bank Limited, Super Market Branch, Islamabad, and Rs. 25.000 million in Mobilink Microfinance Bank. Upon maturity on 26.04.2018, the amounts were reinvested in the same banks. Subsequently, both investments were again reinvested in HBL, Civic Centre Branch, Islamabad, in two separate Term Deposit Receipts (TDRs) of Rs. 25.000 million each, dated 30.07.2018 and 11.09.2018.

The management of PTF did not provide the complete details of these investments. Audit observed the following:

i. Special grant provided solely for investment purposes was utilized by the management without lawful authority.
ii. One TDR of Rs. 25.000 million was encashed and utilized for renovation of tennis courts at the PTF.
iii. Other TDR of Rs. 25.000 million was encashed to repay a loan obtained from the Habib Bank Limited under a running finance agreement.

Audit is of the view that the utilization of the investment fund in violation of the Government's instructions, was irregular and unauthorized.

The management did not reply till finalization of the report.

Audit recommends provision of justification or fixing of the responsibility.

10.5.7 Non-preparations of Rules and Regulations

Section 24 of the Constitution of the Pakistan Tennis Federation (PTF), 2010 stipulates that the President is responsible for ensuring that the Rules and Regulations are framed in line with the Constitution and duly implemented.

The management of the Pakistan Tennis Federation was requested to provide a copy of the Rules and Regulations governing the affairs of the PTF; however, none were provided.

Audit observed that the PTF had not framed any Rules, Regulations or accounting policies/procedures to date.

Audit is of the view that the failure to frame Rules and Regulations, coupled with the absence of approved accounting policies and procedures, has resulted in weak financial management and lack of internal control.

The management did not reply till finalization of the report.

Audit recommends that comprehensive Rules and Regulations, along with accounting policies and procedures, be framed and got approved from the competent forum.

10.5.8 Irregular expenditure on laying of synthetic turf - Rs. 23.905 million

Rule 20 of the Public Procurement Rules, 2004 requires procuring agencies to adopt open competitive bidding, as the principal method for procurement of goods, services and works.

Audit's scrutiny revealed that the management of the Pakistan Tennis Federation (PTF) incurred an expenditure of Rs. 23,905,000 during 2018-19 on laying synthetic turf in tennis courts at the PTF. The details are as under:

S. No.	Vendor	Date	Amount (Rs.)
1.	M/s TS Builders	31.08.2018	3,870,000
2.	M/s TS Builders	10.10.2018	2,580,000

3.	M/s TS Builders	10.10.2018	2,580,000
4.	M/s Pillars Construction	10.10.2018	5,130,000
5.	M/s TS Builders	31.12.2018	3,870,000
6.	M/s Pillars Construction	03.04.2019	5,875,000
Total			**23,905,000**

Audit observed the following:

i. The expenditure was incurred without open competition.

ii. Approval of the Council was not obtained before initiation of the development work.

iii. Record relating to the disposal of the old synthetic turf was not produced to Audit.

Audit is of the view that execution of work without adherence to the Public Procurement Rules and without prior approval of the Council renders the expenditure irregular and unauthorized.

The management did not reply till finalization of the report.

Audit recommends that the responsibility be fixed for violation of the Public Procurement Rules and incurring expenditure without the approval of the competent forum.

CHAPTER 11

MINISTRY OF INTERIOR AND NARCOTICS CONTROL

11.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. Internal security; matters relating to public security arising out of dealings and agreements with other countries and international organizations.
2. Preventive detention for reasons of State connected with Defence, external affairs or the security of Pakistan or any part thereof; and for reasons, connected with the maintenance of public order or the maintenance of supplies and services essential to the community; persons subjected to such detention.
3. Nationality, citizenship and naturalization.
4. Admission of persons into, and expulsion of persons from Pakistan, including:

a) Policy regarding entry, exit and sojourn of foreigners and aliens; and (b) regulation of movement in Pakistan of persons not domiciled in Pakistan.

5. Admission of persons into, and departure of persons from Pakistan.
6. Policy regarding censorship; prescription of books and publications in consultation with the Education Division, where necessary.
7. National Database and National Data Warehouse for issuance of National Identity Cards, Pakistan Origin Cards and Aliens Registration Cards.
8. Security measures for the Federal Secretariat and Subordinate Offices.
9. Pardons, reprieves, respites, remissions, commutation, etc. (excluding personnel belonging to the Armed Forces), issuance of warrant of execution of death sentence.
10. Police Commission and Police awards.
11. Policy coordination of, and higher training in Civil Defence and AR. matters.
12. Pakistan Flag, Coat of Arms, monograms, seals etc.; Standard Time for Pakistan; public holidays; Gazette of Pakistan.

13. Warrant of Precedence; celebrations and ceremonial parades (other than those of Armed Forces); action to be taken on the death of high officials; civil uniform rules.
14. Coordination of policy matters relating to the Police.
15. Coordination of anti-smuggling measures.
16. Matters relating to Federal Police Forces, their establishment etc.
17. Administrative Control of the Civil Armed Forces (i.e. Frontier Corps including Balochistan Constabulary and Frontier Constabulary) Rangers and Coast Guards.
18. Arms Act jurisdictions to the Federal areas.
19. Border incidents and disputes.
20. Permission to the Government servants to visit India.
21. Political asylum, genocide.
22. Surrender of criminals and accused persons to the Government outside Pakistan.
23. Special studies of penal reforms in the context of national mores and requirements; coordination of reforms by the provinces and provisions of facilities for professional and technical training of jail staff, at home and abroad; and dealing with such items pertaining to prisons, etc., as are embodied in the Federal and Provincial Subjects.
24. Protection and maintenance of non-Muslim shrines in Pakistan and pilgrimages from India.
25. Administrative Control of the National Police Academy.
26. All Administrative matters relating to the Federal Investigation Agency.
27. Investigation and prosecution of cases falling under the Schedule appended to the Federal Investigation Agency Act, 1974.
28. To act as National Central Bureau to keep liaison with the INTERPOL.
29. Anti-corruption laws, except the National Accountability Ordinance, 1999
30. Islamabad Capital Territory Administration.
31. Advocate General (ICT), Metropolitan Corporation Islamabad, Capital Development Authority.
32. Management and distribution of Zakat and Ushr in Islamabad.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Directorate General of Immigration and Passports.

ii. Directorate General of Civil Defence.
iii. Pakistan Rangers, Lahore.
iv. Pakistan Coast Guards.
v. Frontier Corps, Khyber Pakhtunkhwa.
vi. Frontier Corps, Balochistan.
vii. Chief Commissioner, Islamabad Capital Territory.
viii. Pakistan Rangers Sindh (South), Karachi.
ix. Federal Investigation Agency.
x. Frontier Constabulary, Khyber Pakhtunkhwa.
xi. Gilgit-Baltistan Scouts.
xii. Central Jail Staff Training Institute.
xiii. National Police Foundation.
xiv. National Alien Registration Authority.
xv. National Database and Registration Authority.
xvi. National Police Academy.
xvii. National Counter Terrorism Authority.
xviii. Capital Development Authority.

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY-2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	222	69	193,873.07	20,533.31
2	Assignment Accounts (Excluding FAP)	-	-	-	
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)				

11.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2024-25 was Rs. 309,838.38 million, out of which the Division expended an amount of Rs. 327,746.67 million. The Division had five current and one development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

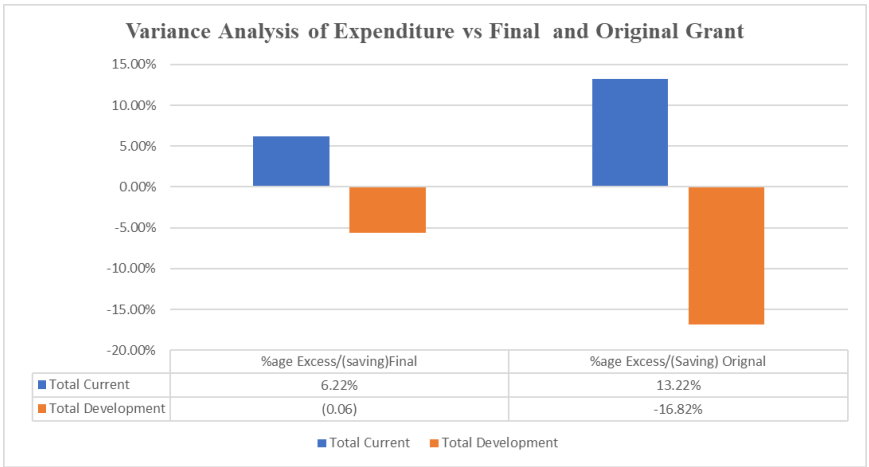
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
59	Current	15,361.81	5,237.20	(548.47)	20,050.53	19,669.38	(381.16)
60	Current	10,778.28	1,914.00	(697.62)	11,994.66	11,930.42	(64.24)
61	Current	20,411.97	2,824.03	(590.30)	22,645.70	22,620.73	(24.97)
62	Current	232,371.79	10,478.95	(51.50)	242,799.25	261,832.09	19,032.85
63	Current	1,015.32	-	(108.92)	906.40	900.45	(5.95)
73	Current	7,603.95	-	(143.15)	7,460.80	7,371.81	(88.99)
Total Current		279,939.16	20,454.18	(1,996.81)	298,396.53	316,953.07	18,556.53
114	Dev	9,070.00	5,416.35	(3,103.83)	11,382.53	10,793.60	(588.93)
117	Dev	169.51	-	(110.18)	59.33	-	(59.33)
Total Dev		9,239.51	5,416.35	(3,214.00)	11,441.85	10,793.60	(648.25)
Grand Total		**289,178.67**	**25,870.53**	**(5,210.82)**	**309,838.38**	**327,746.67**	**17,908.28**

Audit noted that there was an overall excess of Rs. 17,908.28 million, which was mainly due to excess in the current grant No. 62.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current, development and charge expenditure, it was observed that, in case of the development grant, there was 16.82% of saving w.r.t the original grant which was decreased to 0.06% w.r.t the final grant and in case of current grant, 13.22% excess is reduced to 6.22% excess.



11.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 8,324.19 million, were raised in this report during the current audit of the **Ministry of Interior**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Non-production of record	700
2	Reported cases of fraud, embezzlement and Misappropriation	290
3	*Procurement related irregularities*	2,581.75
4	*Management of account with commercial banks*	239.53
5	*Recovery*	4,087.79
6	*Internal Control*	412.358
7	Others	13.44

11.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	9	9	3	6	33
2011-12	21	0	0	21	-
2012-13	46	13	3	43	23
2013-14	19	19	13	6	68
2014-15	38	0	0	38	-
2015-16	5	1	1	4	100
2016-17	46	46	15	31	33
2017-18	58	58	26	32	45
2018-19	48	22	17	31	77
2019-20	65	40	17	48	43
2020-21	65	0	0	65	-
2021-22	97	10	4	93	40
2022-23	73	26	16	57	65
2023-24	81	17	7	7	50
2024-25	41	0	0	41	-
Total	**712**	**261**	**122**	**523**	-

11.5 AUDIT PARAS

Ministry of Interior, Islamabad

11.5.1 Non-recovery of annual renewal fee and penalty on account of NOCs of armored vehicles – Rs. 22.425 million

Clause 8.1 of the Revised Policy/Standard Operating Procedure, 2023 on Armoured Vehicles states that the grant and renewal of authorization shall be subject to payment of following fee in Rupee. Fee will be deposited at the National Bank of Pakistan/State Bank of Pakistan under the head "fee for armoring of vehicles and companies" under account head C02694 and request submitted at respective NADRA Regional Head Office / Mega Centre. Nothing in this Clause shall apply to an authorization issued on an application by a public body/foreign mission.

i. Minimum Rs. 1.000 million in case of import
ii. Minimum Rs. 0.500 million in case of local retrofitting
iii. For setting up retrofitting companies Rs. 2.000 million at the time of establishment
iv. Annual renewal fee for double cabin and standard jeep will be Rs. 25,000,
v. Annual renewal fee for luxury vehicles will be Rs. 50,000; and
vi. Annual renewal fee for retrofitting company will be Rs. 0.5 million.

Clause 8.2 of the revised Policy/Standard Operating Procedure, 2023 on Armoured Vehicles states authorization may be renewed after expiry of three months period mentioned in Clause 4.4 supra subject to payment of a penalty equivalent to 50% of normal renewal fee for each calendar year intervening the date of expiry and the date on which it is renewed.

The Ministry of Interior and Narcotics Control, Islamabad provided a list showing that 149 NOCs were issued to armored vehicles of different individuals and 15 private companies till the Financial Year 2023-24.

Sr. No.	Description	Number of NOCs issued
1	Individuals	149
2	Retrofitting companies	15
TOTAL		**164**

Audit observed that the individuals and retrofitting companies did not pay the annual renewal fee and penalty for delay in renewal of NOCs, which resulted in a loss of Rs. 22.425 million to the public exchequer.

(Rs.)

Sr. No.	Description	Number of NOCs	Renewal fee	Penalty	Total
1	Individuals	149	50,000 x 149 = 7,450,000	25,000 x 149 = 3,725,000	11,175,000
2	Private companies	15	500,000 x 15 = 7,500,000	250,000 x 15 = 3,750,000	11,250,000
Total		**164**	**14,950,000**	**7,475,000**	**22,425,000**

The management replied that as per the Armoured Vehicle Policy, 2024, recovery letters had been issued for NOCs granted in 2022, 2023, and 2024 to ensure recovery of outstanding dues. Eleven (11) defaulting companies had been directed to deposit the annual renewal fee as per policy.

The reply is not tenable as the observation pertained to non-recovery of renewal fee and penalty under the Revised Policy/SOP, 2023, whereas the reply incorrectly refers to the 2024 Policy, which was irrelevant to the period under audit. No documentary evidence of actual recovery, deposit of dues, or calculation of arrears was provided. The outstanding amount of Rs. 22.425 million calculated by Audit remained unaddressed. Further, the management did not respond regarding recovery status from individuals.

Audit is of the view that the Government suffered a loss due to non-recovery of annual renewal fee and penalty.

Audit recommends that the recovery be immediately made. Further, outstanding renewal fee and penalty of previous years be calculated and recovered under intimation to Audit.

11.5.2 Non-recovery of annual renewal fees from private security companies – Rs. 27.985 million

Para 14.1(c) & (d) of the Standard Operating Procedure, 2020, issued by the Ministry of Interior under Rules of Business, 1973 states that company's license annual renewal fee will be deposited in the National Bank of Pakistan /State Bank of Pakistan under account number CO2695 account head "fee and fine for the private security companies":

(Rs.)

No.	Province / Territory	Annual Renewal fee
1	ICT	5,000
2	Punjab	15,000
3	Sindh	25,000
4	KPK	50,000
5	Balochistan	25,000
6	AJK	10,000
7	GB	2,000

The Ministry of Interior and Narcotics Control, Islamabad provided a list showing that 724 licenses/NOCs were issued to different private security companies across the country till the calendar year 2018.

Audit observed that the private security companies did not pay their annual renewal fee. Further, the details of private security companies registered during the period from 2019 to 30.06.2024 were not provided by the concerned Section of the Ministry. It was observed that Rs. 27.985 million on account of renewal fee was not recovered from the private security companies.

Audit is of the view that non-recovery of Rs. 27.985 million is a financial loss to the exchequer.

The management replied that non-recovery of annual renewal fees from Private Security Companies did not fall under the mandate of the Ministry of Interior (MoI) as per SOP, 2020. Management also stated that the annual licence renewal fees prescribed under Clause-14.1(c) fell under the jurisdiction of the Licensing Authorities defined in Clause-2.1(c) i.e., ICT, Provincial Home Secretaries, GB, AJK, and FATA.

The reply is not tenable as Clause 14.1(c) of the SOP, 2020 explicitly prescribed that the annual renewal fee for private security companies was to be deposited in the designated Federal Government account (CO2695, account head "fee and fine for the private security companies"), without exempting the Ministry of Interior (MoI) from ensuring its recovery.

Audit recommends that the recovery be made and deposited in the Government treasury. Further, outstanding renewal fee of all the private security companies be calculated and recovered under intimation to Audit.

11.5.3 Non-deposit of receipts of 3,421 arms licenses in the Government treasury – Rs. 56.275 million

Regulation 7(1)(a) of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that to adhere to and enforce the principles of financial propriety, including the compliance of laws, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts.

The Ministry of Interior and Narcotics Control, Islamabad granted approval of 25,516 arms licenses during the Financial Year 2023-24.

No.	Description	Cases approved by the Ministry	Fee deposited by the NADRA
1	Prohibited bore	16,005	14,924
2	Non-prohibited bore	9,511	7,171
	TOTAL	**25,516**	**22,095**

Audit observed that the NADRA deposited fee of 22,095 arms licenses in the Government treasury instead of 25,615. Furthermore, 99 arms licenses (16 Prohibited Bore and 83 Non-Prohibited Bore) were modified, however, no record was available regarding the nature/type of these modifications, the Ministry's approval and the deposit of any fees earned from these modifications.

(Rs.)

Sr. No.	Description	Cases approved by the Ministry	Fee deposited by the NADRA	Difference	Amount
1	Prohibited bore	16,005	14,924	1,081	25,000 x 1,081 = 27,025,000
2	Non-prohibited bore	9,511	7,171	2,340	12,500 x 12,500 = 29,250,000
	TOTAL	**25,516**	**22,095**	**3,421**	**56,275,000**

The management replied that as per records, the Ministry of Interior approved 25,516 arms license cases, while 22,095 were submitted to NADRA for further processing. Further, applicants processed their arms license approvals from NADRA at their own convenience. The MoI's approval was valid for six months

from the date of issuance of the approval letter and could be extended subject to the approval of the competent authority.

The reply is not satisfactory as evidence of the deposit of fees for 3,421 arms licenses was not provided. Further, 99 arms licenses (16 Prohibited Bore and 83 Non-Prohibited Bore) were modified; however, no records were available regarding the nature of these modifications, the Ministry's approval, or the deposit of any fees collected from them.

Audit is of the view that the Government suffered a loss due to non-deposit of receipts on account of arms licenses fee.

Audit recommends that evidence of deposit 3,421 arms licenses beside provision of 99 arms licenses modification's record.

11.5.4 Doubtful conversion of arms licenses from manual booklets to computerized

Rule 41 of the Pakistan Arms Rules, 2023 states that all manual arms licenses issued by the Interior Division and Provincial Government and not computerized till the commencement of these rules shall stand cancelled except those issued to: -

(a) Members of Senate, National Assembly, Provincial Assembly and legislative Assemblies of Azad Jammu and Kashmir and Gilgit-Baltistan; and

(b) Officers of BPS 19-22 of the Federal Government a such other categories notified by the Interior Division with the approval of the Minister-in-Charge for Interior.

(2) The Secretary of the Interior Division may authorize an officer of the Interior Division not below the level of Joint Secretary to allow computerization of post arms license booklet on presentation of relevant documents.

The management of the Ministry of Interior and Narcotics Control, Islamabad issued 36,497 Prohibited Bore (PB) and 140,466 Non-Prohibited Bore Arms Licenses through booklets before commencement of Pakistan Arms Rules, 2023. Further, the data provided by NADRA vide a Letter No. NADRA/ALP/ops/2117 dated 11.06.2025 showed that 44,250 prohibited bore and

142,004 non-prohibited bore booklet arms licenses were computerized. Detail is as under:

Booklets issued by the Ministry		Booklets converted by the NADRA	
PB	**NPB**	**PB**	**NPB**
36,497	140,466	44,250	142,004

Audit observed that the NADRA computerized more arms licenses than the number of booklet arms licenses originally issued by the Ministry, which raised doubts about the authenticity and accuracy of the computerized records.

Booklets issued by the Ministry		Booklets converted by NADRA		Difference	
PB	**NPB**	**PB**	**NPB**	**PB**	**NPB**
36,497	140,466	44,250	142,004	7,753	1,538

Audit is of the view that the excess conversion of booklet arms licenses into computerized arms licenses appeared dubious.

The management replied that as per record, NADRA converted 186,254 booklet arms licenses into Computerized Arms License Cards in both (PB and NPB) categories. MOI declared 10,464 out of 186,254 Booklet Arms License as fake and not approved for further processing.

The management has accepted the audit observation.

Audit is of the view that the excess conversion of booklet arms licenses into computerized arms licenses appeared dubious.

Audit recommends that matter may be probed and shared with Audit.

11.5.5 Discrepancies in Prohibited Bore (PB) Arms License issuance data

Rule 2(r) of the Pakistan Arms Rules, 2023 states that registrar means authority or institute authorized by the Interior Division for maintenance of record of arms licenses' data bank.

Rule 43 of the Pakistan Arms Rules, 2023 states that the Registrar shall prepare database of arms licenses issued.

The Section Officer (Arms), through office notes dated 26.01.2024 and 14.03.2024, informed the management about the issuance of prohibited Bore (PB)

arms licenses, from January, 2010 to 26.01.2024 and 14.03.2024 respectively, based on data received from NADRA. Detail is as under:

No.	Number of PB arms licenses issued from	To the date of data received from NADRA	Number of PB arms licenses issued
1	January, 2010	26.01.2024	71,276
2	January, 2010	14.03.2024	117,479
	Difference		**46,203**

Audit observed that 46,203 new PB arms licenses were issued during the period of 48 days (34 working days) w.e.f. 27.01.2024 to 13.03.2024. Further, the data received by the Section Officer from NADRA on the stipulated dates was not shared with Audit.

The management replied that at Sr. No. 1, a total of 71,276 PB licenses were processed under the "**New"** category from January 2010 to 26th January 2024, whereas at Sr. No. 2, a total of 117,479 PB licenses were processed under the "**Renew"** category from January 2010 to 14th March 2024. The management stated that there was a misunderstanding, as arms licenses processed under categories other than New were also incorrectly considered as New.

The reply is not tenable, as it did not address Audit's observation regarding the issuance of 46,203 new PB arms licenses within 48 days. The explanation that Sr. No. 2 represented renewals did not clarify the sudden rise in new licenses and the data received from NADRA was not shared with Audit, leaving its authenticity and reliability unverified.

Audit is of the view that notable discrepancies in the data undermine its reliability and authenticity.

Audit recommends that matter be probed and shared with Audit.

Chief Commissioner Office, Islamabad

11.5.6 Revision of driving license fee and amendments in rules without approval of the Finance Division

Regulation 18 of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that prior consultation with the

Finance Division shall be made while initiating legislative proposals having financial implications, relating to establishment of funds, revenue, cess, levy, fee, deductions, remissions and agreements.

Section 22 (1) of the Motor Vehicles Ordinance, 1965 states that the Government may make rules for the purpose of carrying into effect the provisions of this Chapter.

The Chief Commissioner Office, Islamabad revised the driving license fee by amending Rule 26 of the Pakistan Motor Vehicles Rules, 1969, through a Notification No. 5(12)-Law/2011-1027 dated 13.05.2024. Detail is as under:

(Rs.)

S. No.	Description	Previous fee	Revised fee	% increased
1	Learner Permit (for each category)	300	1,000	333.33%
2	Issue of driving license (Non-Professional)	1,200	3,000	250.00%
3	Issue of driving license (Professional)	1,200	10,000	833.33%
4	Issue of driving license (M. Cycle + Professional)	1,500	10,000	666.67%
5	Digital Driving License Card Fee	400	2,000	500.00%
6	Renewal (within thirty days)	700	2,000	285.71%
7	Renewal (within one year)	NIL	2,500	2,500.00%
8	Renewal (within three years)	1,500	3,000	200.00%
9	Renewal (after three years)	4,000	8,000	200.00%
10	Duplicate driving license	1,200	3,000	250.00%
11	Conversion and addition (endorsement)	1,200	3,000	250.00%
12	Renewal of Learner permit	150	500	333.33%
13	Duplicate Learner permit	150	500	333.33%
14	Restoration of Driving License	10,000	20,000	200.00%
15	License of motoring (registration of private driving schools)	00	100,000	000
16	Renewal of license of motoring	00	150,000	000
17	Late renewal fee of license of motoring in addition to the normal renewal fee per year	00	20,000	000

Audit observed that the revision of driving license fees was carried out without prior concurrence of the Finance Division. Furthermore, amendments to the rules were made without the approval of the Federal Government.

The management explained that the Chief Commissioner ICT exercises the powers of a Provincial Government under Presidential Order No. 18 of 1980 and a supporting notification. Since the Motor Vehicles Ordinance, 1965 defines "Government" as the Provincial Government, the Chief Commissioner can legally make rules and revise fees. The Ministry of Law confirmed this status in its letter No. F. No. 835/2024-Law-Idated 08.01.2025.

The reply is unsatisfactory as the Chief Commissioner's Office was declared an attached department of the Interior Ministry vide Notification No. 1/7/86-ICT dated 17.03.1988 under the Rules of Business, 1973. The Supreme Court (18.08.2016) held that these Rules are binding and non-compliance invalidates actions, and that "Federal Government" means the Cabinet. Therefore, revising fees or amending rules without Finance Division concurrence or Federal Government approval was unauthorized.

Audit recommends provision of the Federal Government approval and concurrence of the Finance Division besides regularization of the previous actions.

11.5.7 Non-establishment of ICT Consolidated Fund by Chief Commissioner ICT, Islamabad

The Ministry of Law and Parliamentary Affairs, vide SRO 1316(I)/80 dated 31.12.1980, stated that pursuant to Article 2 of the Islamabad Capital Territory (Administration) Order, 1980 (Presidential Order No. 18 of 1980), the Chief Commissioner shall exercise, in respect of the Islamabad Capital Territory, all the powers and duties conferred or imposed on a Provincial Government under any law for the time being in force in the Islamabad Capital Territory.

Article 118(1) of the Constitution of the Islamic Republic of Pakistan states that all revenues received by the Provincial Government, all loans raised by that Government, and all moneys received by it in repayment of any loan shall form part of a Consolidated Fund to be known as the Provincial Consolidated Fund.

The office of the Chief Commissioner, Islamabad Capital Territory, vide SRO 1316(I)/80 dated 31.12.1980, pursuant to Article 2 of the Islamabad Capital Territory (Administration) Order, 1980 (Presidential Order No. 18 of 1980), was conferred with the powers of a Provincial Government.

Audit observed that the Chief Commissioner, Islamabad Capital Territory (ICT), has been empowered with functions similar to those of a Provincial Government under Article 97 of the Constitution of the Islamic Republic of Pakistan. However, despite being vested with such powers, the Chief Commissioner, ICT, has not established a Provincial Consolidated Fund, as required under Article 118 of the Constitution.

Audit is of the view that the failure to establish the ICT Consolidated Fund constitutes a serious lapse in financial governance and amounts to a violation of the constitutional provisions governing public finance.

The management did not reply till finalization of the report.

Audit recommends the establishment of an ICT Consolidated Fund, in accordance with the Constitution of the Islamic Republic of Pakistan, at the earliest.

11.5.8 Irregular appointment of the Chief Commissioner, ICT, without approval of the President

Article 2 of the Presidential Order No. 18 of 1980 states that the executive authority of the Federation in respect of the Islamabad Capital Territory shall be exercised by the President, either directly or, to such extent as he thinks fit, through an Administrator to be appointed by him:

Provided that the President may, at any time, by order in writing;

a. Direct that the executive authority of the Federation in respect of Islamabad Capital Territory in so far as it relates to any matter specified in the Order shall, subject to such conditions and limitations, as may be specified therein, be exercised by such authority established by or under any law, as may be so specified; and
b. Transfer the services of any person or class of persons employed in the Islamabad Capital Territory in connection with the matters aforesaid to the authority specified in the order under Paragraph (a).

The Establishment Division appointed the following as Chief Commissioner, ICT, Islamabad during the financial year 2023-24. Detail is as under:

Sr. No.	Name of the Officer	BPS	Notification No. and date
1	Capt. (Retd.) Muhammad Anwar-ul-Haq	20	PF(1002)/E-5(PAS) dated 24.08.2023
2	Ch. Muhammad Ali Randhawa	20	PF(942)/E-5(PAS) dated 02.05.2024

Audit observed as under:

i. The Chief Commissioners, ICT, Islamabad were appointed without approval of the President of the Pakistan.
ii. Chief Commissioner, ICT also hold the charge of Chairman, CDA and Secretary of 11 Departments of ICT Administration.
iii. Following his appointment, the Chief Commissioner, ICT Islamabad, in his capacity as Chairman IDWP, approved the projects amounting to Rs. 19,291.416 million, along with performing other related functions.

Audit is of the view that the appointment of the Chief Commissioners without approval of the approval of the President was irregular. It was a violation of the Presidential Order No. 18 of 1980.

The management replied that the appointments were made by the Federal Government through the Establishment Division, as reflected in the notifications issued for the financial year 2023-24. The appointment of the Chief Commissioner ICT by the Establishment Division is consistent with the Federal Government's administrative control over ICT. The Establishment Division acts on behalf of the Federal Government, in managing the civil service appointments. Therefore, the approval of the President is effectively exercised through the Establishment Division's process. The appointment notifications issued by the Establishment Division for Capt. (Retd.) Muhammad Anwar-ul-Haq, and Ch. Muhammad Ali Randhawa were in line with the established procedure for such appointments.

The reply is not tenable. As per Article 2 of the Presidential Order No. 18 of 1980, the appointment of the Chief Commissioner, ICT lies exclusively with the President of Pakistan. The Establishment Division did not have the authority to

make this appointment independently. Furthermore, there was no written delegation from the President authorizing the Executive or the Establishment Division to exercise this power on his behalf. It is also important to note that a Presidential Order can only be amended by the President himself. No administrative body can override or alter its provisions. Hence, the appointments made through the Establishment Division, without direct and explicit Presidential approval, were not in accordance with the law, and are held irregular.

Audit recommends that the necessary approvals be obtained beside regularization of the previous decision/actions taken.

Deputy Commissioner Office, Islamabad

11.5.9 Irregular retention of public funds in commercial bank account – Rs. 138.285 million

According to Rule 15 of the Public Finance Management Act, 2019, all public moneys shall be credited promptly into the Federal Consolidated Fund and shall not be retained in commercial bank accounts without authorization of the Finance Division. Further, Para 26 of the GFR, Vol-I stipulates that no Government receipts shall be retained by a department, they must be immediately deposited in the Government account.

The management of the Islamabad Food Authority, Islamabad maintained a Bank Account No. 000305714219 in a commercial bank, wherein a closing balance of Rs. 138.285 million was retained as of 30.06.2025, instead of depositing it in the Government treasury.

Audit observed that the management neither obtained approval from the Finance Division for operating this account in the United Bank Limited nor transferred the accumulated receipts in the Government account, thereby violating the provisions of the PFM Act, 2019.

Audit is of the view that retention of public funds in commercial bank accounts was irregular and unauthorized, constituting a violation of the prescribed financial rules and weakening the financial discipline of the organization.

The DAC meeting in its meeting held on 11.02.2026 directed the management to refer the case to the Finance Division for clarification.

Audit recommends that the amount of Rs. 138.285 million be immediately transferred to the Government treasury and that the case be regularized from the Finance Division.

11.5.10 Non-standard establishment of bus stands in Islamabad

Rule 253A(1)(b)(1) of Motor Vehicles Rules, 1969 states that the Regional Transport Authority shall, before granting licence of D Class Stands, satisfy itself that proposed D Class Stand shall not be less than 4 Kanals of land in all areas of the city districts of the Punjab.

The management of the Islamabad Transport Authority allowed bus stands on plots smaller than the required size i.e. 4 Kanals.

Audit observed that bus stands were opened and operated on undersized plots, contrary to the planning standards. This resulted in congestion, inadequate passenger facilities and violation of the approved regulations.

Audit is of the view that establishment of the bus stands without adhering to the prescribed land requirements, was irregular, unauthorized and reflected weak regulatory oversight.

The management replied that presently there are 17 bus stands operating in Islamabad out of which only 10 had been given license/permission to operation under Section 253 of MVO, 1965. Remaining 07 were operating without any permission. In this regard a massive operation was launched against these illegal bus stands in 2014 and 2018 but they obtained stay order from Islamabad High Court.

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

The DAC in its meeting held on 11.02.2026 directed the management to refer the case to the PAC.

Audit recommends that all such bus stands be reviewed, and corrective actions be taken against the irregular establishment of bus stands.

11.5.11 Non-deposit of Market Committee Revenue into Government account – Rs. 10.048 million

Rule 38 of the Islamabad Capital Territory Agriculture Produce Market (General) Rules, 2014 stipulates that every market committee shall deposit not less than ten percent of its annual income with the Agriculture Department, ICT.

Rule 7 of the Treasury Rules Vol-I requires that all receipts of Government be deposited in the Treasury without undue delay.

The Market Committee, ICT realized Market Fee of Rs. 100,488,877 during the FY 2024–25. Audit observed that the Committee retained the entire amount in its own account and failed to deposit the mandatory 10% share of Rs. 10,048,888 in the Government treasury.

Audit observed that retention of receipts outside the Government account was irregular and unauthorized, constituting a violation of the treasury and market Rules.

Audit is of the view that this practice indicates weak financial discipline and lack of oversight over public funds, resulting in a loss of control and possible misuse of revenue.

The DAC meeting in its meeting held on 11.02.2026 directed the management to deposit the amount in government treasury.

Audit recommends immediate deposit of Rs. 10.048 million in the Government treasury account.

11.5.12 Whereabouts of Grant Received from UNICEF for Child Labour Survey – Rs. 40.414 million

According to Rule 15 of the Public Finance Management Act, 2019 and Rule 26 of General Financial Rules (GFR) Vol-I, all grants, receipts, and public funds received from any source, including foreign donors or development partners, must be credited into the Government Treasury and utilized strictly for the purpose for which they are sanctioned under the relevant Public Sector Development Programme (PSDP) project.

The Department of Labour & Industries, ICT received funds amounting to Rs. 40.414 million from UNICEF during FY 2023–24 for conducting a Child Labour Survey, through a PSDP-funded project titled "Elimination of Child Labour through Survey and Policy Development Initiative." The said funds were released as part of Government–UNICEF collaboration to support evidence-based policymaking on child labour in Islamabad Capital Territory.

Audit observed that funds were routed through Punjab Bureau of Statistics which was also an implementation partner of the project. The Department failed to produce record relating to the receipt, bank account details, expenditure, or utilization reports of the UNICEF grant. No expenditure vouchers, survey reports, or reconciliation with AGPR or UNICEF were available on file. The whereabouts of the grant funds, including the balance position and outcome of the survey, could not be ascertained.

Audit further observed that the non-availability of financial and operational records raises serious doubts about the utilization of foreign-assisted funds and the achievement of project objectives.

Audit is of the view that the absence of record and non-accounting of UNICEF grant amounts to violation of the Public Finance Management Act and Treasury Rules, leading to risk of misappropriation and non-transparent use of donor funds.

The management replied that the funds were routed and managed through Bureau of Statistics, Punjab as per UNICEF's transfer policy, no direct receipt, bank record, or expenditure vouchers of UNICEF funds exist.

The reply was not accepted because although the funds were routed through Bureau of Statistics, the disbursement and expenditure is not available in the record.

The DAC in its meeting held on 11.02.2026 directed the management to probe the matter and all relevant record may be produced to Audit and Ministry.

Audit recommends that complete record of UNICEF grant receipts, expenditure, and outputs of the Child Labour Survey be produced to Audit immediately. The Department should reconcile the transactions with AGPR and

UNICEF, and responsibility be fixed for non-production and improper accounting of project funds.

Land Revenue Department, ICT

11.5.13 Illegal Issuance of Stamp Papers to Canceled Vendors – Rs. 290.000 million

According to Rule 33(1) and Rule 34 of the Punjab Stamp Rules, 1944, "Every licensed stamp vendor shall be authorized to obtain stamp papers from the treasury only during the validity of his license, and no stamp papers shall be supplied to a person whose license has expired, been suspended, or canceled."

According to Section 74 of the Stamp Act, 1899, "Only duly authorized vendors are permitted to sell or possess stamps for sale."

Audit scrutiny of records of the Land Revenue Department, Islamabad Capital Territory (ICT) for the financial year 2024–25 revealed that stamp papers amounting to Rs. 290.000 million were issued by the Federal Treasury Office (FTO), Islamabad, to stamp vendors whose licenses had already been cancelled. Details are as under:

S. No.	License No.	Name of Stamp Vendor	Location	Cancellation Date
1	152	Muhammad Raza Bukhari	District Court	12.06.2019
2	199	Taimour Abbas	F-8 Markaz	07.05.2019
3	407	Hamza Hanif	Jinnah Garden	12.06.2019
4	433	Syed Ishtiaq Hussain Shah	F-11 Markaz	12.06.2019
5	435	Aqeel Kayni	F-8 Markaz	12.06.2019
6	455	Khalid Hussain Shah	District Court	07.05.2019
7	456	Saeed Ahmed	G-9 Markaz	07.05.2019
8	589	Pir Bux	G-7 Markaz	07.05.2019
9	609	Bilal Raza Jan	G-7 Markaz	07.05.2019
10	649	Syed Ali Husnain	G-10 Markaz	07.05.2019
11	663	Zia Ur Rehman	Tramari	12.06.2019

Audit observed that these vendors, despite cancellation of their licenses, managed to obtain official stamp papers from the Federal Treasury by submitting fake and fabricated challans. These stamp papers were then used for registries, property transfers and other legal instruments in Land Revenue Department, Islamabad, rendering such transactions invalid and illegal.

Audit is of the view that the issuance of government stamp papers to ineligible and unlicensed vendors, without verification of the challans or vendor status from the Treasury records, constitutes a serious lapse in internal control, violation of the Stamp Rules, 1944, and Section 74 of the Stamp Act, 1899. This fraudulent activity resulted in a loss of Rs. 290.000 million to the public exchequer and invalidated multiple property-related transactions.

Audit recommends that a forensic investigation be conducted immediately to determine the extent of fraud, involvement of officials and to recover the loss of Rs. 290.000 million. The illegally registered properties and registries processed through these stamp papers should be declared void, and criminal proceedings should be initiated against the involved stamp vendors and responsible officials for violation of the Stamp Act, 1899 and Punjab Rules, 1944.

11.5.14 Non-completion of Land Record Computerization Project – Rs 151.65 million

PC-I of the project titled "Establishment of Land Revenue Records Management Information System (LRRMIS) in the rural areas of Islamabad Capital Territory (ICT)".

Targets	Values/Outcomes
Revised estimated cost (revised PC-I)	Rs 151.65 million
Number of revenue estates ("mauzas") in ICT covered	112 revenue estates (mauzas) in ICT.
Number of service centers proposed in revised PC-I	4 service Centers
Number of land-owners/users envisaged in revised PC-I	60 million.

Section 41 and Section 41-B of the Punjab Land Revenue Act, 1967 stipulate that the Board of Revenue and the Collector shall ensure the preparation, periodic updating, and maintenance of a computerized edition of the record-of-rights and mutation registers for all revenue estates in a transparent and accessible form.

'Establishment of Land Revenue Records Management Infrastructure System (LRRMIS)' for Rural Areas of Islamabad Capital Territory (ICT), was conceived in 2006-07. The project was initially handled by the Ministry of

Information Technology and later transferred to the National IT Board, and subsequently to the Islamabad Capital Territory Administration (ICTA) in 2015 following the directives of the Prime Minister. However, no functional database, digital mutation register, or operational service centers were found during audit verification.

Further, the project suffered from poor planning, weak inter-departmental coordination, and inadequate monitoring. Procurement of software and hardware was delayed, and no comprehensive project completion report or independent evaluation was available on record. The prolonged delay not only caused cost escalation but also deprived the residents of ICT's rural areas of timely access to digitized land records, thereby perpetuating the risks of record tampering, litigation, and corruption in land administration.

Audit is of the view that the failure to implement the computerized land records project despite availability of funds reflects serious weaknesses in project governance, planning, and accountability mechanisms. The persistent delays have rendered a significant portion of the expenditure unproductive, as the intended system outputs, digitized records, online services, and automation of revenue transactions, have yet to materialize.

Audit recommends that the ICT Administration and the Ministry of Interior should:

i. Expedite the completion of the LRRMIS project in coordination with the National IT Board;
ii. Conduct a third-party technical evaluation of the existing system infrastructure and procurement made;
iii. Fix clear completion milestones and accountability for the delays; and
iv. Ensure verification and public access to computerized land record data to achieve the intended transparency and efficiency.

11.5.15 Non-reconciliation of Mutation Fee and cost of unutilized Stamp Papers with the Federal Treasury Office

Para 7 of the Financial Management and Powers of Principal Accounting Officers, 2021 states that the Principal Accounting Officer shall be responsible for

monitoring the budget execution progress, and undertake reconciliation with accounting offices on monthly basis, related to revenues and expenditure of the division, department, sub-ordinate office or demand for grant under his control, through Chief Finance and Accounts Officer and furnish reconciled statement of revenue and expenditure, separately to Finance Division on quarterly basis, through Chief Finance and Accounts Officer.

Office of the Additional Deputy Commissioner (Revenue)/District Collector, ICT, Islamabad had collected Mutation fee during the financial year 2024-25 and required to reconcile with the Federal Treasury Office.

Audit is of the view that the non-reconciliation of Mutation Fee with the FTO is a violation of the instructions issued by the Finance Division.

Audit recommends fixing of the responsibility against the persons concerned beside carrying out reconciliation of the Mutation Fee with the Federal Treasury.

Excise and Taxation Department, ICT, Islamabad

11.5.16 Non-establishment of disaster recovery site

Clause 8.4 of Business continuity plans and procedures states that the organization shall establish and implement business continuity plans and procedures to maintain and recover activities within agreed time frames.

The Excise and Taxation Department has multifaceted functions that encompass both direct and indirect taxes. It oversees the collection of Road Tax, Income Tax (Adjustable), Professional Tax, Advance Tax and Capital Value Tax, Bed Tax, etc. which are direct tax, levied on individuals and businesses, based on their earnings. This revenue is essential for funding public infrastructure, social programs and Government operations. Additionally, the department administers indirect taxes such as the Federal Excise Duty, which is levied on specific goods and services, contributing to the national revenue pool.

A significant aspect of the department's operations is the registration and monitoring of the professionals. By maintaining an updated database of

professionals, the department can effectively monitor compliance, identify potential tax evasion and promote transparent financial practices.

Audit observed that the Disaster Recovery Site for backup was not established by the Excise and Taxation Department, Islamabad. Due to non-establishment of data recovery site, following risks are associated:

i. Data Loss
ii. Inability to serve the general public
iii. Loss of receipt/financial loss to the Government
iv. Loss of historical record.

Audit is of the view that the non-establishment of a disaster recovery (DR) site can pose significant risks and challenges, both operationally and in terms of public service.

The management replied that the matter has already been taken up with National Information Technology Board (NITB) being a leading IT department of Federal Government for the enhancement of operational activity of Motor Vehicle Registration Software.

The reply is not accepted because establishment of Disaster Recovery Site was not the mandate of NITB rather it was the sole responsibility of Excise and Taxation Department, Islamabad.

Audit recommends that in order to mitigate these risks, it is essential for the Excise and Taxation Department to establish a disaster recovery plan, including the creation of off-site backups, redundant systems and a well-defined disaster recovery site.

11.5.17 Non-recovery of road challans / fines – Rs. 11.336 million

Clause 40 B(1) of Public Financial Management Act, 2019 states that non tax revenue shall be levied and charged in accordance with the provisions of relevant laws and such other applicable instruments.

Section 32 of the Punjab Motor Vehicles Ordinance, 1965 (as extended to Islamabad Capital Territory) states that "any fine imposed under this Ordinance,

shall be recovered in the same manner, as arrears of land revenue unless paid immediately or within such period as may be prescribed.

The Excise and Taxation Department, Islamabad issued road challans during 2024-25 to traffic violators amounting to Rs. 11,336,041.

Audit observed that an amount of Rs. 11,336,041 was not deposited by the violators of road traffic rules despite the issuance of challans by the Excise and Taxation Department, Islamabad. This indicates serious lapses in monitoring, follow-up and enforcement mechanisms for recovery of Government dues.

Audit is of the view that the non-recovery of fines deprived the Government from due receipts, created a culture of non-compliance among traffic violators and undermined the deterrence effect of penalties.

The management replied that an amount of Rs. 3.310 million was recovered and the vehicles against which outstanding amount were pending have been suspended and notices had also been issued to the owners of the vehicles.

The management has accepted the audit observation.

Audit recommends that the Excise and Taxation Department, Islamabad needs to institute robust enforcement mechanisms to ensure full recovery of road challans within the prescribed timelines and integrate challan recovery with vehicle registration, transfer, and renewal processes.

Inspector General, Frontier Corps (South) at Wana

11.5.18 Irregular procurement of Medical Equipment in violation of the PPRA Rules - Rs. 500.00 million

Rule 35 of the PPRA Rules, 2004 states that the procuring agency shall announce the results of the 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.

Rule 47 of the PPRA Rules, 2004 provides that the procuring agencies must make available the record of procurement proceedings to interested parties upon request, after the award of the contract.

The management of the Frontier Corps Headquarters (South) Khyber Pakhtunkhwa at Wana floated a tender on 12.05.2025, and both technical and financial bids were received.

Audit observed that no technical evaluation report or scoring was conducted prior to the opening of the financial bids. The bids were opened collectively, and the contract was awarded solely on the basis of the lowest financial offer, without due assessment of technical qualifications.

Audit further observed that the record lacked essential documentation such as the Goods Declaration (GD) and import-related papers that verify the legality and origin of the supplied equipment.

Audit holds that the procurement and payment of Rs. 499,999,800 was made in violation of the PPRA rules. Details are as under:

(Rs.)

Cheque No.	Date	Vendor name	Item name	Amount
9939543	26.06.2025	M. Zakaria and Sons	Trauma kit (USA QCB and Junctional / other item China)	265,412,500
9939542	26.06.2025	M. Zakaria and Sons	First aid kits	55,983,500
			Hemostatic bandage	36,103,800
			QCB	142,500,000
			Total	**499,999,800**

Audit also observed that at the time of awarding of contract the firm did not possess any valid license from DRAP and all the payments were made in advance.

The management stated that the procurements were made after thorough evaluation of bids in light of the PPRA rules.

The reply was not accepted because the firm was not eligible for supply of medical equipment.

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

Inspector General Frontier Corps (South) Works at Wana

11.5.19 Non production of auditable records relating to PSDP funds – Rs. 700.00 million

Article 170 (2) of the Constitution of the Islamic Republic of Pakistan states that the audit of the accounts of the Federal and of the Provincial Government and the accounts of any authority or body established by, or under the control of, the Federal or Provincial Government shall be conducted by the Auditor-General, who shall determine the extent and nature of such audit.

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

The management of the Works Branch Frontier Corps Headquarter (South) at Wana was requested vide No. Coord/Audit Intimation/2024-25/F-753/1264 dated 18.06.2025, FG(A)/Pesh/Audit Requisition /2024-25/13 Dated 23.06.2025 and FG(A)/Pesh/Audit Requisition /2024-25/13 Dated 25.06.2025 to produce the auditable record of the following transactions/schemes for scrutiny:

(Rs.)

Cost Centre	Document No.	Date	Vendor	Expenditure
PR-0940	2200004857	07.11.2023	M/S Zenith construction and engineering	18,000,000
	2200007959	21.12.2023		90,000,000
	2200013936	18.03.2024		72,000,000
	2200020870	31.05.2024		150,000,000
PR-0942	2200004858	07.11.2023	M/S Meraki construction company	20,000,000
	2200007956	21.12.2023		85,000,000
	2200013932	18.03.2024		65,000,000
	2200020874	31.05.2024		200,000,000
			Total	***700,000,000***

Despite written and numerous verbal requests, the management did not produce the auditable record of the above transactions made during the financial year 2023-24 under PSDP.

It is pertinent to mention that the matter was taken up with the Principal Accounting Officer (PAO) and subsequently the management was directed by the Secretary to the Government of Pakistan Ministry of Interior Letter No. 1/3/2025-F&A dated 07.07.2025 "with the directions to provide the auditable record relating to the PSDP funds without further delay", however, the management did not comply to the instructions and no record was produced.

Audit holds that non-production of record is a serious violation of the above quoted constitutional articles and hindrance in performance of constitutional function of the Auditor-General of Pakistan.

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

Pakistan Rangers (Sindh)

11.5.20 Non-Recovery of Special Allowance – Rs. 636.000 million

Para V of Finance Division O.M. No. F.No.1(2)/Imp/2024/478 dated 27.01.2025 states that "Special Allowance equal to 100% of basic pay of 2005 is stopped w.e.f. 01.07.2024."

Audit scrutiny revealed that despite the clear instructions of the Finance Division, Pakistan Rangers (Sindh) continued to pay Special Allowance to its employees during the financial year 2024-25, resulting in an irregular expenditure of Rs. 636.000 million.

Audit observed that the continuation of this allowance beyond 30.06.2024 was unauthorized and in violation of the Finance Division's directive. The payments indicated weak compliance and ineffective financial oversight within the organization.

Audit is of the view that payment of an allowance that was formally discontinued by the competent authority was irregular and unauthorized, resulting in overpayment from public funds.

The management did not reply till finalization of the report.

Audit recommends that the entire amount of Rs. 636.000 million be recovered immediately and deposited into the Government Treasury.

11.5.21 Payment of inflated water bills without justification – Rs. 37.960 million

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

The management of Pakistan Rangers (Sindh) provided copies of water bills for the period January 2025 to June 2025, along with a paid voucher amounting to Rs. 37.960 million for the month of June 2025.

Audit scrutiny revealed that the water bills of 31 Wing, 33 Wing, 42 Wing, and 92 Wing for January to April 2025 showed nil arrears and reflected regular payments for prior months. The comparative analysis of billing revealed that during July to December 2024, each formation was billed Rs. 500,000 per month, showing a consistent and reasonable billing trend, summarized as follows:

Formation / Wing	Billing Trend (2024)	Billing Trend (2025)	Remarks
31 Wing	Jul–Dec 2024: Rs. 500,000/month	Jan–Apr 2025: Rs. 2,500,000/month	Sharp unexplained increase in monthly billing
33 Wing	Sep–Dec 2024: Rs. 500,000/month	Jan–Apr 2025: Rs. 2,500,000/month	Sudden escalation without consumption justification
42 Wing	Sep–Dec 2024: Rs. 500,000/month	Jan–Apr 2025: Rs. 2,500,000/month	Billing inflated fivefold without basis
92 Wing	Aug–Dec 2024: Rs. 500,000/month	Jan–May 2025: Rs. 2,500,000/month	Irregular escalation, no prior arrears shown

Audit observed that the sudden increase from Rs. 0.5 million per month (2024) to Rs. 2.5 million per month (2025) was neither supported by any escalation notice, revised tariff, nor increase in water consumption. Moreover, all monthly bills up to April 2025 reflected no arrears or previous dues, yet in June 2025, the consolidated bill amounting to Rs. 37.960 million was paid.

Audit is of the view that the payment of Rs. 37.960 million was doubtful and irregular, as the billing escalation was unexplained and arrears were not reconcilable with prior records. The matter indicates overpayment due to poor verification, lack of reconciliation, and weak financial control.

The management did not reply till finalization of the report.

Audit recommends that the matter be investigated, billing records reconciled with the service provider and any overpayment may be recovered.

11.5.22 Irregular procurement of signal equipment – Rs. 59.00 million

Rule 42(f)(ii) of Public Procurement Rules, 2004 states that a procuring agency may engage in direct contracting with state owned entities such as professional, autonomous or semi-autonomous organizations or bodies of the Federal or Provincial Governments for the procurement of such works and services, including consultancy services, which are time sensitive and in the public interest, subject to the organization or the body shall accomplish the work or the services including consultancy services, exclusively through its own resources without involving private sector as a partner or in the form of a joint venture or as a sub-contractor.

Pakistan Rangers (Sindh), Karachi procured LMR radio sets and related communication equipment from M/s National Radio Telecommunication Corporation (NRTC) during the financial year 2024-25, amounting to Rs. 59.000 million under direct contracting.

Audit observed that although NRTC claimed to be the sole manufacturer and supplier by issuing a certificate to that effect, the subsequent correspondence and internal notes revealed that NRTC sublet and sourced major components from third-party vendors, namely M/s Aselsan and local suppliers. Details are as under:

Items	Quantity	Remarks from NRTC
Microwave Radio Link complete system	4	Required quantity will be arranged from local supplier within 10-12 weeks
P25 LMR Base Radios with all accessories	4	Required items will be arranged from M/s Aselsan as per OEM lead time 08 months after opening of LC and advance payment done by NRTC and confirm order from customer.
Power Supply 3700 W for base Radios	10	Required items will be arranged from M/s Aselsan as per OEM lead time 04-05 months after opening of LC and advance payment done by NRTC and confirm order from customer.
Palm mic	10	
Desk Mic	10	

Audit noted that this arrangement directly violated the provisions of Rule 42(f)(ii), which explicitly restricts state-owned entities from engaging the private sector or subcontracting when procuring under direct contracting mode.

Audit is of the view that subcontracting of supply constituted misrepresentation and violation of PPRA provisions.

The management did not reply till finalization of the report.

Audit recommends appropriate action to prevent recurrence of such violations in future procurements.

11.5.23 Excess Payment of Internal Security Duty Allowance During May–June 2025 – Rs. 136.180 million

Finance Division O.M. No. F.No. 11(5)-R-I/2008-192 dated 22.04.2009 provides that Internal Security (IS) Allowance is admissible only to personnel of Civil Armed Forces deployed on internal security duties in the field on requisition by the Federal or Provincial Governments, and the cost shall be borne by the requisitioning authority.

Audit scrutiny of payroll and deployment records of Pakistan Rangers (Sindh) for the financial year 2024-25 revealed a significant and unexplained surge in IS Duty Allowance payments during the months of May and June 2025.

Throughout the year, monthly IS Allowance payments remained between Rs. 562 million and Rs. 618 million, corresponding to an average field deployment ranging from 16,830 to 17,554 personnel (approximately 69%–73% of total strength). However, during May and June 2025, deployment figures sharply increased from 16,948 to 18,238 personnel, a rise of nearly 1,300 personnel (7.7%), resulting in IS Duty Allowance escalating from Rs. 587,818,061 in March 2025 to Rs. 723,997,640 in May 2025, reflecting an excess of Rs. 136,179,579 compared to the preceding trend.

No supporting deployment orders, operational requisitions, or approvals were available on record to justify this sudden increase in field deployment and corresponding allowance. The pattern of payments during the rest of the year shows no similar fluctuation, suggesting that the June-end increase was not based on

genuine operational requirements but likely the result of over-reporting or irregular inclusion of ineligible personnel.

Audit is of the view that the steep rise in IS Allowance without documentary justification indicates possible overpayment and weak control over payroll verification and deployment reconciliation, causing an excess burden of Rs. 136.180 million on government funds.

The management did not reply till finalization of the report.

Audit recommends that the matter be investigated, deployment records be reconciled with actual field strength, and excess payments recovered wherever found.

Pakistan Rangers (Punjab)

11.5.24 Pre-Arranged Procurement of Uniform Items – Rs. 70.605 million

Regulation 11 of Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that Principal Accounting Officer shall ensure that public funds are used for public advantage and benefits. No payment order or sanction of expenditure shall be issued which may directly or indirectly benefits to its own advantage or any person or selected community unless the expenditure to be incurred by the order of a competent court of law or the expenditure is in pursuance of Government approved policy.

The management of Pakistan Ranger Punjab Procured Uniform Items at a cost of Rs. 70,605,878 during Financial Year 2024-25. Details are as under:

Messer	Item	Quantity	Amount Rs.	Supply Order Date	Agreements Date	Date of Delivery
M/s AF & Sons	Outer cover Bullet Proof Jackets	2,500	9,875,000	12.11.2024	12.11.2024	12.11.2024
M/s BMITCO (Pvt), Ltd	CBT Dresses	10,621	60,730,878	19.04.2025	22.04.2025	23.04.2025

Audit scrutiny revealed that the placement of order, submission of bill, and immediate delivery of such a large quantity within twenty-four hours raised serious doubts about the genuineness and transparency of the entire procurement process.

Audit is of the view that the sequence of events, same-day billing and next-day delivery of bulk quantities strongly suggests that the procurement was pre-arranged, lacking competitive transparency and proper verification of need or quality. The action was irregular and unauthorized, violating the spirit of Para 207 of GFR Vol-I and principles of sound public procurement.

The management did not reply till finalization of the report.

Audit recommends that the matter be investigated to confirm possible pre-arrangement, procurement controls be strengthened to prevent recurrence, and all future uniform purchases be strictly planned.

Gilgit-Baltistan Scouts, Gilgit

11.5.25 Irregular purchase of ammunition – Rs 41.009 million

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

The management of Gilgit Baltistan Scouts procured ammunition from the Central Ordnance Depot Havelian and Ordnance Depot, Juglot. Details are as under:

Type of Ammo	Quantity	Rate	Amount Rs
Carts 7.62 x 39 mm ball ex SMG	150,000	74.42	11,163,000
Gren Hand ColourSmk Green	20	8477.57	169,551
Gren Hand colourSmk Red	20	8477.57	169,551
Gren Hand colourSmk Yellow	20	8477.57	169,551
Gren Hand colourSmk Orange	18	8477.57	152,596
Gren Hand colourSmk White	22	8477.57	186,510
Carts 9x19 mm ball Parabellum	16,000	65.50	1,048,000
Carts 9x19 mm ball ex MP5A2	10,000	64.83	648,300
Carts 7.62x 51 mm ball ex-G-3	150,000	100.37	15,055,500
Carts 7.62 x 51 mm ball/ trac ex LMG	100,000	122.47	12,247,000
Total			**41,009,559**

Audit observed that the procurements were made on 100% advance payment from the supplier without open competition.

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

The management did not reply till finalization of the report.

Audit recommends that all future procurements must be made through open competition in compliance with PPRA Rules, and responsibility may be fixed for irregular procurement and 100% advance payment.

National Police Foundation

11.5.26 Non-forfeiture of bid security - Rs. 168.778 million

Rule 46 of the Public Procurement 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 the National Police Foundation (NPF), Islamabad advertised in five national dailies on 14.12.2023 for auction of 4,977 Square Yards of commercial land at NPF Housing Scheme in Sector E-11, Islamabad. In response, two firms participated and M/s SMB Pvt. Ltd., quoted a rate of Rs. 217,000 per Sq. Yards, amounting to Rs. 1,085.000 million for 5,000 Sq. Yards including parking space. The bidder deposited Rs. 168.778 million 15% of the bid amount.

Audit observed that neither the remaining amount of Rs. 922.248 million was deposited by the bidder nor the advance payment of Rs. 168.778 million was forfeited. Further, complete record of auction including bidding documents was also not provided to ascertain the transparency of the bidding process.

Audit is of the view that non forfeiture of advance payment after lapse of one year was an undue favor to the bidder. Further, non-provision of the complete record to Audit, hindered the auditorial functions of the Auditor-General of Pakistan.

The management replied that M/s SMB Pvt. Ltd did not pay the balance amount due to the cancellation of the land sale agreement resulting from the non-merger of the plot by the CDA. Due to the delay in obtaining the NOC, which is still pending, M/s SMB Pvt. Ltd. revoked the agreement of land sale. The possession of the said plot remains with the NPF, and negotiations with the bidder for refund of the amount paid by him are in process.

The reply is not convincing. Although the sale agreement has been cancelled, the process of auction was not fair, as undue favour was extended to M/s SMB Pvt. Ltd.

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

11.5.27 Non-recovery of outstanding rent and allied charges from the tenants of Muhafiz Plaza, Lahore and the allottees of the housing schemes - Rs. 249.241 million

Para 26 of GFR, Vol-I states that it is the duty of the departmental controlling officers to ensure that all sums due to the Government are regularly and promptly assessed, realized, and duly credited to the Public Account.

The National Police Foundation (NPF) owns a plaza in Lahore that has 176 shops rented out to various tenants. The details of rent outstanding up to the financial year 2023-24 are as under:

(Rs.)

Phase No.	Number of shops	Outstanding up to 30.06.2023	Outstanding for the FY 2023-24	Total outstanding
1	123	20,339,165	10,478,527	30,817,692
2	53	5,387,176	1,454,190	6,841,366
Total	176	25,726,341	11,932,717	37,659,058

In addition to the above the management of the NPF, Islamabad made allotments of different types of plots in its housing schemes to the police employees and the general public in previous years. Detail is as under:

(Rs.)

Housing Scheme	Arears of previous years	Outstanding for the FY 2023-24	Total amount
O-9	168,050,354	9,290,111	177,340,465
E-11	29,217,928	5,023,600	34,241,528
Total	197,268,282	14,313,711	211,581,993

Audit observed that:

i. An amount of Rs. 37,659,058 on account of rental income was outstanding up to 30.06.2024 from the tenants of the Mahfiz Plaza, Lahore since 2017 onwards.
ii. An amount of Rs. 211,581,993 on account of allied charges (conservancy charges and utility bills) was outstanding as on 30.06.2024 from the allottees of the housing schemes

Audit is of the view that the non-recovery of outstanding dues was an act of negligence on the part of the management, which deprived the Foundation of its due receipts.

The management in its reply stated that the National Police Foundation had successfully recovered an amount of Rs. 23.471 million from the defaulter tenants of the Muhafiz Plaza, Lahore up to 20.06.2025. The remaining outstanding rent stands at Rs. 14.188 million. Further, Foundation had successfully recovered an amount of Rs. 252.420 million from the allottees of the housing societies up to 20.06.2025. The remaining outstanding allied charges stand at Rs. 140.446 million, and continuous efforts are in progress to recover the same as early as possible.

The reply is not convincing, as the total outstanding rent and allied charges was Rs. 249.241 million at the end of the financial year 2023-24.

Audit recommends that the recovered amount may be got verified from Audit. Further, recovery of the remaining may be ensured.

11.5.28 Irregular expenditure on renovation/repair and maintenance - Rs. 50.652 million

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

The management of the National Police Foundation, Islamabad incurred an expenditure of Rs. 50,652,458 on civil works during the financial year 2023-24. The details are as under:

(Rs.)

No.	Work Description	Amount
1	Renovation of Foundation House	2,040,321
2	Renovation of NFP Head Quarter	12,168,556
3	Repair and Maintenance work (O 9)	12,896,855
4	Civil work (O 9)	1,678,075
5	Installation and maintenance work of Tubewell (O 9)	5,868,947
6	Repair and Maintenance work (E 11)	9,142,179
7	Installation and maintenance work of Tubewell (E 11)	2,642,900
8	Civil work (E 11)	4,214,625
Total		**50,652,458**

Audit observed that the work was awarded to various firms without open tendering and without obtaining technical sanctions. Moreover, the payments were made without actual measurement of the work executed.

Audit is of the view that the award of civil works in violation of the PPRA Rules, 2004 and payment without actual measurement, was irregular and deprived the Foundation of the benefit of competitive rates.

The management replied that all the works were executed, and purchases were made in the best interest of the Foundation and the residents of both housing schemes. It was further emphasized that there was no financial loss to the National Police Foundation, as a result of these expenditures.

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

Audit recommends that responsibility may be fixed for the irregularity.

11.5.29 Non-recovery of outstanding contributions from the police departments – Rs. 884.702 million

According to Decision No. 1 of the minutes of the meeting at the Conference of Inspectors General of Police, held on 09.11.1974, the Provincial Police Forces should make monthly contributions to the Foundation Fund at the prescribed scale.

The management of National Police Foundation, Islamabad spends/incur expenditure significant expenditure on welfare activities throughout Pakistan such as disbursement of stipends to widows, financial assistance to bereaved families, educational incentives, and dowry grants.

Audit observed that the management did not collect any contributions from the Federal/Provincial Police Departments during the financial year 2024-25. Details of outstanding contributions are as under:

(Rs.)

No.	Province/Department	Due up to		
		30.06.2024	FY 2024-25	30.06.2025
1.	Punjab Police	341,119,390	27,513,120	368,632,510
2.	Sindh Police	249,598,270	20,333,160	269,931,430
3.	Khyber Pakhtunkhwa Police	106,133,530	9,297,840	115,431,370
4.	Balochistan Police	47,184,050	5,060,280	52,244,330
5.	Azad Jammu and Kashmir Police	8,586,000	751,440	9,337,440
6.	Gilgit Baltistan Police	10,246,850	544,320	10,791,170
7.	Islamabad Capital Territory Police	23,108,620	1,610,760	24,719,380
8.	National Highways and Motorway Police	11,774,950	749,760	12,524,710
9.	Pakistan Railway Police	12,987,300	619,440	13,606,740
10.	Federal Investigation Agency	6,969,590	316,080	7,285,670
11.	National Police Academy	167,390	30,560	197,950
Total		**817,875,940**	**66,826,760**	**884,702,700**

Audit is of the view that failure to collect these mandatory contributions constitutes non-compliance with the decision of the Board/Conference and adversely affects the sustainability of the Foundation's welfare initiatives.

Audit recommends that efforts for recovery of outstanding contribution/subscription may be expedite.

11.5.30 Non-recovery of outstanding charges from the clients of the NPF Security Services (Private) Limited – Rs. 313.093 million

Para 26 of GFR, Vol-I states that it is the duty of the departmental Controlling Officers to ensure that all sums due to the Government are regularly and promptly assessed, realized, and duly credited to the Public Account.

The management of the National Police Foundation, Islamabad, through its subsidiary 'NPF Security Services (Private) Limited' provided security services to

various clients. An amount of Rs. 313.094 million was recoverable from the clients as on 30.06.2025. Zone-wise details of outstanding dues are as under:

(Rs.)

Zone	Total
Islamabad	28,199,912
Lahore	125,816,625
Multan	51,061,496
Peshawar	22,616,286
Mirpur, AJK	3,777,136
Quetta	1,639,352
Karachi	76,275,627
Sargodha	2,757,253
Faisalabad	950,298
Total	**313,093,985**

Audit observed that:

i. Management failed to recover the outstanding dues from the clients.
ii. Out of total recoverable dues Rs. 313.094 million, an amount of Rs. 183.052 million pertains to the closed clients.

Audit is of the view that non-recovery of receivables amounting to Rs. 313.094 million indicates weak financial management and negligence in enforcing contractual obligations.

Audit recommends that efforts for recovery of outstanding dues may be expedite.

11.5.31 Non-recovery from the allottees/members in compliance of the Supreme Court of Pakistan's judgement – Rs. 19.795 million

Para 26 of GFR, Vol-I states that it is the duty of the departmental Controlling Officers to ensure that all sums due to the Government are regularly and promptly assessed, realized, and duly credited to the Public Account.

The Supreme Court of Pakistan in its judgement dated 08.11.2017 has directed the National Police Foundation (NPF) to issue notices for the recovery of the amounts from the beneficiaries/allottees in case of irregular allotments.

The management of the National Police Foundation (NPF) provided a statement in which an amount of Rs. 19.795 million is outstanding till 30.06.2025. Detail is as under:

(Rs.)

Category	No. of plots	Outstanding dues as on 30.06.2025
Armed Forces personal	02	1,177,300
General public/Civilian	25	14,355,825
Government servant	07	3,155,550
Multiple allotment	02	1,106,650
Total	**36**	**19,795,325**

Audit observed that in compliance of Supreme Court's judgement, management failed to recover the outstanding dues amounting to Rs. 19.759 million

Audit is of the view that the non-recovery of outstanding dues was an act of negligence on the part of the management, which deprived the Foundation of its due receipts.

Audit recommends that efforts for recovery of outstanding dues may be expedite.

11.5.32 Excess transfer of funds to ICT Police – Rs. 12.358 million

Clause 15(i) of the Memorandum of Understanding (MoU) signed between Islamabad Capital Territory Police and National Police Foundation states that NPF shall charge the following fee as agreed:

i. Rs. 1,000 Police verification fee.
ii. Rs. 500 recruitment and documents processing fee.

The management of the National Police Foundation (NPF) offered its services to the ICT Police through its Testing and Assessment Services (TAS) department for the recruitments in ICT Police during the financial year 2024-25. A total of 75,582 applications received during the recruitment process. An amount of Rs. 111,483,450 was collected against the 75,582 numbers of applications received (Rs. 1,475 per application). The management of NPF paid an amount of Rs. 80,527,204 to the ICT Police. Detail is as under:

(Rs.)

Cheque No.	Dated	Amount
00002326	21.08.2024	68,169,000

00002327	10.10.2024	12,358,204
Total		**80,527,204**

Audit observed that management paid an amount of Rs. 12,358,204 (Rs. 200 × 75,582 candidates) to ICT Police in excess of as defined in MoU. Detail is as under:

Number of candidates applied for the posts	75,582
Number of candidates applied for the multiple posts	7,413
Actual number of candidates applied	68,169
Amount due to be transferred to ICT Police as per MoU (Rs. 1,000 per candidate for police verification)	Rs. 68,169,000

Audit is of the view that excess payment of Rs. 12,358,204 was made in violation of MoU.

Audit recommends that recovery of excess payment (Rs. 12,358,204) besides fixing of responsibility against the concerned for making payment in violation of MoU.

11.5.33 Dual charging for verification of applicants – Rs. 7.413 million

ICT Police vide Letter No. 6173/Rect/CPO dated 03.07.2024 directed National Police Foundation that Police Executive Board in its meeting held on 29.06.2024 decided to refund Rs. 1,000 (charged on account of character verification fee) to each candidate who have applied for more than one post.

The management of the National Police Foundation (NPF) received an amount of Rs. 111,483,450 (Rs. 1,475 × 75,582 candidates) for recruitments process in ICT Police during the financial year 2024-25. A total of 75,582 applications received during the recruitment process. Detail is as under:

Number of candidates applied for the posts	75,582
Number of candidates applied for the multiple posts	7,413
Actual number of candidates applied	68,169

Audit observed that an amount of Rs. 7,413,000 needs to be refunded to the candidates applied for more than one posts in light of ICT Letter dated 03.07.2024. Detail of refund amount as under:

Sl.	No. of posts	Count of	No. of additional

No.	applied	candidates	applications
1.	6	6	5 × 6 = 30
2.	5	24	4 × 24 = 96
3.	4	177	3 × 177 = 531
4.	3	731	2 × 731 = 1,462
5.	2	5,294	1 × 5294 = 5,294
Total		**6,232**	**7,413**
Refund amount Rs. 7,413,000 (7,413 additional applications by single candidate × Rs. 1,000)			

Audit also observed that the management did not refund excess amount (Rs. 7.413 million) charged as police verification fee from 6,232 candidates.

Audit is of the view that retention of refund amount after finalization/completion of recruitment process is held irregular.

Audit recommends that either excess amount charged from the applicants be refunded or deposit the same in Government treasury.

11.5.34 Non-reconciliation of services charges – Rs. 21.311 million

Clause 5(4)(a) of the MoU was signed between Islamabad Traffic Police and National Police Foundation, Islamabad on 10.07.2024 states that a comprehensive reconciliation of the collected funds shall be conducted at the conclusion of each calendar month. This reconciliation process shall involve verifying the accuracy of the amounts collected, identifying any discrepancies, and ensuring that the correct allocations have been made in accordance with this agreement.

Islamabad Traffic Police issued 622,110 traffic violation tickets to traffic violators through 'Digital Sergent' Mobile App during the financial year 2024-25. An amount of Rs. 17.413 million was collected by NPF.

Audit observed that:

i. As per record (General Ledger) provided by NPF, an amount of Rs. 21.311 million was collected w.e.f. 01.08.2024 to 30.06.2025. However, statement of cash balances retained in bank accounts as on 30.06.2025 provided by the NPF management shows a balance of Rs. 12.427 million.

ii. No reconciliation of funds collected, with the ITP was made by the NPF management.

Audit is of the view that non-reconciliation of services charges collected is a violation of MoU, therefore, held irregular.

Audit recommends to immediately carry out monthly reconciliations of service charges with ITP, as mandated under Clause 5(4)(a) of the MoU beside probing the differences observed between the amounts collected as per General Ledger and the amount transferred in bank accounts.

11.5.35 Non-implementation of Judgment of the Supreme Court of Pakistan– Rs. 7.208 million

Para 13 of the Judgment against Civil Petitions No. 949,1025,1028,1132 to 1134 of 2023, passed by the Honorable Supreme Court of Pakistan dated 13.09.2024 is reproduced as under:

> *"As, the Cabinet Sub-Committee lacks the authority to recommend the regularization of posts in BS-16 and above, therefore, any recommendation by the Cabinet Sub-Committee to regularize appointments in BS-16 and above is void ab initio and without any lawful authority. The High Court, in recognizing this legal principle, correctly declared that the appointments of the petitioners were not made in accordance with the* law and referred their cases to the FPSC."

Rule 13(b) of National Police Foundation Service Rules states that the matter not clarified in these rules of the Foundation on any particular subject relevant rules/orders of the Government as amended from time to time will be applicable as far as practicable without creating new rights and privileges.

Mr. Saleem Ahmad Sheikh was appointed as Director (IT) on contract basis in Islamabad Capital Territory Police w.e.f. 01.07.2010. During 2011, a Sub-Committee of the Cabinet was constituted headed by Syed Kursheed Ali Shah, MNA. The said Sub-Committee of the Cabinet recommended the regularization of the services of contract/daily wages employees working in Federal Ministries/Division and its attached departments. The services of the Officer were

regularized in Islamabad Capital Territory Police w.e.f. 26.04.2012. The services of Mr. Saleem Ahmad Sheikh, Director (IT), Islamabad Capital Territory Police were obtained on deputation basis for a period of three (03) years vide Ministry of Interior's Notification No. 1/2/2023-Police dated 02.03.2024 subject to the condition that the Officer shall report to Inquiry Officer/ICT Police in connection with the Inquiry proceedings, as and when summoned by the Inquiry Officer/ICT Police. The Officer assumed the charge of Director IT Business and Planning on 11.03.2024.

Audit observed that instead of repatriation the services of the Officer to its parent department (i.e. ICT Police) for further referral to the FPSC in compliance of the light of the Honorable Supreme Court of Pakistan judgment dated 13.09.2024, the management of the NPF continues to borrow the services of the Officer till date.

Audit is of the view that instead of ensuring compliance/implementation of the Judgment of the Supreme Court of Pakistan, the management continues to taking the services of the Officer and making payment of salary including other fringe benefits amounting to Rs. 7,207,852 thereof.

Audit recommends that the management may take remedial action(s) in light of the judgment of the Honorable Supreme Court of Pakistan dated 13.09.2024.

11.5.36 Irregular appointments of employees without advertisement and other codal/legal formalities

As per Section 7(7) of the Schedule for the National Police Foundation vide S.R.O. No. 351(I)/2024 dated 06.04.2024, the Managing Director may appoint employees, consultants, advisers or such other persons in the manner and on such terms and conditions of services either on whole time basis, part time basis or for special assignments as may be prescribed by regulations made under this scheme.

Paras 3(c)(iii)(a) & (e) of National Police Foundation Service Rules states that all vacancies may be advertised in the newspaper inviting applications within a specified period and candidates finally selected will be required to undergo a medical test by a Medical Officer of the Foundation.

The management of the National Police Foundation, Islamabad appointed seventy-three (73) employees and made payment on account of salary and fringe benefits during the financial year 2024-25.

Audit observed that:

i. Appointments were made without advertisements.
ii. No recommendations of the Selection Committee were found on record available with NPF management.
iii. No report of medical test by a Medical Officer of the Foundation were found on record available with NPF management
iv. Remuneration and other fringe benefits fixed by the management were different from each other.

Audit is of the view that appointments without advertisements is a violation of National Police Foundation Service Rules, therefore, held irregular.

Audit recommends that the management must ensure that all appointments should be made against sanctioned posts through transparent procedures, including advertisement of vacancies, recommendations of the duly constituted Selection Committee, and mandatory medical examinations beside regularization of irregular appointments made without observing prescribed codal formalities.

11.5.37 Irregular expenditure on Darbar of Sindh Police from NPF Hamara Ghar Housing Scheme – Rs. 5.845 million

Regulation 7(a) of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that the Principal Accounting Officer shall be responsible to adhere to and enforce the principles of financial propriety, including the compliance of laws, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting Government receipts.

The management of the National Police Foundation, Islamabad incurred an expenditure amounting to Rs. 5,484,964 on account of Darbar of Sindh Police during the financial year 2024-25. Detail is as under:

(Rs.)

Sl. No.	Paid to	Voucher No.	Dated	Cheque No.	Dated	Amount

1.	Mr. Muhammad IrfanZaman	224100020	07.10.2024	55049451	07.10.2024	1,260,000
2.		224100010	21.10.2024			1,149,000
3.	M/s N.Mubarik Caters Decorators	224110020	12.11.2024	00734830-31	12.11.2024	2,033,668
4.	M/s Global Palace	224120026	13.12.2024	007235827-28	13.12.2024	1,042,296
Total						**5,484,964**

Audit observed that expenditure was incurred without having any benefit to NPF/NPF Hamara Ghar Housing Scheme.

Audit is of the view that incurrence of such expenditure from NPF fund, just to facilitate the provincial Police departments without having any benefit to NPF is held irregular.

Audit recommends that matter may be probed for fixing of responsibility for unauthorized utilization of NPF funds.

11.5.38 Irregular award of tender for establishment of a 100+ beds General Hospital at Sector O-9, Islamabad – Rs. 50.000 million

Para II of requirements, criteria and participation process of Invitation for bids/tender notice states that health related private sector international organizations or having agreement with related international consultants or international organizations, pharmaceutical companies, academia, multinational companies etc. are eligible to apply.

Rule 39 of Public Procurement Rules, 2004 states that where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount.

The management of the National Police Foundation, Islamabad published an advertisement on 09.07.2024 in daily newspapers for inviting sealed bids through tender notice for establishment of 100+ bed general hospital at NPF Housing Society situated at Sector O-9, Islamabad. After scrutiny from Technical and Financial Committees, M/s SaglikKoprusu Medical Ticaret Limited Sirketi was declared successful and awarded the contract. Joint Venture Agreement was signed on 03.10.2024 between M/s SaglikKoprusu Medical Ticaret Limited Sirketi and National Police Foundation, Islamabad.

Audit observed that:

i. M/s SaglikKoprusu Medical Ticaret Limited Sirketi has no experience as the company was registered on 20.05.2024 in Republic of Türkiye.
ii. Power of Attorney (issued on 20.05.2024) to attend/participate in bidding process which was published in newspapers on 09.07.2024.
iii. All requisite bidding documents submitted by the successful bidder was issued on 02.07.2024, a week before publish of tender notice in newspapers (i.e. 09.07.2024). (Violation of which criteria or procurement rule)
iv. No performance guarantee was obtained from the successful bidder while awarding the contract.

Audit is of the view that contract was awarded to successful bidder (M/s SaglikKoprusu Medical Ticaret Limited Sirketi) without having/fulfilling eligible criteria/requirements as required in bidding documents, therefore, held irregular.

Audit recommends that matter may be probed for fixing of responsibility for irregular award of contract.

11.5.39 Non-imposition of penalty and LD charges – Rs. 15.662 million

Para 19 of the Terms and Conditions of the Contract Agreement signed between M/s Metis International (Private) Limited and National Police Foundation, Islamabad states that this contract comes into force upon its signatures on this 24th November, 2023 for period mentioned in technical proposal (duration of 226 days (i.e. by 7th July, 2024)).

Para 17(d) of the Terms and Conditions of the Contract Agreement signed between M/s Metis International (Private) Limited and National Police Foundation, Islamabad states that in case of termination of contract due to vendor fault a penalty at the rate of twenty-five (25) per cent of total value of contract agreement will be imposed on vendor.

The management of the National Police Foundation, Islamabad awarded the contract for 'Digitalization and Centralized Data Management System for NPF

(HQs) and Sub-Offices' to M/s Metis International (Private) Limited at a contract price of Rs. 44,749,000 plus GST.

Audit observed that:

i. Vendor did not fulfil its obligations of the contract which were required to be done by 07.07.2024. The same were not done/completed by the end of November, 2025.
ii. Management neither impose penalty (amounting to Rs. 11,187,250 plus GST) by terminating the nor recover LD charges (amounting to Rs. 4,474,900 plus GST).
iii. Management extended the favour to the vendor by neither cancelling the Contract Agreement nor repurchasing the items at Risk and Cost of the vendor.

Audit is of the view that:

i. Management extended favour to vendor by non-imposing/recovering penalty and LD charges which is violation of the provisions of the Terms and Conditions of the Contract Agreement.
ii. Management did not repurchase the items at Risk and Cost of the vendor which is violation of the provisions of the Terms and Conditions of the Contract Agreement.

Audit recommends that management should impose and recover the penalty and LD charges as per provisions of the Terms and Conditions of the Contract Agreement beside fixing of responsibility on the concerned for favoring the vendor for non-imposition of penalty and LD charge

Directorate General of Immigration and Passports, Islamabad

11.5.40 Irregular expenditure on up-gradation/renovation of DG I&P Headquarter building Rs. 74.638 million

Serial No.6 Annexure-II of tender document for up-gradation of 163 regional passport offices & MRP facility at 49 Pakistan Mission abroad (revised) states that interested bidders will provide the colored hard copy of front elevation

design/designers of the building. The bidders will also provide the soft copy of the front elevation design in USB. This is the core item of the building.

Rule 38B of PPRA rules 2004 states that procuring agency shall consider single bid in goods, works and services if it meets the evaluation criteria, ensures compliance of specifications and other terms & conditions expressed in advertisement or bid solicitation documents;

i. is not in conflict with any provision of the Ordinance;
ii. conforms to the technical specifications;
iii. has financial conformance in terms of rate reasonability:

The department of Immigration and Passport management floated tender for renovation/up-gradation of D.G I&P Headquarter on 27th October 2023 out of development project titled Upgradation of 163 regional passport offices & MRP facility at 49 Pakistan Mission abroad (revised). Following were the members of the technical Committee to evaluate the technical bid:

Following firms were qualified before technical evaluation:

a. M/s Quality (Pvt) Limited
b. SBS Engineers (Pvt) Limited
c. Jan Alam & Co
d. Saeed & Sons
e. SKN Traders

The work was awarded to M/s Jan Alam & Co for Rs. 74,638,610 including 15% repeat order.

Audit observed as under:

i. Four firms out of five qualified firms were rejected by the technical evaluation committee on the contention that front elevation submitted by these firms were not acceptable to committee and were awarded zero mark out of total 35 marks for front elevation, and 35 marks out of 35 marks were awarded to successful bidder, moreover no detail/proper justification was provided by the technical committee for rejection of four bids. No civil Engineer/Architect or

technical officer was included in the technical evaluation committee which would possess technical knowledge about front elevation or building construction.

ii. Financial bid of only one qualified firm M/s Jan Alam & Co was opened and work was awarded to this firm and no market survey was carried out by the management to confirm that rate quoted by the M/s Jan Alam & Co was reasonable and were not on higher side.

iii. No Measurement book was prepared and entry for repair and renovation was made therein.

Audit is of the view that in the light of above facts awarding and executing the contract was irregular.

The management replied that main consideration was for front elevation and M/s Jan Alam and co was selected for its better front elevation and other firms were rejected due to non-acceptance of front elevation, moreover rate quoted by the selected firm was lowest among remaining firms.

Reply is not satisfactory as the management stated that the rates quoted by the bidder was lowest among remaining firms confirms that financial bids of remaining firms were also opened which was illegal. Further, no technical person was included in the technical evaluation committee to consider the front evaluation and its technicalities, no market survey was conducted to obtain rate reasonability as only one firm was qualified for opening of financial bid and no measurement book was available.

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

Islamabad Capital Territory Police

11.5.41 Refusal of audit by Islamabad Capital Territory Police for Welfare Fund Accounts

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained

by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise.

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

Audit intimations was issued on 05.12.2025 to conduct the audit of Islamabad Capital Territory Police, Islamabad.

Four requisitions were issued by the Field Audit Team (FAT) for production of record of welfare fund. However, record relating to ICT Police Welfare Fund i.e. Cash Book, Vouchers, Bank Statement, total receipt deposited, expenditure incurred and investment made during the Financial Year 2024-25 was not produced to audit.

Further, as per Notification No. 3-217/17532-52/G/CPO dated 07.05.2024 Islamabad Traffic Police also deposited its fee/charges in to Welfare Account of ITP.

The matter was reported to the Secretary, Ministry of Interior and Narcotics Control vide letter dated 27.01.2026 and 13.02.2026.

Audit is of the view that non-provision of record of Welfare Fund is in violation of the orders of the Honorable 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 Honorable Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record.

Islamabad Capital Territory Traffic Police

11.5.42 Unauthorized Revision of Driving License Fee Without Approval of the Federal Government

Rule 22(1) of the Motor Vehicle Ordinance 1965, states that Government may make rules for the purpose of carrying into effect of this chapter.

Rule 22(2) of the Motor Vehicle Ordinance 1965 states that without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely

The honorable Supreme Court of Pakistan in the case of M/s Mustafa Impex Karachi vs others (2016 PLD 808) held that the Federal Government means the Federal Cabinet headed by the Prime Minister of Islamic Republic of Pakistan. The Apex Court through its other Order dated 04.03.2024 in Civil Petition No.167-Q and 168-Q of 2023 has held that in a seminal judgment of Mustafa Impex supra, this Court has considered constitutional meaning of "Federal Government", that by necessary implication also extends to "Provincial Government" and has held, that if any power is conferred on Government concerned, they can be exercised in the Cabinet and by Cabinet decisions, and not otherwise.

The Office of the Chief Commissioner ICT, Islamabad issued Notification No. 5(12)-Law/2011-1027 13.05.2024 and made the following amendments/revisions in Rule 26 of the Pakistan Motor Vehicles Rules, 1969:

(Rs.)

Sl. No.	Description	Previous Fee (2018)	Revised Fee (2024)
1.	Learner Permit (for each category)	300	1,000
2.	Issue of driving license (Non-Professional)	1,200	3,000
3.	Issue of driving license (Professional)	1,200	10,000
4.	Issue of driving license (M. Cycle + Professional)	1,500	10,000
5.	Digital Driving License Card Fee	400	2,000
6.	Renewal (within thirty days)	700	2,000
7.	Renewal (within one year)	NIL	2,500
8.	Renewal (within three year)	1,500	3,000
9.	Renewal (after three year)	4,000	8,000
10.	Duplicate driving license	1,200	3,000
11.	Conversion and addition (endorsement)	1,200	3,000
12.	Renewal of Learner permit	150	500

13.	Duplicate Learner permit	150	500
14.	Restoration of Driving License	10,000	20,000

Audit observed contradiction in exercising of functions/duties by the Chief Commissioner ICT as under:

i. Federal Government, exercising powers under Section 116A (6) of the Motor Vehicle Ordinance, 1965 issued S.R.O. 1895(I)/2023 dated 25.09.2023, to enhance fines for traffic violations.
ii. Revisions/amendments in Rule 26 of the Pakistan Motor Vehicles Rules, 1969 was without the approval of the Federal Government.

Audit is of the view that exercising of Government function relating to revisions/amendments to the Rule 26 of the Pakistan Motor Vehicles Rules, 1969 by the Chief Commissioner ICT was without lawful authority.

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

Audit recommends that the revision in the license fees may be got approved from the Federal Government.

11.5.43 Abnormal and Disproportionate Increase in Driving License Fee by Islamabad Traffic Police (ITP)

Rule 22(1) of the Motor Vehicle Ordinance 1965, states that Government may make rules for the purpose of carrying into effect of this chapter.

Rule 22(2) of the Motor Vehicle Ordinance 1965 states that without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely

Rule 22 (2) (f) of the Motor Vehicle Ordinance 1965, states that the fees to be paid for the grant and renewal of licenses.

Islamabad Traffic Police was established on 28th January 2006 and their core objective with its Mission Statement into the working of its personnel in order to ensure that to maintain smooth flow of traffic, Prevention of accidents, to help road users in distress, to achieve the target of Zero tolerance with firmness but politeness and to ensure the role of law through equal application.

The Islamabad Traffic Police (ITP), with reference to the Chief Commissioner Islamabad Office letter dated 13.05.2024, amended Rule-26 of the Pakistan Motor Vehicles Rules, 1969 and revised driving license fees with effect from May, 2024.

Audit observed that the revised fee structure reflects abnormally high increases ranging from 100% to 733.33% over the previously notified rates of 2018. Further comparison with the National Highways and Motorway Police (NH&MP) revealed that ITP fees are 200% to 700% higher for identical services. These increases were excessively high and disproportionate, without any documented cost-based justification.

Audit is of the view that such an abnormal increase has placed an undue financial burden on the general public, compelling citizens to bear excessive costs for obtaining a statutory / legal document. The primary mandate of the Traffic Police is to regulate traffic flow, ensure road safety and facilitate citizens, while issuance of licenses is a secondary and regulatory function, not a revenue-generating activity. The role of the State and its institutions is fundamentally welfare-oriented, and not to generate revenue through disproportionate fee enhancement.

Audit is also of the view that the substantial escalation in license fees not only inconsistent with the principles of reasonableness, equity and facilitation but also undermines public trust in governance. The absence of a rational basis or affordability analysis further weakens the justification for such revision.

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

Audit recommends that the Government of Islamabad Capital Territory review and rationalize the revised driving license fee structure, align it with actual service delivery costs and comparable organizations such as NH&MP and other provinces, and ensure that future revisions are reasonable, proportionate, and consistent with the welfare mandate of the State, so as to avoid placing an undue financial burden on the general public.

11.5.44 Unauthorized Deduction of Service Charges on Challans

Rule 40(C) (1)of PFM Act 2019, states that subject to section 40B, the revenue collection offices shall deposit the collected amounts in Federal Consolidated Fund promptly without delay in prescribed manner under the head of account specified by the Finance Division.

Section 37(2)(a) of the State Bank of Pakistan Act, 1956, a "scheduled bank" is a bank that carries on the business of banking in Pakistan and is declared as such by SBP. SBP's own statistical publications and glossaries define "scheduled banks" as commercial and specialized banks included in this list under section 37; autonomous foundations and other government-controlled entities that do not carry on banking business are not part of this category.

Section 5(2) of the agreement dated 10.07.2024 between the National Police Foundation (NPF) and Islamabad Traffic Police (ITP) outlines the allocation and reconciliation of service fees from traffic violators. A total service charge of Rs. 30 per violation is levied, comprising an initial Rs. 25 fees increased by Rs. 5 on 15.03.2025. As per the addendum, this Rs. 30 service charge is split equally, shared equally between to the National Police Foundation (NPF) and Islamabad Police.

The management of Islamabad Traffic Police imposed fines totaling Rs. 617,846,820 through 740,796 tickets on traffic violators. The data for services charges deducted has not been provided to the audit, consequently based on available data the estimated service charges levied comes out to be Rs. 19,532,955. Detail is listed below:

Sr. No.	Service charges per challan amount in Rupees	Date	Total Challan	Amount
1.	25	1.07.2024 to 15.03.2025	538,185	13,454,625
2.	30	16.03.2025 to 30.06.2025	202,611	6,078,330
			Total	**19,532,955**

Audit observed as under:

i. The National Police Foundation (NPF) entered into an agreement with Islamabad Traffic Police (ITP) as the technical partner for upgrading the web-portal and e-challan application to enhance services for traffic violators.
ii. The National Police Foundation (NPF) is not a financial institution and lacks authorization to collect service charges directly from violators on each transaction on the analogy of National Bank of Pakistan.
iii. National Police Foundation (NPF) does not hold a digital bank/ digital financial services license from the State Bank of Pakistan (SBP).
iv. Concurrence from the Finance Division was not obtained for this arrangement.
v. The agreement with National Police Foundation was carried out without open competition in violation of PPRA Rules, 2004.

Audit is of the view that entering of the agreement with National Police Foundation and subsequent collection and retention of service charges without open competition and concurrence of Finance Division is unauthorized.

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

Audit recommends that the current arrangement should be replaced by award of contract for technical partner for collection of challan through open competition and with the approval of Finance Division.

11.5.45 Unauthorized Permission to a Private Doctor for Issuance of Medical Fitness Certificate to Applicants

Section 7A motor vehicles of ordinance, 1965 states that establishment of medical panels for grant of driving license for public transport vehicles. The Government shall establish medical panels, functional at the district or regional traffic police headquarters or SSP traffic offices, comprising both physicians and optometrists, authorized to conduct medical checkup and grant, or refuse or defer, fitness certificate to applicants seeking fresh public transport driving license or renewal of license.

The Islamabad Traffic Police management allowed private doctor to conduct medical checkups and charged the fee from the applicants. The relevant record has not been provided, therefore, exact amount of the fee charged cannot not be pointed out. From the available documents and feedback of the applicants and general public it has come to the knowledge of the audit that the private doctor is charging fee from Rs. 200 to Rs. 500. The estimated amount, based on the amount of fee charged and number of applicants in the financial year 2024-25, ranges from Rs. 50,186,200/- to 125,465,500/- for the Financial Year 2024-25. Detail of estimation is given below:

(Rs.)

Fee	Number of applicants financial year 2024-25	Amount
Fee charge @ 200 for eye test	250,791	50,186,200
Fee charge @300 for blood group		75,279,300
Total		**125,465,500**

Audit is of the view that the management of Islamabad Traffic Police (ITP) unauthorizedly permitted private doctor to issue medical fitness certificate which is not only putting undue financial burden on the applicants but also is in violation of Section 7A motor vehicles of ordinance, 1965. The audit also considers the charging of fees by the private medical attendant from applicants to be unauthorized. Further, whereabouts of fee collected was also not known to Audit.

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

Audit recommends that an authorized medical attendant should be posted for issuance of medical fitness certificate as required under the relevant rules.

11.5.46 Non-Reconciliation of collection of Fine from FTO on monthly basis

Rule 91(a) and (b) of the Receipts and Payments Rules, Vol-I, 2021 states that Controlling Officers, Heads of Attached Departments, and Principal Accounting Officers to verify that amounts reported as realized by Revenue Collecting Officers are actually credited to the proper receipt objects in the Federal Consolidated Fund by comparing returns from those officers with statements of credits furnished by the concerned Accounts Office.

Regulation 7 (1) (p) of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that for monitoring the budget execution progress, and undertake reconciliation with accounting offices on monthly basis, related to revenues and expenditure of the division, department, sub-ordinate office or demand for grant under his control, through chief finance and accounts officer and furnish reconciled statement of revenue and expenditure, separately to Finance Division on quarterly basis, through chief finance and accounts officer.

The management of Islamabad Traffic Police (ITP), Islamabad issued Traffic Violation Tickets (TVT) through E-challan system and an amount of Rs. 617,225,862 of the money was reflected by the ITP deposited under the Head C-02638 during FY 2024-25

Audit observed that the monthly reconciliation of the amount of fines collected was not carried out with Federal Treasury Office.

Audit is of the view that non-reconciliation of fine collections from the Federal Treasury Office (FTO) constitutes a violation.

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

Audit recommends that the record of monthly reconciliation for the FY 2024-25 may be provided to the audit and in future monthly reconciliation should be carried out with Federal Treasury Office.

Safe City, Islamabad

11.5.47 Non-collection of Fines through e-challan -Rs. 21.105 million

Clause 40B(1) of Public Financial Management Act, 2019 states that Non tax revenue shall be levied and charged in accordance with the provisions of relevant laws and such other applicable instruments.

Section 32 of the Punjab Motor Vehicles Ordinance, 1965 (as extended to Islamabad Capital Territory) states that “any fine imposed under this Ordinance, shall be recovered in the same manner, as arrears of land revenue unless paid immediately or within such period as may be prescribed.

The management of Safe City, Islamabad issued E-challan tickets to offender during the financial year. Detail is as under:

Description	Quantity	Amount (Rs)
E-Challan Tickets issued	47,730	30,941,400
E-Challan Ticket Paid (Fine Received)	12,852	9,836,500
E-Challan Ticket recoverable	**34,878**	**21,104,900**

Audit observed as under:

i. There was no mechanism of early collection of fine money against E-challan tickets, resulting into 34,878 E-challan Tickets were recoverable amounting to Rs. 21,104,900.

ii. Safe City, Islamabad has not integrated with data of the Provincial, AJK and Gilgit Baltistan's Excise and Taxation Offices (Except Islamabad and Punjab), hence there is no possibility to impose E-challan on vehicles having registration of these areas.

iii. There is no reconciliation for ensuring that all fines imposed through electronic challan were deposited to the ETO at the time of transfer or token fee deposit of the vehicle.

iv. Details of relevant authority to impose fine of E-Challan is not provided.

Audit is of the view that non-collection of Government receipt not only caused loss to public exchequer but also is a serious lapse on the part of management.

The management replied that the collection of fines is a continuous activity as violators deposit fines on their convenience. It is pertinent to mention here that an amount of Rs. 19,308,500 out of Rs. 32,587,200 have been collected on account of E-Challan for the Financial Year 2023-24

Safe City Islamabad is already integrated with Islamabad and Punjab excise data, however, AJK and Gilgit excise data are not computerized. Requests have already been sent to the provinces of Sindh, KPK, and Balochistan for the provision of an API for integration:

The management accepted the view point of Audit.

Audit recommends to recover the amount along with integration of system of E-Challan trough out the country.

Anti Narcotics Force, Rawalpindi

11.5.48 Loss due to non-renting of property

Para 23 of General Financial Rules (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.

HQ ANF, Rawalpindi forfeited certain properties, including a Centaurus Apartment, which has been under official use since 07.02.2018.

Audit observed that despite the commercial nature and high rental value of the said property, it was not rented out, nor was any rental income realized by the Government. The continued non-renting of the property resulted in loss of potential revenue to the Government, which could have been generated through leasing at prevailing market rates.

Audit is of the view that non-renting of a commercially valuable forfeited property constitutes inefficient asset management and has resulted in avoidable loss to the Government exchequer.

Audit recommends that property should be rent out to realized Government revenue.

11.5.49 Irregular overhauling of two helicopters without open competition– Rs. 1,223.629 million

Rule 17 of the Public Procurement Rules, 2004 states that "Procurement opportunities shall be advertised on the Authority's website and in print media or newspapers having wide circulation to ensure open and fair competition."

Rule 42(f)(ii) of Public Procurement Rules, 2004 states that a procuring agency may engage in direct contracting with state owned entities such as professional, autonomous or semi-autonomous organizations or bodies of the Federal or Provincial Governments for the procurement of such works and services, including consultancy services, which are time sensitive and in the public interest, subject to the organization or the body shall accomplish the work or the services including consultancy services, exclusively through its own resources without involving private sector as a partner or in the form of a joint venture or as a sub-contractor.

HQ, ANF Rawalpindi incurred an expenditure of Rs. 1,223.629 million during the financial year 2024-25 on the overhauling of two MI-171-E helicopters. Audit scrutiny revealed that, as per the minutes of meeting dated 05.04.2024, the helicopters were sent abroad for overhauling instead of being repaired locally. It was further observed that the overhauling services were obtained from an overseas company on the grounds that the required equipment and facilities were not available with local bidders.

The procurement was made without inviting bids through international open competition as required under Rules, and without recording any justification for adopting a non-competitive procurement method. The absence of competitive bidding deprived the Government of the assurance that the expenditure represented the most economical option available.

Audit is of the view that the expenditure of Rs. 1,223.629 million incurred on overhauling of helicopters without international open competition constitutes irregular and unauthorized expenditure.

Audit recommends that the matter may be inquired into and responsibility fixed for the deviation from prescribed procurement procedures.

11.5.50 Differences in National Fund for Control of Drug Abuse Account – Rs. 117.778 million

Regulation 32(e) of Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that the role and functions of the office of chief finance and accounts officer under the supervision of the Secretary of a Ministry or Division (principal accounting officer) shall be to monitor the

collection and reconciliation of non-tax revenues receipts by any or all departments, sub-ordinate offices and organizations under the jurisdiction of principal accounting officer, except in case of Federal Board of Revenue.

Audit observed that, as per the statement provided by Headquarters ANF regarding the National Fund for Control of Drug Abuse, the total amount reported was Rs. 469,342,317. However, according to the soft data obtained from SAP (System, Applications and Products) provided by the Data Cell of the Auditor-General of Pakistan, the balance stood at Rs. 351,563,449.

A difference of Rs. 117,778,868 was thus noted between the figures communicated by ANF management to Audit and the Ministry, and the balances reflected in the SAP system. The discrepancy indicates that the National Fund Account balances were not properly reconciled, and the actual position of deposits and utilization could not be reliably determined.

Non-reconciliation between departmental figures and SAP data reflects weak financial controls and inadequate record management. Due to this inconsistency, the actual amount deposited, retained, or utilized from the National Fund Account cannot be ascertained with certainty, which may lead to misstatement of accounts and possible misuse of funds.

Audit recommends that the matter be inquired into to fix responsibility and that immediate reconciliation be carried out between departmental and SAP records to ensure accuracy of the National Fund Account.

11.5.51 Irregular award of work without open competition – Rs. 10.718 million

Rule 4 of the Public Procurement Rules, 2004 states that: "Procurements shall be conducted by a procuring agency in a fair, transparent and competitive manner, ensuring that the procurement brings the best value for money."

HQ, ANF Rawalpindi awarded the work related to the PAK-GCC Regional Counter Narcotics Conference held on 16–17 April, 2025 and incurred an expenditure of Rs. 10.718 million. Details are as under:

S. No.	Name of Payee	Nature	Amount
1.	M/s Tourism Promotion Service (Pak Ltd)	Hotel rooms and conference hall booking at Sareena Hotel, Islamabad	5,436,209
2.	M/s Dua Enterprises	Purchase of Mis. Items	5,281,849
Total			**10,718,058**

Audit scrutiny revealed that the work was awarded without inviting open competitive bids, in violation of the prescribed procurement procedure. No documentary evidence was available to justify the adoption of a non-competitive method, nor was any approval from the competent authority found on record.

Awarding procurement worth Rs. 10.718 million without open competition violates Rule 4 of PPRA Rules, 2004 and constitutes irregular and unauthorized expenditure.

Audit recommends that the matter be inquired into to fix responsibility and that the department ensure strict compliance with PPRA Rules in all future procurements.

11.5.52 Irregular purchase of 500KVA Heavy Duty Generator from technically rejected bidder – RS 17.500 million

Rule 4 of the Public Procurement Rules, 2004 states that: "Procurements shall be conducted by a procuring agency in a fair, transparent and competitive manner, ensuring that the procurement brings the best value for money."

HQ, ANF Rawalpindi procured a 500 KVA Heavy Duty Generator with base and soundproof canopy from M/s SI Engineering Services at a cost of Rs. 17,500,000.

Audit scrutiny revealed that, as per minutes of the Technical Evaluation Committee dated 16.05.2025, five (05) firms participated in the bidding process.

The assessment criterion for experience related to similar assignments was defined as follows:

a. More than 10 years = 25 marks
b. Up to 10 years = 20 marks

c. More than 5 years and less than 10 years = 15 marks
d. More than 3 years and less than 5 years = 10 marks

The marks awarded and technical status of the bidders were as under:

Firm/Vendor	Marks for similar experience	Status
KAN Engineering & Services	20	Technically Qualified
SI Engineering Services	20	Technically Qualified
Ataas holding (Pvt) Ltd	25	Technically Dis-qualified
MIA engineering (Pvt) Ltd	25	Technically Dis-qualified
Abu Bakar Traders SMC Pvt Ltd	10	Technically Dis-qualified

The reasons for disqualification of three (03) firms were recorded as:

Firm Name	Reason of Disqualification
Ataas Holding Pvt Ltd	Inadequate previous experience related to supply of Generator
MIA Energy (Pvt) Ltd	CDR/Pay order as 2.5 % bid Security not attached
Abu BAkar Traders SMC Pvt LTd	No Previous experience related to supply of generator attached

Audit observed that M/s Ataas Holding (Pvt) Ltd, despite being awarded the maximum experience marks (25) and securing 70 out of 75 total marks, was subsequently declared technically disqualified. Granting maximum marks for experience and later declaring the same firm ineligible demonstrates inconsistency and procedural weakness in the evaluation process.

This inconsistency indicates that the technical evaluation was neither transparent nor in conformity with PPRA Rule 4, thereby undermining fairness and credibility of the procurement proceedings.

Audit is of the view that awarding maximum experience marks to a bidder later declared disqualified reflects irregular and questionable evaluation practices, resulting in potential favoritism in the award of contract.

Audit recommends that the matter be inquired into to fix responsibility for procedural lapses and to ensure strict adherence to PPRA Rules in all future procurements.

11.5.53 Irregular Transfer and Utilization of Cash Award Funds Without Supporting Record – Rs. 13.441 Million

Rule 62 of Federal Government Receipt and Payment Rules, 2025 states that the Principal Accounting Officer and Head of Attached Departments are responsible for controlling the expenditure from the grants placed at their disposal. The Controlling Officers, Head of Departments and the Principal Accounting Officers shall supervise the proceedings of the Disbursing Office subordinate to them and issue instructions to them wherever necessary.

Audit scrutiny revealed that a sum of Rs. 13,441,034 was transferred from the account of Regional Directorate, ANF Lahore to the account of Joint Director, Special Investigation Cell (SIC), Islamabad through Cheque No. A0187678 dated 08.04.2025 under the head Cash Award.

Audit observed that no cash book, bank statement, or other supporting record was maintained or produced to substantiate the receipt and utilization of this amount by the office of the Joint Director, SIC. In the absence of proper accounting records, the authenticity of expenditure from the said account could not be verified.

The failure to maintain a cash book and supporting vouchers is contrary to the provisions of rules.

Audit is of the view that the transfer and utilization of Rs. 13.441 million without supporting documentation represents serious financial irregularity and reflects weak internal controls over handling of reward funds. The absence of reconciliation and record maintenance creates risk of misappropriation or unauthorized use of public money.

Audit recommends that the matter be inquired in detail to fix responsibility, obtain reconciliation statements and verified bank records, and ensure that proper cash books and supporting documentation are maintained for all future fund transfers.

11.5.54 Irregular Procurement of Arms and Ammunition – Rs 225.602 million

Rule 42(f)(ii) of Public Procurement Rules, 2004 states that a procuring agency may engage in direct contracting with state owned entities such as

professional, autonomous or semi-autonomous organizations or bodies of the Federal or Provincial Governments for the procurement of such works and services, including consultancy services, which are time sensitive and in the public interest, subject to the organization or the body shall accomplish the work or the services including consultancy services, exclusively through its own resources without involving private sector as a partner or in the form of a joint venture or as a sub-contractor.

HQ, ANF Rawalpindi procured arms and ammunition amounting to Rs. 225,602,850 from M/s Wah Industries during the financial year 2024-25.

Audit scrutiny revealed that as per pre-receipt bills dated 29.05.2025:

i. Ammunition 7.62 × 39 mm (100,000 rounds) was manufactured in China;
ii. SMG (7.62 × 39 mm Type 56-1) was also manufactured in China; and
iii. Pistol 9 × 19 mm was manufactured by Sarsilmaz B-6, Turkey.

The above items were not originally manufactured by M/s Wah Industries, despite procurement being made from the said firm. This indicates that the supplies were arranged from third-party foreign manufacturers instead of being produced by the contracted supplier.

Audit is of the view that procurement of arms and ammunition from third-party foreign manufacturers, without clear contractual authorization or documented approval, constitutes irregular and unauthorized procurement.

Audit recommends that such a practice should be stopped and matter may be inquired to fixed responsibility.

11.5.55 Irregular transfer of Honorarium to Welfare Fund Account – Rs. 3.299 Million

Rule 7(1)(iii) of Federal Government Receipts and Payment Rules, 2025 states that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

Audit scrutiny revealed that an amount of Rs. 3,299,340 was drawn as honorarium through a cheque made in the name of the Welfare Fund Account of ANF Headquarters. The transaction indicates that the amount was not disbursed to individual employees, but was instead transferred to the Welfare Fund Account.

Audit is of the view that charging an honorarium expenditure to the Welfare Fund and transferring it to a fund account rather than directly to individuals reflects misclassification of expenditure and weak financial discipline. This practice obscures the actual utilization of public funds and raises the risk of double booking or unauthorized retention within the Welfare Fund.

Audit recommends that the matter be investigated to fix responsibility and to ensure that honorarium payments are made only to eligible recipients through proper payroll procedures, supported by acknowledgment receipts and accounting entries in the main government account.

11.5.56 Irregular Payment of Cash award – Rs. 39.004 Million

According to Financial Management and Powers of Principal Accounting Officers Regulations, 2021 issued vide S.R.O. 706(I)/2021, and Clause (c) of Sub-Section (2) of Section 17 of the Anti-Narcotics Force Act, 1997, twenty-five percent of the entitled reward money may be allocated for the common pool and welfare of officers/staff, and twenty-five percent for the officers/staff of the force raiding party.

Further, Rule 20 of the Federal Government Receipts and Payments Rules, 2025 specifies that all withdrawals of public money must be made through authorized bills or vouchers and duly supported by accounting documents, and no direct cash withdrawal is permissible without proper sanction.

Audit scrutiny of the accounts of Regional Directorate, Anti-Narcotics Force, Rawalpindi revealed that during the financial year 2024-25, payments totaling Rs. 39.004 million were made under the head "Cash Awards," to Regional Director ANF Rawalpindi and ANF Welfare Fund.

The payment of reward amounts in cash instead of through traceable banking channels, and the transfer of large sums to the Welfare Fund account

instead of distribution to individual beneficiaries, constitutes irregular and unjustified expenditure.

Audit is of the view that such transactions reflect weak internal financial controls, non-compliance with rules.

Audit recommends that the matter be investigated to determine responsibility.

Regional Directorate, Anti-Narcotics Force, KPK

11.5.57 Unauthorized opening and operation of PLS bank account without approval of the Finance Division having closing balance - Rs. 14.356 million

Para 01 of the Auditor General of Pakistan's Letter No.328/02/P&C/1-c/2004(PF-I) dated 21.09.2015 stipulates that permission, to open an authorized bank account, shall be granted by the Finance Division.

Para 07 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 deposit elsewhere without the consent of the Ministry of Finance.

The management of Regional Directorate, Anti-Narcotics Force, Peshawar, was operating a PLS bank account No. 3011731788 at NBP, Hayatabad Branch Peshawar having a balance of Rs. 14.356 million as on 30.06.2025.

Audit observed that approval of the Finance Division for opening and operation of aforementioned bank account was not available.

Audit is of the view that opening and operation of PLS bank account without approval of the Finance Division was unauthorized.

Management replied that detailed reply will be furnished after verification of all relevant documentary evidence.

Audit recommends to obtain ex-post facto approval from the Finance Division immediately.

Commandant, Frontier Constabulary (Headquarters), Peshawar

11.5.58 Irregular purchase of goods not conforming the required specifications of the bidding document – Rs. 166.987 million

Rule 36(v) of the PPRA Rules, 2004 states that the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal, which does not conform to the specified requirements.

Rule 36(vi) of the PPRA Rules, 2004 states that during the technical evaluation, no amendments in the technical proposal shall be permitted.

The management of the Frontier Constabulary, Peshawar floated a tender in national newspapers dated 14.11.2024 for the purchase of different uniform items. An expenditure of Rs. 166,987,375 was incurred during the Financial Year 2024-25. Details are as under:

(Rs.)

Sr. No.	Item	Quantity purchased	Rate per unit	Amount
1	Mazri cloth	300,000	158.75	47,625,000
2	Chapply	25,875	889	23,002,875
3	Blankets	3,000	1,375	4,125,000
4	Jersey	22,000	895	19,690,000
5	Socks	22,000	53.50	1,177,000
6	Belt	22,000	280	6,160,000
7	Ground sheet	4,000	835	3,340,000
8	Beret cap	22,000	209.75	4,614,500
9	Jacket	22,000	1,844	40,568,000
10	Mosquito net	22,000	674	14,828,000
11	Brush	22,000	36	792,000
12	Polish	30,000	35.50	1,065,000
			TOTAL	**166,987,375**

Audit observed that the firms did not conform to the required specifications, despite a permissible margin of 5% above and below, as allowed in the bidding document, however, the Technical Committee declared the firms responsive and awarded the contracts for the purchase of uniform items.

The management replied that the interested bidders participated in the tender process and submitted both their financial and technical proposals along with samples. The samples were sent to a laboratory for testing. After the testing process

was completed, the technical Committee evaluated the results against the approved technical specifications. The evaluation criteria were determined by the committee based on past practices, as no specific criteria was outlined in any Government regulations. A margin of ±5% was applied to the results.

The reply is not satisfactory, as compliance with the technical specifications outlined in the bidding documents was a primary and mandatory requirement. Although, a ±5% tolerance margin was mentioned in the bidding documents, the firms still failed to meet the required specifications within this allowed range.

Audit is of the view that award of work to the non-responsive firms, even after lab. test proved that the items did not meet the required specifications, and it was an undue favour to the firms beside violation of the Public Procurement Rules, 2004.

The DAC in its meeting held on 23.12.2025 directed the management that samples testing reports be got verified from Audit.

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

11.5.59 Unauthorized retention of receipts and expenditure therefrom – Rs. 86.887 million

Rule 5 of the Federal Treasury Rules states that all money received on behalf of the Government on account of revenues shall without delay be paid in full in the Government treasury and Government receipts should not be utilized towards expenditure.

According to Finance Division's notification No. F.No.11(5)R-I/2008-91/12 dated 01.02.2012, "The ISD allowance was restored for Civil Armed Forces with the instructions that the ISD cost would be borne by the requisitioning authority."

The management of the Frontier Constabulary, Headquarters, Peshawar deployed Platoons containing 43 personnel in each platoon, with Multi-National Companies (MNCs) on payment basis. A balance of Rs. 86,887,238 on 30.06.2025 was retained in three bank accounts, maintained at NBP, Cantt. Branch, Peshawar, after caring out the expenditure against the amount receipts from these companies

and deposited in three Bank accounts during the Financial Year 2024-25. Detail is as under:

(Rs.)

S. No.	Name of the Company	Bank account No.	Title of account	Number of platoons	Closing balance 30.06.2025
1	Pakistan Oil Field Limited	4038796060	HQ Frontier Constabulary, KPK	03	11,073,020
2	MARI GAS	3038666657	HQ Frontier Constabulary (Mari Gas), KPK	03	32,443,718
3	SNGPL	3038684762	HQ Frontier Constabulary, KPK	03	43,370,500
				TOTAL	**86,887,238**

Audit observed that neither receipts nor the balance amount of Rs. 86,887,238 was deposited in the Government treasury. Additionally, three bank accounts were maintained without the prior approval of the Finance Division.

The management replied that in the beginning of each financial year, the companies deposit the estimated costs in the relevant account and at the end of the year, any excess or shortfall was reconciled. Surplus amounts were treated as current assets of the companies, usually arising from shortfalls in the actual platoon strength. These savings were refundable or adjustable in the companies' accounts and were not credited to the Government exchequer, as they did not constitute public funds. Accordingly, the surplus was carried forward to reduce the companies' liability in the following financial year.

The reply is not tenable, as the Frontier Constabulary provided services on behalf of the Government, therefore, any funds received on behalf of the Government or any surplus balance after the expenditures be deposited in the Federal Consolidated Fund.

Audit is of the view that non-deposit of receipts/balance and maintenance of three bank accounts without prior approval of the Finance Division was unauthorized.

The DAC in its meeting held on 23.12.2025 pended the para till finalization of the Regimental and Welfare Funds Rules.

Audit recommends that amount be deposited in the Government treasury under intimation to Audit.

11.5.60 Irregular expenditure due to non-adherence of the Public Procurement Rules – Rs. 90.735 million

Rule 8 of the Public Procurement Rules, 2004 states that within one year of commencement of these rules, 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

The management of the Frontier Constabulary, Peshawar incurred an expenditure of Rs. 90,735,010 on account of repair and maintenance of transport, machinery, furniture, hardware, parks and other items during the Financial Year 2024-25. Detail is as under:

(Rs.)

S. No.	Description	Amount
1	Repair of transport	36,686,110
2	Repair of machinery and equipment	13,290,000
3	Repair and maintenance of other	19,958,700
4	Repair and maintenance of furniture and fixture	10,290,200
5	Repair of hardware	1,490,000
6	Maintenance of parks and gardens	9,020,000
	TOTAL	**90,735,010**

Audit observed that the repair and maintenance works were split into smaller contracts to avoid tendering procedure. Additionally, neither annual procurement plan was prepared nor a pre-qualification process stood adopted to obtain the benefits of the open competitive bidding.

The management replied that all the repairs and maintenance was carried out in light Rule 42 of the Public Procurement Rules, 2004.

The DAC in its meeting held on 23.12.2025 directed for fact finding report in the matter and same be shared with Audit.

Audit recommends that direction of the DAC may be implemented and the report be submitted to Audit.

Commandant, Thall Scouts

11.5.61 Unauthorized payment of internal security duty/outstation allowance – Rs. 414.021 million

Para 01 of Finance Division Regulation Wing OM No.11(5)R-1/2008-09/12 dated 01.02.2012 states that Internal Security Duty Allowance (ISDA) is restored w.e.f. 09.01.2012 to all those personnel of Civil Armed Forces who are deployed on internal security in the field through the requisition by the Federal/Provincial Government Multinational companies and the cost would be borne by the requisitioning authority.

The management of the Commandant, Thall Scouts has paid a total amount of Rs. 414,021,408 to all the troops on account of internal security allowance/outstation allowance during the Financial Year 2024-25.

Audit observed that the subject allowance was paid to all the staff irrespective whether they are deployed in the field or not. Furthermore, the requisition of the Federal/ Provincial government was not shown to Audit.

Audit is of the view that in the above circumstances, the drawl of the allowance was irregular and unauthorized.

The management replied that the allowance was paid to the force as per entitlement allowed by the Ministry of Interior.

Reply of the management is not accepted as entitlement documents and requisition approvals were not produced.

Audit recommends recovering unauthorized payments and obtaining requisition and sanction documents from competent authority.

Commandant, Bajaur Scouts

11.5.62 Unjustified payment to a private contractor - Rs. 60.794 million

According to Para 23, of GFR Vol-I every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by the 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 Bajaur Scouts at Khar incurred an expenditure of Rs. 60,794,280 under various object heads (Rent for Residential Building, Conveyance Charges, Medical Charges, Cash Awards, Financial Assistance, etc.) during the Financial Year 2024-25.

Audit observed that the funds under the above quoted object heads were placed for payment, however, the above-mentioned payments were shown paid to a private contractor, A & M Associates (as per SAP Data) for no valid reason.

The management did not reply till the finalization of report.

Audit recommends that either justification may be provided for the payment made to a private contractor, besides fixing responsibility against the person responsible.

Commandant, Tochi Scouts

11.5.63 Unauthorized payment of internal security duty/outstation allowance – Rs. 835.730 million

Para 01 of Finance Division Regulation Wing OM No. 11(5)R-1/2008-09/12 dated 01.02.2012 states that Internal Security Duty Allowance (ISDA) is restored w.e.f. 09.01.2012 to all those personnel of Civil Armed Forces who are deployed on internal security in the field through the requisition by the Federal/Provincial Government Multinational companies and the cost would be borne by the requisitioning authority.

The management of Commandant, Tochi Scouts at Miranshah has paid a total amount of Rs. 398,601,740 and Rs. 437,128,746 during 2023-24 and 2024-25, respectively to all the troops on account of Internal Security Allowance/Outstation allowance during the financial year 2023-24.

Audit observed that the subject allowance was paid to all the staff irrespective whether they are deployed in the field or not. Furthermore, the requisition of the Federal/ Provincial government was not shown to Audit.

Audit is of the view that in the above circumstances, the drawl of the allowance was irregular and unauthorized.

The management stated that the said allowance is admissible for the FC South as the same is deployed in an Operational Zone and paid accordingly as per budget allotment and entitlement.

The reply of the management was not accepted, as the same stood not supported by any documentary proof.

Audit recommends that the payment/admissibility of the subject allowance may be justified; otherwise, the same may be recovered.

Commandant, Nushki Militia

11.5.64 Recovery due to payment of inadmissible Allowance Rs- 41.734 million

Finance Division (Regulation Wing), vide its O.M. No. 1(2) Imp/2024-204 dated 03.06.2024 and O.M. No. 1(2) Imp/2024-217 dated 04.07.2024, concurred to the revision of Civil Armed Forces Pay Scales at par with the Pakistan Army, with effect from 01.06.2024.

During the audit of the accounts of the Commandant, Nushki Militia for the Financial Year 2023-25, it was observed that an expenditure of Rs. 41,734,391 was incurred on account of "Special Allowance." This allowance was originally introduced in 2009 to minimize the disparity in pay and allowances between the Civil Armed Forces and the Pakistan Army.

Audit observed that the said allowance amounting to Rs. 41.734 million was not admissible to uniformed personnel after 01.06.2024, as it ceased to exist following the revision of Civil Armed Forces Pay Scales at par with the Pakistan Army.

Audit is of the view that the payment of the special allowance was not admissible after the revision of pay scales and allowances at par with the Pak Army.

Audit recommends that the unauthorized payment of the subject allowance be stopped forthwith and the amount of Rs. 67,229,930 be recovered under intimation to Audit.

Commandant Chitral Scouts, Chitral

11.5.65 Unauthorized payment on account of Special Allowance - Rs.131.010 million

Finance Division (Regulation Wing), vide its O.M. No. 1(2) Imp/2024-204 dated 03.06.2024 and O.M. No. 1(2) Imp/2024-217 dated 04.07.2024, concurred to the revision of Civil Armed Forces Pay Scales at par with the Pakistan Army, with effect from 01.06.2024.

Para V of Finance Division O.M. No. F.No.1(2)/Imp/2024/478 dated 27.01.2025 states that "Special Allowance equal to 100% of basic pay of 2005 is stopped w.e.f. 01.07.2024."

The Commandant, Chitral Scouts paid Special Allowance amounting to Rs. 131,010,450 to 4225 Number of individuals during the financial year 2023-24.

Audit observed that Special Allowance was paid in violation of the instructions of the Finance Division.

Audit is of the view that in absence of the Finance Division's approval, the payment of Special Allowance was irregular and unjustified.

The management replied that the amount will be recovered and deposited into the government treasury.

The management has accepted the audit observation.

The DAC in its meeting held on 16.12.2025 pended the para till completion of recovery.

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

CHAPTER 12

MINISTRY OF MARITIME AFFAIRS

12.1 Introduction

As per Schedule II [Rule 3(3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. National Planning, research and international aspects of:

   i) Inland water transport; and

   ii) Coastal shipping within the same Province.

2. Diverted cargo belonging to the Federal Government.
3. Navigation and shipping, including coastal shipping but not including shipping confined to one Province; safety of ports and regulation of matters relating to dangerous cargo.
4. Light-houses, including lightships, beacons and other provisions for safety of shipping.
5. Admiralty jurisdiction; offenses committed on the high seas.
6. Declaration and delimitation of major ports and the constitution and power of authorities in such ports.
7. Mercantile marine; planning for development and rehabilitation of Pakistan merchant navy; international shipping and maritime conferences and ratification of their conventions; training of seamen; pool for national shipping.
8. Korangi Fisheries Harbor Authority, Karachi.
9. Office for promotion of Deep-Sea Fisheries Resources in Exclusive Economic Zone.
10. Fishing and Fisheries beyond territorial waters.
11. Quality Control Laboratory Karachi.
12. Marine Fisheries Research Laboratory, Karachi.
13. Fisheries Training Centre/Deep Sea Fishing Vessel.
14. Oceanography and Hydrological Research.
15. Marine Biological Research Laboratory, Karachi.

16. Welfare of Seamen; seamen Hostel Karachi.

ATTACHED DEPARTMENTS/AUTONOMOUSBODIES

i. Directorate of Maritime Fisheries, Karachi
ii. Directorate of Dockworkers Safety, Karachi
iii. Karachi Port Trust
iv. Karachi Dockyard Labour Board
v. Pakistan Maritime Academy, Karachi
vi. Shipping Master, Karachi
vii. DG, Ports and Shipping, Karachi

(Rs. in million)

Sr. No.	Description	Total number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1	Formations	11	4	30,686.96	31,923.89
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	2	2	28,379.83	-
4	Foreign Aided Project (FAP)	-	-	-	-

12.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Maritime Affairs for the financial year 2024-25 was Rs. 3,701.25 million, out of which the Division expended an amount of Rs. 3,103.96 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

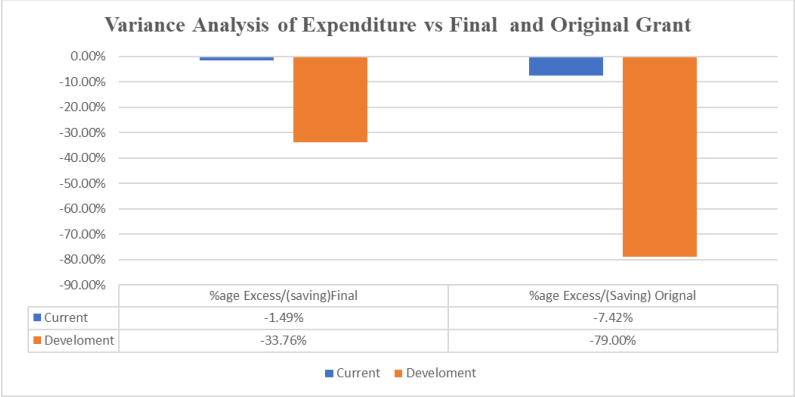
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
72	Current	2,150.47	-	(129.34)	2,021.13	1,991.00	(30.12)
132	Dev	5,300.00	-	(3,619.88)	1,680.12	1,112.96	(567.17)
	Total	**7,450.47**	**-**	**(3,749.22)**	**3,701.25**	**3,103.96**	**(597.29)**

Audit noted that there was an overall savings of (Rs. 597.29 million), which was mainly due to saving in both the current and development expenditure.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current, development and charge expenditure, it was observed that, in case of development grant, there was 79% of savings w.r.t. the original grant which was finally reduced to 33.76% of savings w.r.t. the final grant and in case of the current grant 7.42% of saving was reduced to 1.49% saving.



12.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3,184.78 million, were raised in this report during the current audit of the **Ministry of Maritime Affairs**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	620.39
2	Recovery	2,530.00
3	Others	34.39

12.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	4	4	1	3	25
2011-12	8	6	2	6	32
2012-13	2	2	2	0	100
2013-14	1	1	0	1	-
2015-16	20	2 0	6	14	30
2016-17	2	2	2	0	100
2017-18	5	5	1	4	20
2018-19	92	0	0	92	-
2019-20	75	9	3	72	33
2020-21	47	0	0	47	-
2021-22	78	17	0	78	-
2022-23	18	18	7	11	46
2023-24	29	7	0	29	
2024-25	41	0	0	41	-
Total	**422**	**58**	**24**	**398**	-

12.5 AUDIT PARAS

Karachi Dock Labour Board (KDLB)

12.5.1 Non-recovery of Cess from the beneficiaries – Rs.433.896 million

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

As per KDLB Board's Resolution No. 78 dated 05.06.1979, the KDLB levies and collects the amount of Cess from different beneficiaries in the following Ratio: Agent 52%, KPT 30% and Stevedores 18%.

The management provided a statement showing outstanding amount of Cess against various beneficiaries under the following categories during the financial year 2024-25.

Category of Beneficiaries	Amount (Rs.)
Agent	81,855,124
Stevedores	33,306,472
KPT	318,734,916
Total	**433,896,512**

Audit observed that the above receivables from various beneficiaries were not realized till the close of audit.

Audit is of the view that non-recovery of dues from the beneficiaries was a lapse on the part of the management.

The management has not replied within given time frame and till finalization of the report.

Audit recommends that the responsibility may be fixed on the person(s) at fault, beside recovery of amount without further delay.

12.5.2 Recurring financial loss due to excess expenditure beyond income - Rs. 1973.354 million

Para 16 of GFR states that every Government officer should realize fully and 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 KDLB, Karachi provided the actual income and expenditure statement for the financial year 2024-25 in which total Income Was Rs. 2,031.133 million and expenditure of Rs. 4,004.487 million with a operating loss of Rs. 1,973.354 million.

Audit observed that the department reported a financial loss of Rs.1,973.354 million in its income and expenditure account for the financial year 2024-25. The practice of incurring financial loss continued from previous periods as reflected in the comparative figures of the financial year 2023-24 reported in the statement. The management used to carry forward losses and adjust it against invested funds of the KDLB. Resultantly, the funds lying in bank accounts were being depleted.

Audit further observed that cost of wages/minimum wage i.e. Rs. 104,922 per month and other benefits was on a very higher side which contributed to recurring loss as it was more than the income realized from all sources.

Audit is of the view recurring financial loss is very alarming to cause default in payment of future liabilities by the KDLB.

The management has not replied till finalization of the report.

Audit recommends that responsibility may be fixed on the officer(s) responsible beside remedial measures be taken to reduce the loss.

12.5.3 Recovery of outstanding rent of the KDLB properties from the tenants - Rs. 48.420 million

Section 37 of Public Financial Management Act, 2019 states that revenues collected by an autonomous entity, which arise from any Act or statutory instruments of the Federal Government shall be deposited into the treasury single account.

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

The management of the KDLB, Karachi rented out five floors in its own office building with covered area of 46,172 sq ft. to different private/Government offices and received an amount of Rs.88.393 million out of Rs.136.813 million.

Audit observed that the management could not recover the outstanding amount of Rs.48.420 million till the close of June 2025.

Audit is of the view that the KDLB is facing acute shortage of funds and in this position, non-recovery of outstanding rent from the tenants is a serious lapse on the part of the management.

The management has not replied within given time frame and till finalization of the report.

Audit recommends recovery of outstanding rent from the tenements without further delay.

12.5.4 Irregular and unjustified payment of Bonus to the employees and the Dock Workers - Rs. 343.873 million and non-deduction of income tax Rs. 34.387 million

Finance Division's OM No. F.2(2)-R4/95-109 dated 25.04.1995 states that not more than one honorarium shall be granted to any official and shall not exceed one month's pay and honorarium shall be admissible up to the level of Section Officers and equivalent.

The management of the KDLB, Karachi paid three bonuses amounting to Rs. 343,873,575 to the workers and to the employees during the financial year 2024-25.

Audit observed that:

i. Bonuses were paid three-times (03 Basics Pay) in violation of the above Rule and Government instruction.
ii. The bonus was paid to the workers/employees despite the fact that the KDLB is facing recurring financial loss and acute shortage of funds. The KDLB have no funds for payment of bonus, the amount was received from the KPT against future receivables.
iii. The income tax of Rs.34.387 million was not deducted on the payment of bonuses.

Audit is of the view that payment of bonuses to employees and workers, more than three basic pays, without any performance criteria and financial crisis and non-deduction of income tax is irregular.

The management has not replied within given time frame and till finalization of the report.

Audit recommends that matter may be investigated at appropriate level and report thereof may be furnished to Audit besides, the income tax may be recovered from the concerned.

12.5.5 Loss in rental income from Dr. Zia ud Din Hospital and recovery of rent Rs. 74.330 million

Rule 12(2) of the Public Procurement Rules, 2004 states that all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority website as well as in other print media or newspapers having wide circulation.

Rule 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.

In terms of Ministry of Housing and Works letter No.F.12(65)/2011-Policy dated 13.012.2024 the market rate was revised from Rs.35/- to Rs.79 per sqft w.e.f. 13.12.2024.

The management of KDLB, Karachi rented out the building having covered area of 104292 sqft @11.506 per sqft at monthly rent of Rs.1,200,000 for three years w.e.f. 01.01.2024 to 31.12.2026 after revision of 05% rent yearly.

Audit observed the following irregularities.

Rent w.e.f. 01.01.2024 to 31.12.2024 was realized Rs.1,200,000 per month and Rs. 14,400,000 per year but the rent was required to realize Rs.3,650,220 per month and Rs.43,802,640/-per year. Difference of rent from 01.01.2024 to 31.012.2024 Rs.29,402,640.

Revised market rate from 01.01.2025 to June 2025 Rs.79 per sqft Rs.8,239,068/- per month. The difference of rent per month Rs.8,239,068-1200000=7,039,068 x 6 months Rs.42,234,408

Total difference/loss Rs.29,402,640+42,234,408 = 71,637,048

(b) D r Ziauddin Hospital has not paid rent arrears of Rs.2,216,000 till June 2025.

(c) The rent late charges of Rs.477,898 was not recovered as the Estate Manager had wrote letter to hospital dated 28th August 2023.

Loss of rent	Outstanding rent	Surcharges on rent not recovered	Total Amount
71,637,048	2,216,000	477,898	**74,330,946**

Audit is of the view that non-realization of market rate, non-recovery of rent and surcharges is resulted loss to public exchequer and deprived the due share of government. Besides, the non-inviting of tender on PPRA website.

The management has not submitted any reply t till finalization of the report.

Audit recommends that the rent may be realized from the tenant responsibility may be fixed on the person(s) found at fault.

12.5.6 Irregular selection and payment to hospitals and laboratories on KDLB panel - Rs. 620.389 million

Rule 12(2) of PPRA, 2004 states that all the 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.

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 hired outdoor and indoor services of five (5) private hospitals on its panel and incurred an expenditure of Rs. 620.389 million during 2024-25. The detail is given below:

Hospitals & Labs Detail FY-2024-25

S.#.	Particulars	Amount in Rs.
Hospitals		

1	M/s. Dr. Ziauddin Hospital	329,736,361
2	M/s. Liaquat National Hospital	160,492,599
3	M/s. Al Tamash General Hospital	117,801,678
4	M/s. Hashmanis (Pvt) Ltd	3,664,534
5	M/s. NICVD	482,874
Laboratories		
6	Karachi X-Rays Lab.	331,543
7	Karachi Lab Diagnostic Centre	1,689,096
8	Seher Medical Centre	1,275,904
Consultation		
9	Dr. Inayatullah (Dental Clinic)	4,842,045
10	Dr. Khalid Ahmed Khalil (Cardio)	72,703
	Total	**620,389,337**

Audit observed that:

i. Services of panel hospitals and laboratories/clinics were hired without open competition.
ii. Medical attendance rules of KDLB were not framed and got approved from Board and Ministry in consultation with the Ministry of National Health Services Regulations and Coordination Division.
iii. Neither patients record i.e. admission, discharge, doctor prescription, laboratory test etc. was found attached with the bills nor medical bills were scrutinized and verified with the complete record of a patient as maintained by hospitals in accordance with the laid down Rule/Procedures.
iv. Physical verification of patients from hospitals was not conducted by KDLB regarding authenticity of claims.

Audit is of the view that payment made to hospitals in purview of above observations is irregular.

The management has not submitted any reply within the given time frame and till finalization of the report.

Audit recommends that the irregular expenditure may be got regularized from the finance division and responsibility may be fixed on the person(s) found at fault.

CHAPTER 13

NATIONAL ACCOUNTABILITY BUREAU

13.1 Introduction

The 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.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2022-23) Rs. in million	Revenue / Receipt Audited (FY-2022-23) Rs. in million
1	Formations	6	3	12,910.749	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-

3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

13.2 Comments on Budget & Accounts (Variance Analysis)

The final budget allocated to the National Accountability Bureau for the financial year 2024-25 was Rs. 7,057.968 million, out of which the Bureau expended an amount of Rs. 7,056.970 million. Grant-wise detail of current expenditure is as under:

(Rs. in million)

Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender	Final Grant	Actual Expenditure	Excess/ (Saving)
68	Current	7110.63	376.096	428.190	7,057.968	7,056.970	0.998

Audit noted that there was an overall saving of Rs. 0.998 million in the current grant.

13.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 324.84 million, were raised in this report during the current audit of **National Accountability Buearu**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	*Recovery*	324.84

13.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	3	0	0	3	-
2013-14	1	0	0	1	-
2015-16	2	0	0	2	-
2018-19	2	0	0	2	-
2021-22	15	0	0	15	-
Total	**23**	**0**	**0**	**23**	-

13.5 AUDIT PARAS

National Accountability Bureau (NAB), Headquarters

13.5.1 Irregular Utilization of Regular Budget for Payments to Law Officers and Experts Instead of Recovery and Reward Fund - Rs. 277.924 million

Sub-rule 3 of the Rule 4 of the National Accountability Bureau (Recovery and Reward) Rules, 2002 states that the NAB's Recovery and Rewards Fund shall be utilized for hiring of experts or consultants. The Chairman NAB may approve expenditures out of the NAB's Recovery and Rewards Fund for hiring of legal experts, chartered accountants, investigators or interrogators, anti-corruption strategy experts, media consultants or any other person for an assignment relating to NAB's functions as per rules framed in consultation with the government.

The management of National Accountability Bureau (NAB) Headquarters, Islamabad incurred expenditure of Rs. 277,924,328 on account of Law Charges and Payment to others for services rendered.

No.	Object Code	F.Y. 2024-25	Expenditure (Rs.)
1	A03917	Law Charges	117,014,839
2	A03919	Payment to Others for Services Rendered	160,909,489
Total			277,924,328

During the course of audit, it was observed that these expenditures, which relate to payments to law officers, consultants, and experts, were not made from the Recovery and Reward Fund (Assignment Account No. 20-8/1171621258 in NBP), as prescribed in the NAB (Recovery and Reward) Rules, 2002. Instead, the management charged them to the regular budget.

Audit is of the view that incurring expenditure on law charges and consultancy services from the regular budget instead of the Recovery and Reward Fund constitutes non-compliance.

The management stated that remuneration for law officers and experts is charged to the regular budget because the Recovery & Reward Fund receives irregular deposits subject to releases from the Finance Division. Although such

payments are permissible under the R&R Rules, management argued that using regular budget allocations is not in violation of federal rules or policies.

The reply of the management is not satisfactory. Management's justification explains why regular budget funds were used, but it does not negate the rule requirement. Rules explicitly allow and expect payments to experts, consultants, and law officers to be charged to the Recovery & Reward Fund. Using the regular operational budget instead deviates from the intended funding mechanism and defeats the purpose of the Fund.

Audit recommends that the management may immediately ensure compliance with the NAB (Recovery and Reward) Rules, 2002 by utilizing the Recovery and Reward Fund (Assignment Account) for payments to law officers, experts, and consultants.

National Accountability Bureau, KP, Peshawar

13.5.2 Non-deposit of recoveries in the Government treasury – Rs. 46.914 million

Para 25(c) of the NAB ordinance, 1999, states that the amount deposited by the accused with the NAB shall be transferred to the Federal Government or, as the case may be, a Provincial Government or the concerned bank or financial institution, company, body corporate, cooperative society, statutory body, or authority concerned.

The management of the National Accountability Bureau, Peshawar recovered an amount of Rs.46,914,703 during the financial years 2021-22 to 2023-24.

Audit observed that the management of NAB, KP, Peshawar, recovered the subject amount which was deposited in the Chairman, NAB's bank account. However, the same was required to be deposited in the Government treasury.

Audit is of the view that the Government suffered loss due to depriving the public exchequer from its due receipts.

The management replied that according to the Standard Operating Procedures of NAB, the pay order/ demand draft would be submitted by the accused, in the name of Chairman's NAB.

The departmental reply is not accepted as the amount is required to be deposited in the Government treasury.

Audit recommends that the subject amount may be deposited in the Government Treasury under intimation to Audit.

CHAPTER 14

NATIONAL SCHOOL OF PUBLIC POLICY

14.1 Introduction

The National School of Public Policy (NSPP) was established under the National School of Public Policy Ordinance, 2002 to serve as the apex institution for the training and professional development of civil servants in Pakistan. The School is mandated to enhance the capacity, competence, and leadership skills of public sector officers through structured training programs designed to promote good governance, policy formulation, and effective public administration.

NSPP functions as an umbrella organization, supervising and coordinating the activities of its constituent training institutions, including the National Management College (NMC), the Executive Development Institute (EDI), the National Institute of Public Administration (NIPA), and the Pakistan Administrative Staff College (PASC). These institutions conduct mandatory and specialized training programs for officers at various stages of their careers.

The primary objective of NSPP is to prepare senior public officials for higher responsibilities by equipping them with advanced knowledge in public policy, governance, economics, management, and strategic decision-making. The School conducts training programs such as the National Management Course (NMC), Senior Management Course (SMC), and Mid-Career Management Course (MCMC), along with executive and specialized courses aimed at strengthening institutional performance in the public sector.

NSPP operates under the administrative control of the Federal Government and plays a central role in institutionalizing merit-based training, leadership development, and continuous professional learning within the civil service structure of Pakistan.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2022-23) Rs. in million	Revenue / Receipt Audited (FY-2022-23) Rs. in million
1	Formations	7	4	12,910.749	-

2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

14.2 Comments on Budget & Accounts (Variance Analysis)

The final budget allocated to NSPP for the financial year 2024-25 was Rs. 3067.514 million and the School expended all of it. Details are as under:

(Rs. in million)

Grant No	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)
18	Current	3,368.514	0	301.000	3,067.514	3,067.514	0

14.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 46.97 million, were raised in this report during the current audit of **National School of Public Policy**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	*Recovery*	46.97

14.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	3	0	0	3	-
2013-14	1	0	0	1	-
2015-16	2	0	0	2	-
2018-19	2	0	0	2	-
2021-22	15	0	0	15	-
Total	**23**	**0**	**0**	**23**	-

14.5 AUDIT PARAS

National School of Public Policy

14.5.1 Non-deposit of public money in the Government treasury – Rs. 46.972 million

Clause 5 (13) of the Cash Management and Treasury Single Account Rules, 2020 states that the Principal Accounting Officers shall transfer to treasury single account balances of accounts that contain public moneys.

The NSPP invested Rs. 22,350,000 as Pension Fund in the Defence Saving Certificates (DSCs) on 31.03.2014 and 11.09.2015. The amount was taken out of the regular budget received in the Assignment account. The management of the NSPP deposited partial amount, i.e. Rs. 11,400,000 in the Government treasury on 20.11.2024 after the expiry of one DSC.

The audit observed that since the amount was public money, and was wrongly invested for 10 years, any interest earned on the amount should also have been deposited in the Government treasury.

Audit is of the view that based on the historical DSCs profit rate available on the National Savings website, the interest amount is calculated to be at least Rs. 21,240,000. Furthermore, NSPP needs to deposit the remaining amount of Rs. 10,950,000 along with approximate profit of Rs. 14,782,500.

The management agreed with the position of Audit during the exit meeting. However, no written reply was received till the finalization of this report.

Audit recommends deposit of remaining amount along with profit earned from the unauthorized investment in the Government treasury at the earliest.

CHAPTER 15

MINISTRY OF NATIONAL FOOD SECURITY AND RESEARCH

15.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. Economic coordination and planning in respect of food, economic planning and policy making in respect of agriculture.
2. 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.
3. Collection of statistics regarding production, consumption, prices, imports and exports of food grains.
4. Coordination with aid and assistance agencies in respect of the food sector.
5. Pakistan Agricultural Research Council and other Federal agriculture research organizations.
6. Food and Agriculture Organization (FAO) of the United Nations in respect of food.
7. Plant protection, pesticide import and standardization, aerial spray, plant quarantine and locust control in its international aspect and maintenance of locusts warning organizations.
8. Federal seed certification and registration.
9. Standardization and import of fertilizer.
10. 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.
11. Grading of agricultural commodities, other than food grains, for exports.
12. Administrative control of PASSCO.
13. Preparation of basic plan for bulk allocation of food grains and foodstuffs.

14. 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.
15. Agricultural Policy Institute (API).
16. (i)Animal quarantine departments, stations and facilities located anywhere in Pakistan. (ii)National Veterinary Laboratory, Islamabad. (iii) Laboratory for Detection of Drugs Residues in Animal Products at Karachi.
17. Veterinary drugs, vaccines and animal feed additives'- (i) import and export; and (ii) procurement from abroad for Federal requirements and for interprovincial supplies.
18. Livestock, poultry and livestock products'- (i) import and export; and (ii) laying down national grades.
19. Pakistan Dairy Development Company.
20. Livestock and Dairy Development Board (LDDB).
21. Fisheries Development Board (FDB).
22. Pakistan Oil-Seed Development Board (for Federal areas only).
23. International cooperation matters relating to agriculture and livestock.
24. Administrative control of the Agricultural Counselor's Office at Rome, Italy.
25. National Fertilizer Development Centre.
26. Administrative control of Pakistan Central Cotton Committee.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Animal Quarantine Department.
ii. Department of Plant Protection.
iii. Agricultural Policy Institute, Islamabad.
iv. Federal Seed Certification and Registration, Islamabad.
v. Plant Breeders' Rights Registry.
vi. Pakistan Agriculture Research Council.
vii. National Veterinary Laboratory.
viii. Pakistan Dairy Development Company.
ix. Livestock and Dairy Development Board.
x. Fisheries Development Board.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY-2024-25)
1	Formations	47	14	12,652.36	412.80
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	1	1	-	-

15.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the National Food Security and Research Division for the financial year 2024-25 was Rs. 23,312.94 million, out of which the Division expended an amount of Rs. 23,250.78 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
76	Current	14,786.16	2,234.42	(3,762.06)	13,258.52	13,236.00	(22.52)
77	Current	6,410.22	160.47	-	6,570.69	6,569.98	(0.71)
	Total Current	**21,196.38**	**2,394.89**	**(3,762.06)**	**19,829.21**	**19,805.98**	**(23.23)**
118	**Dev**	**41,250.00**	**-**	**(37,766.27)**	**3,483.73**	**3,444.81**	**(38.93)**
	Total	**62,446.38**	**2,394.89**	**(41,528.32)**	**23,312.94**	**23,250.78**	**(62.16)**

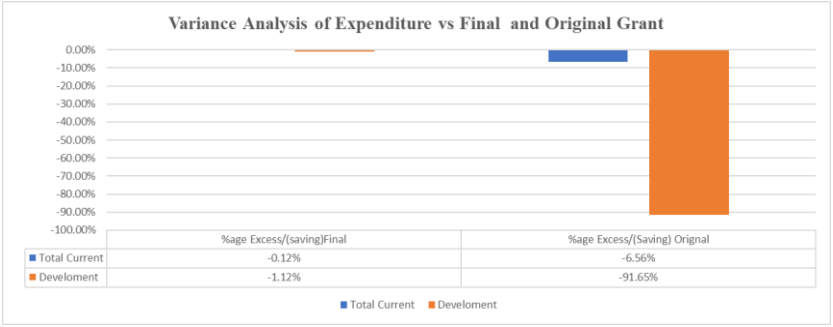
Audit noted that there was an overall savings of (Rs. 62.16 million), which was due to saving in both current and development grants.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current, development and charge expenditure, it was observed that, in case of the

development grant, there was 91.65% of saving w.r.t. the original grant which was finally reduced to 1.12% w.r.t. the final grant and in case of current grant 6.56% of excess was finally reduced to 0.12% of savings.



15.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 8,715.26 million, were raised in this report during the current audit of the **Ministry of National Food Security and Research**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	HR/Employees related irregularities	355.83
2	Procurement related irregularities	351.99
3	Management of account with commercial banks	136.36
4	Recovery	2,947.17
5	Internal Control	4,923.91

15.4Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	2	2	0	2	-
2016-17	12	0	0	12	-
2020-21	10	10	4	6	40
2023-24	13	0	0	13	
2024-25	19	0	0	19	-
Total	**56**	**12**	**4**	**52**	-

15.5 AUDIT PARAS

National Veterinary Laboratories (NVL), Islamabad

15.5.1 Procurement of PPR Vaccines at Higher Rates - Rs. 58.952 million

Para 16 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 the Government through fraud or negligence on his part and that he was also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The Project management of the National Veterinary Laboratories (NVL), Islamabad under the Project titled "National Peste des Petits Ruminants (PPR) Eradication Program, Phase-I Risk Based PPR Control in Sheep and Goats of Pakistan" incurred an expenditure of Rs. 58,952,998 on purchase of vaccines during the Financial Year 2024-25.

Audit observed as under:

i. The vaccine was purchased in bulk at the end of financial year and the supply order was issued on 15.05.2025 for supply of 4.9582 million numbers of vaccine doses @ of Rs.11.89 per dose with a total cost of Rs. 58,952,998, while the approved PC-I cost of PPR vaccine was @ of Rs. 5 per dose as per annexure-II of the PC-I.
ii. On the same day on 15.05.2025 a contract agreement was signed with the firm without obtaining performance guarantee @ 10 % of the contract price.
iii. In response to supply order, the firm on 16.05.2025 informed the procurement committee that the vaccine is to be received at Lahore on 19.05.2025.
iv. The delivery challan of the firm dated 02.06.2025 shows that the delivery is made to the Provinces on 02.06.2025, while the delivery challans and receipts at respective provinces shows the delivery on 20.05.2025 which shows contradiction.

v. The laboratories test of the vaccine was not conducted at NVL and the vaccine was distributed from Lahore to other Provinces/regions of the Country.
vi. The vaccine quality control test report dated 13.05.2025 shows batch No. 02.P/25 while the delivery challan shows Batch No. 04. P/25.
vii. The utilization of the vaccine at Provincial level was not obtained as the Project closed on 30.06.2025.

Audit is of the view that the procurement of PPR Vaccine at the closure of the Project and distribution of vaccine without proper planning of utilization, testing at NVL, quality assurance of the international laboratory and deviation from the approved PC-I cost, stood the expenditure irregular.

Management stated that PPR vaccines were procured through a competitive process to ensure timely availability before project closure and to avoid disruption of disease control activities. The higher unit cost compared to PC-I estimates was attributed to market inflation and unavoidable logistic costs. Quality certificates were obtained from the supplier. Minor batch number discrepancies were explained as compliant with tender requirements, which allow quality control reports for any batch of the year.

The reply is not acceptable as batch numbers do not match, indicating non-traceability and the quality assurance certificates were not obtained before delivery of vaccine. The procurement was made in June 2025 at the close of the Project. The performance guarantee was not provided in support of reply.

Audit recommends that the matter be thoroughly inquired at Ministry level for fixing responsibility for violations and irregularity.

15.5.2 Irregular expenditure on procurements of Generic consumable at the close of the Project - Rs. 38.823 million

Rules 10 of GFR, Vol-I states that the Government money should be spent with due care and proportionately for whole of the year and un-necessary rush of expenditure towards the end of the Financial Year is a serious irregularity.

The management of the Project titled "National Peste des Petits Ruminants (PPR) eradication program, Phase-I risk based PPR control in sheep and Goats of Pakistan" under the management of National Veterinary Laboratories (NVL), Islamabad incurred an expenditure of Rs.38,823,101 on purchase of generic consumables during the Financial Year 2024-25.

Audit observed that the expenditure was incurred in the last quarter as urgency at the end of financial year and closure of the Project, just to avoid funds from lapse. Further, the utilization and distribution of these items could not be made as the Project closed on 30.06.2025.

Audit is of the view that incurring of expenditure on purchase of generic consumable for laboratory use without needs assessment and at the closure of the Project is violation of above provision and stood irregular.

The management replied that the procurement of generic consumables were undertaken in accordance with the approved work plan to ensure the timely completion of essential laboratory and field activities prior to the Project's closure on 30.06.2025. Even after the closure of the project, NVL is in continuous support to the Provinces.

The reply is not acceptable as the purchases were made at the end of the Project and financial year as well. No record of usage by the provinces was provided to Audit, casting doubts on the need of purchases of the consumables. Further, handing over of any remaining stock by provinces to NVL was not provided.

Audit recommends that the matter may be inquired at appropriate level for fixing responsibility besides verification of items received and disbursed/utilized under intimation to audit.

Pakistan Oilseed Department, Islamabad

15.5.3 Non-refund/utilization of unspent amounts - Rs. 446.914 million

Regulation 7 of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that the principal accounting officer shall be responsible:

(a) to adhere to and enforce the principles of financial propriety, including the compliance of laws, rules, regulations, maintaining high standard of prudence

(b) for use of resources and shall ensure the effective, efficient, economical and transparent use of funds, budget, assets and human resources available to him

During the Financial Years 2019-20 to 2023-24, the Ministry of National Food Security and Research released funds amounting to Rs. 839.681 million to the Government of Punjab for execution of the project's activities of the project titled "National Oilseed Enhancement Program" under Cost Centre ID-9679. During the said financial years, the Government of Punjab utilized funds amounting to Rs.409.437 million leaving unspent amount of Rs. 430.244 million as per following detail:

(Rs. in million)

Financial year	Fund Released	Expenditure	Unspent amount
2019-20	101.49	101.49	0
2020-21	120	116.36	3.64
2021-22	124.64	88.69	35.95
2022-23	369.996	102.897	267.099
2023-24	123.555	0	123.555
Total	**839.681**	**409.437**	**430.244**

The original project's period of five years expired on 30.06.2024.

The Ministry vide sanction No.F.1-3/2024-Plan-I dated 30.12.2024 also released a grant of Rs. 16,670,000 to the Government of Sindh for the activities mentioned in the approved PC-I of the project titled "National Oilseed Enhancement Program" under Cost Centre ID-9679.

Audit observed as under:

i. The Government of Punjab did not refund the unspent amount of Rs. 430.244 million in the Federal Government account despite expiry of the original period of the project on 30.06.2024.
ii. A grant of Rs. 16.670 million was released to the Government of Sindh without need assessment. Despite lapse of considerable period, the grant was neither utilized by the Sindh Government on the project activities nor refunded.

Audit is of the view that the release of funds to the Government of Punjab and Sindh without need assessment and non-refund of unspent amounts in the Federal Government account is a violation of the Rules.

Management stated that PSDP funds of Rs. 260.649 million released in the FYs 2022-23 due to non-release to project management and for the FY 2023–24, the funds could not be spent due to general elections. The issue of unspent funds was taken up with MNFSR and discussed in the 6th FSC (Federal Steering Committee) meeting, where it was noted that Punjab had revalidated Rs. 423.840 million, and further PSDP allocation for FY 2024–25 was withheld due to availability of sufficient revalidated funds.

Regarding Sindh, the management explained that the component was included only after CDWP approval in May 2023, with FY 2024–25 as its first operational year. Fund releases were based on PC-I provisions and approved cash/work plans, though procedural delays—particularly in opening an assignment account—hindered utilization.

The reply is not convincing. The funds released during the Financial Years 2019-20 to 2023-24 were without need assessment which resulted in savings of Rs.430.244 million and the Government of Punjab did not refund the unspent amount after the expiry of original period of the project. i.e. 30.06.2024. In the original PC-I, there was a provision of Rs.3,704.600 million for the Sindh component. Therefore, the inclusion of the Sind Province in the project's activities during the financial year 2024-25 is not based on facts. The amount of Rs.16.670 million was released to the Government of Sindh without opening of a Bank account or an Assignment Account during the financial year 2024-25 due to which the released funds could not be utilized.

Audit recommends to probe the issue to fix the responsibility for releasing funds to the Government of the Punjab and Sindh without need assessment besides getting refund of the unspent amounts of Rs. Rs.446.914 million in the Federal Government account.

Pakistan Cotton Standards Institute

15.5.4 Non recovery of Cotton Standardization fee from the ginning factories - Rs. 1,985.947 million

As per rule 11(2) of S.R.O No.1273 (I)/2007 dated 31.12.2007, Cotton Standardization fee shall be levied and recovered on the production of cotton bales at the rate fixed by Federal Government i.e. Rs.5 per pressed bale on the ginners (vide SRO 357(I)/2007 dt.26.04.2007).

Rule 4 of the above SRO states that ginning factory shall pay the cotton standardization fee by the 10th of every following month through a bank challan in favour of the Institute in the form prescribed.

Rule 12 of the said SRO states that if a ginner fails to deposit the requisite amount within the stipulated time, the collector shall charge the standardization fee at double the rate of the actual rate and if the standardization fee at the double rate is not paid, the director of the Institute shall recommend to the concerned Provincial Government for sealing of the ginning factory in question under rules.

The management of PCSI provided the Report regarding the information of Cotton Bales produced and the fee was calculated amounting to Rs. 999,631,702. However, only Rs. 6,657,773 were realized, resulting in outstanding fees of Rs. 992,973,702.

Audit observed that the management of Pakistan Cotton Standard Institute, Karachi failed to recover the amount of Rs. 992,973,702 outstanding against ginning factories for the years 2006-07 to 2024 including 100% penalty amounting to Rs. 1,985,947,404/- from ginning factories under the rule as stated above.

Audit is of the view that non recovery of cotton standardization fees in addition to penalty from ginning factories is lapse on the part of management.

The management has not replied within given time frame and till finalization of the report.

Audit recommends the implementation of decision of Ministry, Board and High Court regarding recovery of Cotton Standardization Fee along with 100% penalty.

15.5.5 Unauthorized opening of 13 bank accounts and retention – Rs. 38.848 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of PCSI, Karachi and its Laboratories in various stations has been maintaining 13 bank accounts in to the National Bank of Pakistan having balance of Rs. 38,848,544.

Audit observed that the bank accounts were opened without the approval of the Finance Division and amount was retained in these bank accounts without any authority.

Audit is of the view that opening of bank accounts without approval of the Federal Government and retention of heavy balances in these accounts was unauthorized.

The management has not replied within given time frame and till finalization of the report.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

Department of Plant Protection, Karachi

15.5.6 Wasteful expenditure on procurement of spare parts for Aircrafts – Rs. 193.376 million

Rule 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 Department of Plant Protection, Karachi incurred expenditure on procurement of spares parts of aircrafts through open tender amounting to Rs. 193,376,247/- during the years 2018-19 to 2021-22. Detail is given below:

(Rupees)

No.	Cheque No. & Date	M/s.	Amount
1	7056838 dt. 24.06.2019	Eram International	3,065,191
2	7056837 dt. 24.06.2019	Gets Global Engineering	5,591,895
3	7751832 dt. 24.06.2020	Continental Pak Associates	12,657,206
4	7752600 dt. 25.06.2020	Gets Global Engineering	3,245,344
5	8832672 dt. 04.06.2022	Continental Pak Associates	131,283,168
6	8832670 dt. 04.06.2022	ZS Traders	21,257,043
7	8832671 dt. 04.06.2022	Eram International	16,276,400
		Total Rs	**193,376,247**

Audit observed the following:

i. The entire stock of spare parts worth Rs. 193.376 million is lying idle in the departmental store, resulting in non-utilization and blockage of public funds.
ii. The spare parts were procured in June 2021 for aircrafts, when 15 out of 19 aircrafts of the department had already been de-registered and placed under auction process in March 2021. Thus, the procurement of spare parts for aircrafts planned for disposal was unjustified, uneconomical, and wasteful.
iii. Only one pilot is available against the sanctioned strength, indicating that aerial operations are practically non-functional, making such large-scale of procurement unnecessary and imprudent.
iv. The guarantee/warranty period and shelf life of various items have expired, rendering the stock obsolete and further aggravating the waste of government resources.

Audit is of the view that the above facts reveal deficient planning, weak internal controls, and negligence in procurement and budget execution. The expenditure of Rs.193.376 million incurred on idle spare parts is therefore held as wasteful and unjustified.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends:

i. Responsibility may be fixed upon the officers/officials responsible for incurring
wasteful expenditure and violating financial rules.
ii. The management may ensure immediate utilization, transfer, or disposal of idle stock as per prescribed procedures.
iii. The Procurement and Planning Sections should ensure that future procurements are
iv. need-based, justified, and properly synchronized with operational requirements.
v. A fact-finding inquiry may be conducted to determine responsibility for the wasteful expenditure and to assess reasons for non-operational aircraft.

15.5.7 Non-transparent recruitment of contractual employees and expenditure - Rs. 355.830 million

Establishment Division's OM No. F.No.8/10/2000-CP.I dated 23.12.2000 states that as a matter of general policy, the period of contract shall not be extended beyond two years but in exceptional cases where is considered necessary to extend such appointments beyond the period of two years, the advice/concurrence of the FPSC may be sought at least six months in advance of expiry of the period of original appointment and thereafter approval of the competent authority may be sought.

Clause 8 of the Contract Agreement with Candidate Testing Service (CTS) requires:

i. Merit lists prepared in descending order of final scores.
ii. Separate quota-wise merit lists for each post (Open Merit, Provincial/Regional, Women, Minorities, Disabled, Employees' Children).
iii. Submission of complete result sheets in MS Excel format and a non-editable PDF containing all application fields.

The management of Department of Plant Protection (DPP), Karachi made contractual recruitment of technical and supporting staff for anti-locust operation

in the year 2020. The Prime Minister of Pakistan approved summary and Finance Division created 200 temporary posts under the National Action Plan and allowed appointment on contract basis and extendable for one year. The DPP made recruitment through Candidate Testing Service (CTS) and incurred an expenditure on pay of contractual employees Rs.355.830 million during the period 2020-21 to 2024-25. The detail of recruitment is given below:

No.	Detail	Numbers
1	Entomologists (BS-17)	100
2	Locust Assistant (BS-11)	50
3	Driver (BS-05)	50

Detail of expenditure is as below: -

No.	Year	Expenditure
1	2020-21	24,690,218
2	2021-22	126,344,053
3	2022-23	82,088,106
4	2023-24	72,320,618
5	2024-25	50,387,645
	Total Rs	**355,830,640**

Audit observed that DPP recruited 100 Entomologists (BS-17), 50 Locust Assistants (BS-11), and 50 Drivers (BS-05) through CTS in 2020 under Prime Minister's directives for anti-locust operations. However, mandatory merit lists, quota-wise result sheets, and MS Excel/PDF files required under Clause 8 were not available on record nor produced to Audit.

Audit further observed that contract officers/officials were appointed for locust emergency but after the control of locust disaster in 2020, the contract of the entomologists were extended continuously till June, 2025. Moreover, concurrence of the FPSC was not solicited for extension of services of contractual Entomologists (BS-17). Further extension of the contractual employees was not obtained from the Prime Minister office.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that expenditure may be got regularized from the Finance Division besides production of appointment of contractual employees record for scrutiny.

15.5.8 Loss due to Non-utilization of costly pesticides donated by China

Rule 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 Department of Plant Protection, Karachi purchased Malathion ULV 95% pesticide 7200 liters amounting to Rs. 10,008,000/- by M/s. Kanzo AG during the year 2019-20 in emergency to control locust attack and received pesticide donation from China through National Disaster Management Authority (NDMA), Karachi on 19.09.2020 as detail given below:

No.	Pesticide	Quantity (Liters)
1	Malathion ULV 95% pesticide	200,000
2	Lambda ULV	100,000

Audit observed that the costly donated pesticides are lying in the store in the same quantity which were not utilized by the management nor given to any other department for utilization. The detail of expired pesticides is as under:

No.	Items Name	Quantity (L)	Rate	Amount
1	Malathion ULV 95% pesticide	151,860	1,390	211,085,400
2	Malathion ULV 96% pesticide	389,160	1,390	540,944,910
3	Lambda ULV	139,125	1,200	166,950,000
			Total Rs	**918,980,310**

Audit is of the view that due to the negligence of the management the costly donated pesticides not utilized even after shelf life of the pesticide have been expired.

The management has not submitted replies within the given time frame and till finalization of the report.

The Audit recommends that responsibility should be fixed on the person(s) responsible for non-utilization of the pesticides and immediate action be taken for safe and environmentally compliant disposal of the expired stock.

15.5.9 Non-transfer of ownership/title of land in the name of Department of Plant Protection measuring 9 Acres situated at Main Shahrah-e-Faisal, Karachi

According to Section 16 of the Land Acquisition Act, 1894, when the Land Collector has made an award under Section 11, he may, subject to the provisions of Section 31, take possession of the land, which shall thereupon vest absolutely in the Government free from all encumbrances.

Rule 23 of GFR, Vol-I states that every Government officer must recognize that they will be held personally accountable for any financial loss to the Government due to negligence. Furthermore, they will also be responsible for any loss arising from the negligence of other Government officers if it is established that their own inaction contributed to it.

The Department of Plant Protection (DPP), Karachi was allotted 7 Acres of land from Survey No.157, Deh Safooran, District Malir, Karachi under the provisions of the Land Acquisition Act, 1894 for establishment and functioning of the Department as a technical, scientific, and regulatory institution in November 1964. Subsequently, an additional 2 Acres of land were allotted to DPP in 1968, making a total of 9 Acres.

Audit observed as under:

i. The ownership title of the said 9 Acres has not been transferred in the name of the Department even after lapse of several decades. Moreover, the land was not taken free from encumbrances as required under the Land Acquisition Act.
ii. Out of the 9 acres of land, an area measuring 847 sq. yards was encroached which is valued at Rs. 152.460 million on FBR valuation rates of 2024. The actual market value may be even higher.

Audit is of the view that even after a lapse of over 62 years, the management failed to ensure transfer of title and ownership of land in the name of the

Department, thereby putting public property of immense value at risk. This reflects serious negligence and non-compliance with the provisions of the Land Acquisition Act, 1894 and government property management rules.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that the matter may be investigated at an appropriate level to fix responsibility on the officers/officials responsible for the inaction and negligence.

15.5.10 Illegal approval of 135 Phytosanitary Import Conditions by DPP management in contravention of International Plant Convention (IPPC)

Clause 1.1.3 of the International Plant Protection Convention (IPPC) requires that phytosanitary import requirements must be technically justified, based on scientific principles, supported by Pest Risk Analysis (PRA), and issued only through the legally mandated National Plant Protection Organization (NPPO). Article 4(2a) of the IPPC further obligates contracting parties to apply phytosanitary measures without undue discrimination, and solely on the basis of scientific evidence. The issuance of phytosanitary conditions without PRA and granting waivers to selected exporting countries constitutes a violation of these binding international obligations.

Examination of the record revealed that the Department of Plant Protection (DPP) management illegally approved 135 phytosanitary import conditions without following mandatory scientific and procedural requirements defined under the IPPC. These conditions were issued without Pest Risk Analysis (PRA), without scientific justification, and without following NPPO-authorized processes. Furthermore, major exporting countries such as Australia, USA, Canada, and Brazil were granted waivers from mandatory phytosanitary treatment, which is in direct contradiction to Article 4(2a) of the IPPC. These discriminatory waivers enabled large-scale import of agricultural consignments and contributed to the mass import and widespread use of Methyl Bromide (MB), leading to the establishment of an entire fumigation industry centered around MB.

These unauthorized approvals were the result of weak internal controls, deviation from technical standards, and failure to adhere to established NPPO protocols. Polarized administrative actions led to the major penalty of 'dismissal from service' for a Director Technical and a Deputy Director Technical, while no action was taken against the Director General who approved all the phytosanitary conditions. An inquiry conducted in 2021–22 by the Additional Secretary MNFS&R identified serious malpractices and monopolization within the MB fumigation sector. Despite strict recommendations in the inquiry report, no corrective measures were implemented by the management.

The illegal approval of phytosanitary conditions and selective waivers resulted in Pakistan's non-compliance with its international obligations under the IPPC, increased phytosanitary risks, and facilitated unjustified reliance on MB fumigation. In many import conditions, MB was mandated solely for de-vitalization (non-germination) of consumable agricultural imports, despite the absence of scientific evidence supporting this application. A scientific committee constituted under APTAC confirmed that MB use for de-vitalization is not scientifically justified. Recognizing these issues, DPP issued circulars on 12 March 2025 and 7 April 2025 to reduce redundant and non-justifiable MB fumigation requirements, although a complete revision of all phytosanitary conditions remains pending due to HR and time constraints.

Audit recommends fixing responsibility on officers involved in approving illegal phytosanitary conditions and granting unscientific waivers. All 135 conditions should be reviewed, suspended, or withdrawn until PRA-based, scientifically justified, NPPO-approved requirements are established. The findings of the MNFS&R inquiry (2021–22) must be implemented. Unscientific MB fumigation—particularly for de-vitalization—should be eliminated in line with APTAC technical committee findings. A comprehensive revision of all phytosanitary import conditions should be initiated, supported with adequate human resources, and aligned strictly with IPPC standards.

15.5.11 Irregular expenditure on Purchase of 40 Nos. indigenous ULV Sprayers through NDMA- Rs. 60.840 million

Rule-10 of GFR Vol-I every public officer should 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 Department of Plant Protection (DPP), Karachi Ministry of National Food Security & Research purchased 40 Nos. indigenous Ultra Low Volume (ULV) sprayers valuing Rs. 60.840 million during the financial year 2020-21 through the National Disaster Management Authority (NDMA) from M/s. R&D Engineering Company, Karachi in September 2020 for locust control operations.

Scrutiny of the relevant record revealed the following irregularities:

i. The sprayers were received in September 2020, after the locust outbreak had already been controlled. Receipt after the conclusion of the locust operation reflects lack of planning and wasteful expenditure.
ii. No evidence was available to show that test or performance trials of the sprayers were conducted to verify quality or operational performance before acceptance.
iii. Audit noted that tender documents, quotations, comparative statements, evaluation reports were not made available to audit.
iv. No formal requisition or demand for ULV sprayers was issued by DPP. The Ministry and NDMA initiated the procurement without DPP's request and demand which is irregular.
v. The sprayers were purchased in 2020, but payment was made in financial year 2024-25. Funds provided in 2020-21 were lapsed. The DPP neither paid the amount to NDMA nor surrendered to the Government.

Audit is of the view that the procurement of ULV sprayers through NDMA was carried out without following codal formalities, technical verification, or competitive procedures which is irregular.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that responsibility may be fixed to the person(s) for irregular procurement without need assessment and codal formalities as mentioned above.

15.5.12 Non-reconciliation of receipts - Rs. 4,476.997 million

Para 26 of GFR, Vol-I states that the departmental controlling officers must see that all sums due to the 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. If wrong credits thus come to the notice of the controlling officer, he should immediately inform the Accountant-General to correct the accounts. If any credits are claimed but not found in the accounts, inquiries should be made first by the departmental officer responsible.

According to Rule-77 (v) of FTR Vol-I, all money deposited into Government account should be reconciled with treasury.

The Department of Plant Protection, Karachi generated receipts on issuance of different type of certificates to the importers and exporters related to food, plant and pesticides during the period 2018-19 to 2024-25:

No.	Year	Amount
1	2018-19	164,942,728
2	2019-20	114,969,037
3	2020-21	609,414,641
4	2021-22	752,262,400
5	2022-23	696,742,800
6	2023-24	937,023,700
7	2024-25	1,201,641,900
Total		**4,476,997,206**

Audit observed that the management did not reconcile the receipt with banks and Federal Treasury Office.

Audit is of the view that in the absence of reconciliation statements from banks and FTO, audit is not in a position to verify the authenticity of amount deposited in to government account.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that amount may be reconciled from Federal Treasury Office at the earliest and copy of the same may be shared from audit.

15.5.13 Non-finalization of inquiry of the Beaver DHC-2 crash

Para 16 of GFR Volume-I states that Every Government servant 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 servant to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

The aircraft of the department of Plant Protection, Beaver DHC-2 Aircraft (Reg. No. AP-AMB) USA, crashed near Sadiqabad on 12.01.2020 during locust spray operation. Two crew members have lost their lives during national emergency of locust and the aircraft sustained substantial damage.

Audit observed that after lapse of considerable period of 05 years the management have not yet concluded an inquiry of the accident and loss to the public exchequer, apart from loss of human lives.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that inquiry may be concluded at the earliest and report may be sent to audit besides regularization of losses from the competent authority.

15.5.14 Loss due to non-auction of 15 De-registered Aircrafts (Fletcher & Cessna) and Spare Parts reserve value of Rs. 42.240 Million

Rule 167 of GFR, Vol-I states that subject rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or

unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

The management of Department of Plant Protection, Karachi de-registered 15 nos. of Aircrafts (Fletcher & Cessna) during the year 2023 and reserve price calculated by PIA experts as detail given below:

No.	Description	Reserve price/value
1	15 de-registered aircrafts	35,200,000
2	Spare parts	7,040,000
	Total Rs	**42,240,000**

Audit observed that 15 de-registered aircrafts (Fletcher and Cessna) belonging to the department were lying idle for an extended period after deregistration. These aircrafts, along with their spare parts, were not disposed of through public auction as required under the prescribed government rules. The estimated reserve price of the aircraft was Rs.35.200 million, and the spare parts were valued at Rs.7.040 million, totaling Rs.42.240 million. As per information available, the aircraft became unserviceable and were subsequently de-registered. However, despite being identified for disposal, the department did not take timely action to auction them through a transparent, competitive bidding process as prescribed under the Public Procurement Rules, 2004 and General Financial Rules (GFR). The non-disposal of the aircraft and spare parts resulted in their continuous deterioration, leading to avoidable loss to public exchequer, as the realizable value is likely to have reduced significantly over time.

Audit is of the view that non-auction of de-registered aircraft and spare parts constitutes inefficiency, negligence, and violation of financial propriety. The act deprived the government of potential revenue amounting to Rs. 42.240 million. This resulted in avoidable financial loss to the public exchequer.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that de-registered aircraft may be auctioned at the earliest without further loss of time besides fixing of responsibility for the delay.

15.5.15 Non-functional/Operationalization of Central Plant Quarantine Laboratory (CPQL), DPP

Rule 16 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.

International Plant Protection Convention (IPPC) obligations require member states to maintain functional phytosanitary diagnostic infrastructure to support safe trade.

World Bank LEAFS Project guidelines mandate timely execution, procurement and institutional strengthening for project-supported components.

Audit observed that the Central Plant Quarantine Laboratory (CPQL) of the Department of Plant Protection (DPP) was not operationalized despite fully donated laboratory equipment and purpose-built infrastructure provided by the Government of China. An inquiry ordered by the Prime Minister concluded that significant delays, weak administrative oversight, and non-compliance by responsible officers resulted in failure to make CPQL functional. The inquiry further highlighted that the facility remained idle for years, equipment remained unutilized, and no corrective action was taken despite repeated directions.

Further scrutiny revealed that under the World Bank–funded LEAFS Project, complete financial support was available for upgradation of CPQL, procurement of additional equipment, recruitment of technical staff, and institutional integration. However, DPP failed to execute the planned activities. No procurement was carried out, no staff was recruited, and no operational framework for integrating CPQL into the national quarantine system was developed. Audit observed: -

i. Weak managerial and administrative oversight within DPP.
ii. Ineffective project planning and absence of timely decision-making.
iii. Failure to utilize donor-funded opportunities and poor interdepartmental coordination.

iv. Non-execution of CPQL upgradation resulted in loss of millions of rupees of donated equipment and facilities.
v. Wastage of a fully funded World Bank opportunity to revive and operationalize a national-level phytosanitary diagnostic facility.
vi. Continued inability of Pakistan to meet international phytosanitary requirements under IPPC, adversely affecting agricultural exports.
vii. Loss of institutional credibility and weakened phytosanitary control regime.

Audit recommends that the Ministry should immediately operationalize CPQL by completing all pending procurement, recruitment, and infrastructure integration.

Pakistan Veterinary Medical Council, Islamabad

15.5.16 Non-framing of regulations of the PVMC

Section 9(1) of the Pakistan Veterinary Medical Council Regulations, 2000 states that the Council may prescribe procedure for regulation of matters relating to income, expenditure, audit of funds, accounts and management of property.

The management of the Pakistan Veterinary Medical Council (PVMC), Islamabad was required to frame and prescribe procedures for regulating matters relating to income, expenditure, audit of funds, accounts, and management of property.

Audit observed that the management has not formulated any prescribed procedures for regulating these matters.

Audit is of the view that the failure to formulate these regulations not only constitutes a violation of Section 9(1) of the Pakistan Veterinary Medical Council Regulations, 2000, but also hampers the Council's ability to manage its financial affairs and conduct its business effectively.

The management replied that it has taken cognizance of the audit observations, and necessary steps are being initiated to frame and prescribe comprehensive procedures relating to income and expenditure, audit of funds, accounts, and management of property. These procedures will be submitted to the Council for approval.

The reply indicates that the management has accepted the Audit Finding.

Audit recommends the framing of procedures relating to income and expenditure of the PVMC at the earliest.

15.5.17 Unauthorized operation of bank account after the implementation of TSA Rules, 2020 - Rs. 97.515 million

Section 30(2)(d) of the Public Finance Management Act, 2019 states that all the Ministries and Divisions, attached departments and subordinate offices shall ensure placement of all public moneys in the treasury single account.

Rule 4(10) of the Treasury Single Account Rules, 2020 states that no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these Rules.

The management of the Pakistan Veterinary Medical Council (PVMC), Islamabad is maintaining the 03 bank accounts. The details are as under:

No.	Account No.	Purpose of account	Bank branch	Balance as on 30.06.2025
1.	4119111832	Registration fee	NBP, G-10 Markaz Islamabad	40,161,595
2.	3145761949	National Income Daily Account	NBP, G-10 Markaz, Islamabad	40,945,618
3.	0004-0072-0657-9701	Employees Contributory Provided Fund Account	Bank Al-Habib Limited, Blue Area, Islamabad	16,407,441
Total				97,514,654

Audit observed that the bank accounts were opened without the approval of the Finance Division and are still operational after the implementation of the PFM Act.

Audit is of the view that opening bank accounts without the approval of the Finance Division, and their continued operation after the implementation of the PFM Act, was irregular and unauthorized.

The management replied that in accordance with Section 3 of the PVMC Act, 1996, the Council is a body corporate with perpetual succession and a common seal, having the authority to acquire, hold, and dispose of property, enter into

contracts, and sue or be sued in its own name. It was further stated that all bank accounts were opened with the prior approval of the Executive Committee and the Council in exercise of the powers vested under the Act.

The reply is not acceptable, as after the implementation of the Public Finance Management Act, 2019, all Ministries and Divisions, attached departments, and subordinate offices are required to ensure the placement of all public moneys in the Treasury Single Account. Further, the Treasury Single Account Rules, 2020 stipulate that no government office shall open, operate, or maintain a bank account for any purpose except in accordance with the Act and these Rules.

Audit recommends the implementation of the PFM Act in letter and spirit.

CHAPTER 16

MINISTRY OF NATIONAL HEALTH, SERVICES, REGULATIONS AND COORDINATION

16.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. Oversite for regulatory bodies for health services.
2. National and international coordination in the field of public health.
3. Population welfare program and coordination.
4. Training services in all health-related fields.
5. Coordination of Vertical Health Programs including interaction with GAVI, EPI and the Global Fund for AIDS, TB, Hepatitis and Malaria.
6. Medical and health services for the Federal Government employees.
7. Dealing and agreements with other countries and international organizations in the field of health, drugs and medical facilities abroad.
8. Scholarships/fellowships, training courses in health from International Agencies such as WHO. and UNICEF.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Directorate of Central Health Establishment.
ii. Federal Government Services Hospital, Islamabad.
iii. Pakistan Institute of Medical Sciences.
iv. Pakistan Medical and Dental Council.
v. Pakistan Council for Nursing.
vi. College of Physicians and Surgeons.
vii. National Councils for Tibb and Homeopathy.
viii. Pharmacy Council of Pakistan.
ix. Directorate of Central Health Establishment.
x. Drug Regulatory Authority of Pakistan.
xi. National Institute of Health.
xii. National Health Emergency Preparedness and Response Network.

xiii. Pakistan Medical Research Council.
xiv. Health Services Academy, Islamabad.
xv. Directorate of Central Warehouse and Supplies, Karachi.
xvi. Human Organ Transplant Authority.
xvii. Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad.
xviii. Federal Medical and Dental College, Islamabad.
xix. Federal General Hospital, Islamabad.
xx. National Institute of Rehabilitative Medicine.
xxi. District Population Welfare Office.
xxii. Federal Government Tuberculosis Centre, Rawalpindi.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1	Formations	85	21	26,728.52	5.48
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

16.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the National Health Services, Regulations and Coordination Division for the financial year 2024-25 was Rs. 74,194.95 million, out of which the Division expended an amount of Rs. 73,895.45 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

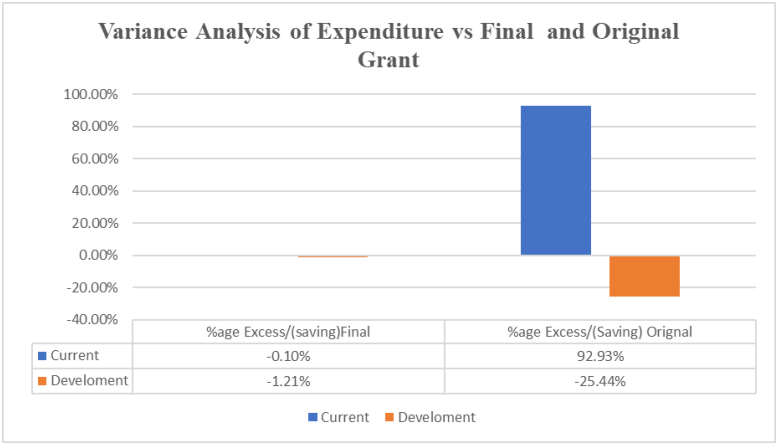
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
78	Current	27,867.63	28,062.95	(2,114.11)	53,816.48	53,763.93	(52.55)
119	Dev	27,000.00	-	(6,621.53)	20,378.47	20,131.53	(246.94)
	Total	**54,867.63**	**28,062.95**	**(8,735.64)**	**74,194.95**	**73,895.45**	**(299.49)**

Audit noted that there was an overall Saving of (Rs. 299.49 million), which was due to less expenditure in the current and development grants.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current, development and charge expenditure, it was observed that, in case of the development grant, there was 25.44% of saving w.r.t. the original grant which was finally reduced to 1.21% w.r.t. the final grant and in case of current grant 92.93% excess was finally reduced to 0.10% saving.



16.3 Classified Summary of Audit Observations

Audit observations amounting to Rs. 3,418.67 million were raised in this report during the current audit of the **Ministry of National Health, Services Regulations and Coordination**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Reported cases of fraud, embezzlement and Misappropriation	28.41
2	Procurement related irregularities	1,779.26
3	Management of account with commercial banks	1,483.73
4	Recovery	127.27

16.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	4	0	5	-
2011-12	19	0	0	19	-
2012-13	30	0	0	30	-
2013-14	27	27	11	16	27
2014-15	17	0	0	17	-
2015-16	3	3	2	1	67
2016-17	30	10	5	25	16
2017-18	18	18	9	9	50
2018-19	30	30	2	28	7
2019-20	44	8	4	40	9
2020-21	21	7	0	21	-
2021-22	31	9	1	30	3
2022-23	16	3	0	16	-
2023-24	31	2	0	31	
2024-25	18	0	0	18	-
Total	**340**	**121**	**34**	**306**	-

16.5 AUDIT PARAS

Pakistan Nursing and Midwifery Council

16.5.1 Pakistan Nursing and Midwifery Council 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 Government, regardless of the designation of such records as secret or otherwise.

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.

Ministry of Law and Justice vide Letter dated 04.09.2024 states that PNMC is obligated to maintain the proper Audited accounts by the Auditor-General of Pakistan as well as by appointing external auditors in terms of SOE Act, 2023. Ministry of Law and Justice further stated that the position taken by PNMC is rejected as being based on Misinterpretation of statutes.

Pakistan Nursing and Midwifery Council was established through an Act of Parliament. Audit intimations were issued on 06.03.2023, 08.04.2024, 29.08.2024, 24.04.2025, 26.06.2025 and 31.03.2026 to conduct the audit of Pakistan Nursing and Midwifery Council.

In response to the audit intimations, PN&MC vide Letter dated 31.03.2023, 15.05.2024, 21.05.2025 stated that the Nursing and Midwifery Council is an Autonomous body, generating their own revenues through various activities/services and do not take financial grant from Government of Pakistan. Further only Chartered Accountant firms are hired for audit purposes.

The matter was reported to the Secretary, Ministry of National Health Services Regulations and Coordination vide letter dated 05.06.2025 and the Ministry directed the PN&MC to provide all auditable record but the management did not provide the record.

Audit is of the view that the stance taken by the management is in violation of the orders of the Honorable Supreme Court of Pakistan and attracts Section 14(3) of AGP's Ordinance, 2001.

Audit is also of the view as the PNMC established and controlled by the Federal Government thus it falls under the audit jurisdiction of the Auditor General of Pakistan.

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 Honorable Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record.

Federal Directorate of Immunization, Islamabad

16.5.2 Procurement of vaccines at higher rates due to non-compliance of the Federal Cabinet's decision - Rs. 1,109.441 million

The Public Procurement Regulatory Authority vide a Letter No. F.2(27)/DD-II/PPRA/2011 dated 20.12.2016 notified exemption for procurement of the EPI vaccines from the applicability of the Public Procurement Rules, 2004 under Section 21 of the PPRA Ordinance, 2002 in compliance with the decision of the Federal Cabinet dated 23.11.2016.

Rule 38 B(2) of Public Procurement Rules, 2004 states that the procuring agency shall make a decision with due diligence and in compliance with general principles of procurement like economy, efficiency and value for money.

The management of the Federal Directorate of Immunization (FDI), Islamabad purchased Pentavalent and Tetanus Diphtheria (TD) vaccines through open competition and incurred an expenditure of Rs. 3,233.084 million during the financial years 2022-23 and 2023-24. Detail is as under:

(Rs.)

Sr. No.	Name of the firm	Financial Year	Vaccine	Rate per dose	Quantity	Amount
1	M/s Amson vaccines and pharma Pvt. Ltd., Islamabad	2022-23	Pentavalent	449	5,359,900	2,406,595,100
2	M/s Amson vaccines and pharma Pvt. Ltd., Islamabad	2023-24	Tetanus Diphtheria	60.95	13,506,105	823,197,099
					TOTAL	**3,233,084,414**

Audit observed as under:

i. The Federal Cabinet exempted FDI from the applicability of the Public Procurement Rules, 2004 for the purchase of vaccines, hence, the tender floated for the purchase of Vaccines by the FDI management was a violation of the Federal Cabinet's decision.

ii. The management procured the Pentavalent and TD-20 vaccines from M/s Amson Vaccines and Pharma Pvt. Ltd., Islamabad on

higher rates as compared to UNICEF, which resulted in a loss of Rs. 1,109.441 million to the public exchequer.

(Rs.)

Name of the vaccine	Rate of purchase per dose	UNCIEF rate per dose	Difference	Number of doses purchased	Loss
Pentavalent	449	320	129	5,359,900	691,427,100
Tetanus Diphtheria	60.95	30	30.95	13,506,105	418,013,950
				TOTAL	**1,109,441,050**

Audit is of the view that the Government suffered a loss due to non-compliance with the Federal Cabinet's decision and procurement of vaccine at higher rates.

Management did not reply.

Audit recommends that matter may be probed beside fixing responsibility.

Human Organ Transplant Authority, Islamabad

16.5.3 Irregular retention of public money in current bank account after close of the financial year - Rs. 38.782 million

Clause 37 (1) of the Public Financial Management Act, 2019, states that the revenues collected by an autonomous entity, which arise from any Act or statutory instruments of the Federal Government shall be deposited in the treasury single account.

Clause 4(3) of the Cash Management and Treasury Single Account Rules, 2024 states that, the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

Audit observed that the Human Organ and Tissue Transplant Authority (HOTA), retained an amount of Rs. 38,782,243 in the current account No. 4018034732, operated at the NBP, G 9/4 Branch, Islamabad, as of 30.06.2024.

The account has not been reviewed or closed in accordance with Clause 4(3) of the Cash Management and TSA Rules, 2024, nor has the balance been surrendered to the Federal Consolidated Fund, in violation of Clause 37(1) of the PFM Act, 2019.

Audit is of the view that the unauthorized retention of public funds outside the Treasury Single Account undermines the principles of centralized cash management and fiscal transparency. It violates statutory requirements and increases the risk of mismanagement or misuse of public money.

The management replied that the Human Organs Transplant Authority (HOTA) was maintaining the current account No. 4018034732, in the National Bank of Pakistan NBP, G 9 Markaz, Islamabad, with the approval of the Finance Division since 2013 for collection and deposit of receipts, as per Section 8(7) and Section 11 of the Transplantation of Human Organs and Tissues Rules, 2012.

The reply is not tenable. With the promulgation of the Public Financial Management Act, 2019 and the Cash Management and Treasury Single Account (TSA) Rules, 2024, earlier administrative practices have been superseded, mandating the closure of the non-essential bank accounts and the transfer of public funds to the Federal Consolidated Fund or Public Account.

The Audit recommends that the HOTA immediately initiate a joint review of the current account with the Finance Division in line with the TSA Rules, and take prompt action to transfer the retained balance to the Federal Consolidated Fund or Public Account, as per the Public Financial Management Act, 2019.

National Institute Of Rehabilitation Medicines

16.5.4 Irregular payment of demurrage and detention charges to the supplier –Rs. 15.174 million

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

As per 3rd Revised PC-I of the Project titled "Purchase of new electro medical equipment to replace obsolete and old fashioned machines with regards to care and facilities for disabled patients at NIRM, Islamabad" at Sr. No. 6 of the items list, MRI Machine of 1.5 Tesla Cannon Japan is to be purchased for Rs. 459.708 million.

As per clause 5 of the contract agreement, the supplier was liable to deliver the goods at the site of installation within 06 month, which would be extended further subject to unavoidable circumstances globally after the award of contract provided site is ready in all respects.

The management of the National Institute of Rehabilitation Medicine (NIRM), Islamabad issued a Letter of Intent to the supplier, M/s Mediquips (SMC) (Pvt.) Ltd., Lahore dated. 06.01.2023, followed by a Supply Order to the firm concerned for supply of MRI machine as per specification on 06.04.2023.

The management of the National Institute of Rehabilitation Medicine (NIRM), Islamabad made a payment of Rs. 15,174,284 to M/s. Medequips (SMC) (Pvt.) Ltd., Lahore on accounts of demurrage and detention charges for MRI machine received and retained from April, 2024 on Port Qasim, Karachi.

Audit observed that the contract agreement was signed with the supplier on 01.02.2023 for supply of MRI Machine under the project. Later on, the firm concerned intimated the Ministry of National Health Services Regulations and Coordination and the NIRM management that the MRI machine was laying on Port Qasim, Karachi and due to non-clearance of the GST, the Port had charged Rs. 20.000 million as demurrage and detention charges. Later on, the management made a payment of Rs. 15,174,284 to the firm on their bill without any detailed charges claims of the Port Qasim authorities.

Audit is of the view that the payment of detention charges to the supplier is not covered under the contract agreement.

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

Audit recommends that the demurrage charges paid be recovered.

16.5.5 Unauthorized procurement of software for MRI US $. 0.350 million - Rs. 116.569 million

Rule 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation.

As per 3rd revised PC-I of the Project titled "Purchase of New Electro Medical Equipment to Replace Obsolete and Old Fashioned Machines with Regards to Care and Facilities for Disabled Patients at NIRM, Islamabad" at Sr. No. 6 of the items list "Capital cost of estimates, 10 items" MRI machine of 1.5 Tesla Cannon Japan is to be purchased for Rs. 459.708 million.

The management of the National Institute of Rehabilitation Medicine (NIRM), Islamabad issued a Purchase Order to M/s Medequips (SMC) Pvt. Ltd., Lahore vide No. F.5-183/2020- NIRM/PSDP dated 13.05.2025 for supply of "Advance Intelligent Clear –IQ engine (AICE)" with cost of US $ 0.350 million equaling to Rs. 98,787,500 and GST Rs. 17,781,750 totaling Rs. 116,569,250.

Audit observed that the purchase of software was neither included in the original PC-I, nor in the 3rd revised PC-I and bidding documents specification of MRI machine. The same was included on the recommendation of the end user i.e. NIRM's Radiologist. Audit further observed as the MRI machine is not yet received and the allied software is purchased in advance without its utilization.

Audit is of the view that purchases of software in absence of provision in the PC-I and bidding documents was a violation of the PC-I scope and cause cost escalation of the Project and put extra burden on the public exchequer.

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

Audit recommends that the irregularity be got regularized besides fixing the responsibility of purchasing of software in advance for a machine, which has not yet been received, and installed.

Federal Government Polyclinic Hospital

16.5.6 Irregular procurement of drugs / medicines without approved policy - Rs. 508.400 million

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

The management of the Federal Government Polyclinic Hospital (FGPC), Islamabad incurred an expenditure of Rs. 508,400,157 on procurement of drugs/medicines (tablets, syrups, injections, surgical consumable items) on 'Local Purchase' basis from M/s Jahangir Pharmacy, Civic Center, Islamabad during the Financial Year 2024-25.

Audit observed that:

i. There existed no Government's approved policy for procuring drugs/medicines/surgical items on 'Local Purchase' basis.
ii. The prescription slips issued by the doctors/Medical Officers for purchase of medicines on 'Local Purchase' basis and recording a certificate to this effect 'Not Available in Stock,' were not available on record.
iii. The record relating to requisition/demand slips received from the different wards of the hospital for procurement of these items on 'Local Purchase' basis, was not maintained by the FGPC.
iv. The patient-wise record of receipt/issuance of the drugs/medicines/surgical items procured on 'Local Purchase' basis, showing detail of these items purchased for the In-Door Patients and the Out-Door Patients was not available with the hospital management.

Audit is of the view that incurrence of expenditure on procurement of drugs/medicines/surgical items procured on 'Local Purchase' basis without having an approved policy, was irregular and unauthorized. Further, due to non-maintenance/non-availability of the procurement's associated record, the

authenticity of the expenditure incurred on procurement on 'Local Purchase' basis, could not be ascertained.

The management did not reply till finalization of the report.

Audit recommends discontinuation of the irregular procurement forthwith beside provision of the record to substantiate the legitimacy of the procurement made and to ascertain the authenticity of the expenditure already incurred.

Sheikh Zayed Medical Complex, Lahore

16.5.7 Fraudulent payment of consultant's share - Rs. 28.41 million

Para 16 of GFR, Vol-I states that every Government officer should realize fully and that he will be held personally responsible for any loss sustained by the 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 Sheikh Zayed Hospital, Lahore paid consultant's share payments amounting to Rs. 28.410 million out of the income generated from treatment of private patients and also deposited Rs. 3.016 million as Income Tax.

Audit observed as under:

i. Doctors' approved bank accounts were altered in the bank advice due to which an amount of Rs. 28.412 million was diverted from original consultant accounts.
ii. No reconciliation or verification was performed by Internal Audit/Accounts Department before issuance of fake bank advices with original cheques.
iii. All the bank advices were issued by a Lower Division Clerk, Mr. Awais Asghar without any formal approval.
iv. Bank accepted the advices sent by an LDC without any confirmation from the department head.
v. Mr. Awais Asghar, LDC shown himself and Mr. Haroon at Serial No. 11 below as Doctors and prepare fake bills of consultant visit fee and procedure (operation) charges.

vi. Deducted tax was deliberately misapplied in FBR records by showing it under Mr. Awais's name. This manipulation concealed the actual tax liability of consultants and misrepresented compliance.

Detail of accounts used for diversion of money along with bank account numbers are as under:

(Rupees)

No.	Names	Designation	Fake bank account No.	Amount
1	Awais Asghar	LDC	3246423300	13,203,423
2	Ambreen Mudassar	Assistant professor	3001391316	73,825
3	Aflak Rasheed	Associate professor	3001393896	73,744
4	Dr. Atif Mansoor	Professor	4001520952	492,349
5	Dr. Muhammad Usman		4156706942	9,413,673
6	Sobia Malik		3001394699	1,896
7	Dr. Muhammad Amir Khan		4001419625	3,337
8	Dr. Hafiz Shahzad Ashraf		4001421318/40160983322	176,318
9	Dr. Muhammad Asif		4157815457	1,591,436
10	Dr. Muhammad Arif Javaid		622-6	154,593
11	Dr. Muhammad Haroon	Sub-Eng	4179323803	2,923,929
12	Dr. M. Kashif		4244928376	150,000
13	Dr. Riffat Sayeed		3001407700/4160983322	153,365
Total				**28,411,888**

Audit is of the view that the fraudulent substitution of consultant bank accounts resulted in deliberate misappropriation of Rs. 28.41 million. This highlights collusion of multiple officials and the collapse of financial controls.

The management replied that in compliance with the instructions of Audit, full-year audit is being carried out. The amount pointed out by Audit is not correct. There is some discrepancy between the amount pointed out by Audit and the calculation being carried out by the Institute. However, maximum amount has been recovered and deposited into Institute's Official Bank Account. Efforts are being made to recover the remaining amount, if any, which may be verified. Moreover, working on ERP/HMIS has been started. The same would be implemented in phases. All other instructions of Audit have been noted for future compliance.

The reply is not accepted. The department's explanation remains unsubstantiated as no verified recovery record, bank confirmation, or reconciled statement has been provided. The management itself has acknowledged manipulation of consultant bank accounts, confirming weak internal controls and

gross negligence. Merely initiating ERP/HMIS at a later stage cannot regularize the deliberate diversion of Rs. 28.412 million already committed. The absence of disciplinary action or FIR against the responsible officials and bank staff further strengthens audit's stance that financial discipline collapsed at multiple levels.

Audit recommends that a detailed forensic audit of consultant-share payments for the last five years be conducted to ascertain the exact amount embezzled. The entire embezzled amount should be recovered with penal interest, and disciplinary/criminal proceedings initiated against all involved officials and bank staff. ERP/HMIS with locked IBANs, digital authorization, and automatic reconciliation controls should be implemented to prevent recurrence.

16.5.8 Irregular transfer of funds from Assignment Account to commercial bank accounts – Rs. 1,444.950 million

Para 3(iii) of Finance Division letter No. F.2(2)-BR-11/2008-948/18 dated 12.10.2018 states that the officers holding Assignment Accounts will ensure that no cheque is drawn on Assignment Accounts., unless it is required for immediate disbursement to the goods/services provider. Cheque(s) will not be drawn for deposit into chest or) any bank account maintained by the entity. A certificate to this-effect will be recorded on the Schedule of Payment.

The management of Sheikh Zayed Hospital, Lahore transferred funds amounting to Rs. 1,444,950,351 from Assignment Account No. 1158 at NBP Main Branch, Lahore to Account No. 3176575664 at NBP SZH Branch, Lahore. The details are as under:

S. No.	Date	Cheque No.	Amount (Rs.)
1	17.05.2025	A09542 / A954105	33,443,948
2	19.02.2025	A09542 / A954104	485,135,052
3	13.06.2025	A954103	527,371,351
4	01.06.2022	A954101	399,000,000
Total			**1,444,950,351**

Audit observed that there is no provision in Government rules allowing transfer of funds from an Assignment Account to a savings account. The management also earned an amount of Rs. 392.549 million as profit from this unauthorized retention of lapsable amount.

Audit is of the view that withdrawal of government funds from an Assignment Account and their deposit into a commercial account and also earning profit was unauthorized and constituted a serious lapse of financial discipline.

The management replied that the funds were allocated and released during the period 2021-2022 to 2024-2025 on account of "Up-gradation of Radiology Department, Shaikh Zayed Hospital, Lahore." It is submitted that funds were only parked for the time being for establishing or opening of Letters of Credit (LCs) for procurement of medical equipment. The amount of profit as per bank statement is Rs. 346.164 million instead of Rs. 392.549 million. Working for the deposit of the said profit into Government Treasury has been started, and information is being collected for the appropriate head of account where the amount would be deposited. After deposit, the relevant record will be placed before Audit for verification.

The reply is not accepted. The explanation that the funds were "parked temporarily" for opening LCs is contrary to Para 3(iii) of Finance Division letter No. F.2(2)-BR-11/2008-948/18 dated 12.10.2018, which explicitly prohibits drawing funds from an Assignment Account unless required for immediate disbursement. The management's acknowledgment of placing development funds in a savings account and earning profit confirms a clear violation of the prescribed financial discipline. The difference between the profit calculated by Audit and that claimed by management further demonstrates unreconciled figures and lack of proper accounting.

Audit recommends that responsibility should be fixed for unauthorized withdrawal and placement of project funds in commercial accounts. Further, the amount earned as profit amounting to Rs. 392.549 million should be deposited into the government treasury.

16.5.9 Irregular payment of tax on purchase of CT-Scan Machine - Rs. 44.846 million

According to tax laws and PPRA procurement rules, all applicable taxes on procurement must be withheld and deposited into the Government Treasury at the prescribed rates. Any excess or irregular tax payment constitutes financial mismanagement.

The Shaikh Zayed Hospital awarded the contract for Medical Equipment in Package-3 for the Scheme Titled "Up-gradation of Radiology Department" at Shaikh Zayed Postgraduate medical Institute, Lahore to M/s Medequips (Pvt.) Ltd. at a cost of USD 881,000 (including all taxes) on 25.05.2022, LC was opened on 17.05.2023 and as per agreement the equipment should be installed on 16.09.2023.

Audit observed that during the procurement of a CT-Scan machine at Sheikh Zayed Hospital, Lahore tax amounting to Rs. 44.846 million was paid by the Hospital instead of the contractor in excess of the contract amount. This resulted in avoidable burden on the project funds and irregular utilization of Government resources.

Audit is of the view that payment of tax was irregular, unauthorized, and indicated weak financial controls.

The management replied that the payment related to sales tax for the procurement of the CT-Scan machine under the PSDP project "Upgradation of Radiology Department" was made in accordance with the provisions of the executed contract. The supplier, M/s Medequips (Pvt.) Ltd., raised a demand for payment of sales tax amounting to Rs. 44,845,738, which was duly verified by the Accounts Section and cleared to ensure timely Customs clearance and delivery of the equipment. The management explained that as per contract terms, the quoted amount of USD 881,000 represented the CIF value, exclusive of applicable local taxes, which were payable by the consignee at the time of importation.

The reply is not accepted. The issue remains that the payment of sales tax on behalf of the supplier constituted a departure from standard procurement and contractual practice. The contract's financial clause required the supplier to bear all applicable taxes, duties, and levies within the total bid price. The management did not furnish any approved amendment, variation order, or correspondence from the competent authority authorizing the Institute to bear or reimburse the supplier's tax liability. Therefore, while the amount recorded in audit observation stands corrected, the procedural irregularity of paying the supplier's tax obligation from project funds remains unregularized.

Audit recommends that the management obtain written clarification from the Ministry of NHSR&C and the Planning Commission confirming the

admissibility of the Rs. 44.845 million sales tax payment from project allocations. If no such authorization exists, the amount should be recovered from M/s Medequips (Pvt.) Ltd. and deposited into the Government Treasury. Future contracts should clearly define tax responsibilities, and strict adherence to approved payment terms must be ensured to prevent similar irregularities.

16.5.10 Loss due to non-recovery of rent and electricity charges from M/s AAA Pharmacy - Rs. 52.379 million

Para 2 of lease agreement signed between Shaikh Zayed Hospital, Lahore and M/s AAA Pharmacy Plus states that the lease period will be for two years from the date of award i.e. 14.11.2017 with annual increase which may be extended for another span of years but with ten percent increase per annum Para 2 of above lease agreement also states that the lease rent will be Rs.541,646 per month.

The management of Shaikh Zayed Post Graduate Medical Institute, Lahore entered into contract agreement with Proprietor of AAA Pharmacy namely Mr. Tahir Hanif Butt for the provision of space for private pharmacy on rent at the rate of Rs.541,646 per month on 14th November, 2017 for the period from 14.11.2017 to 13.11.2019.

Audit observed that an amount of Rs.36.219 million on account of rent money was lying outstanding against the lessee w.e.f 14.11.2018. The electricity charges amounting to Rs. 6.638 million were also not recovered from him. The detail is given below:

(Rs.)

Sr. No	Period	Amount
1.	14.11.2018 to 13.11.2019	649,975
2.	14.11.2019 to 13.11.2020	7,864,692
3.	14.11.2020 to 13.11.2021	8,651,161
4.	14.11.2021 to 13.11.2022	9,516,276
5.	14.11.2022 to 13.08.2023	8,723,253
6.	14.09.2023 to 11.10.2023	814,170
Total		**36,219,527**
Electricity Charges		**6,637,507**
Grand Total		**42,857,034**

Audit further observed that the said pharmacy premise was sealed on court's order and the hospital is still not making any revenue from it. Furthermore, no

concrete efforts were made to vacate the pharmacy premises inside the hospital. Audit has calculated an amount of loss of rent during the period from 12.10.2023 to 31.03.2025 during the conflict period of Hospital and AAA Pharmacy (tenant):

(Rs.)

Rent per month	**Duration of Pharmacy sealed**	**Total amount of loss of rent**
541,646	17 Months and 18 Days	9,522,486

Audit is of the view that:

i. Non-recovery of outstanding dues from the tenant put the hospital to a loss of revenue for Rs.42.857 million.
ii. Due to non-vacation of hospital's pharmacy and court's stay order, the hospital sustained a loss of Rs.9.522 million.
iii. No efforts were made to lift the court's stay order.

The reply was not submitted by the management.

Audit recommends that the concrete efforts may be made for the recovery of the government dues and to lift the court's order for onward renting out the shop premises.

16.5.11 Irregular payment of allowances - Rs. 59.717 million

Finance Division O.M. No.3(6)Imp/2016-336 dated 01.07.2016 states that all those who acquire / possesses the degree of M. Phil recognized by the H.E.C. shall be allowed M. Phil Allowance @ 25% of the existing amount of Ph. D Allowance (i.e. Rs.2,500 per month) with effect from 01.07.2016.

Para 2 of Finance Division (Regulation Wing) OM No.3(6)Imp/2016-Vol-II-4 dated 04.02.2016 further clarifies that other degree or qualification, whether having an H.E.C. equivalence or not, is not admissible for the allowance.

Islamabad High Court, Islamabad in its Judgment (Para-13) dated 11.11.2016 in W.P. No. 768/2011 declared that Rule 12 of Rules of Business, 1973, inter alia, requires that "every order made by a division, autonomous or otherwise, functioning under the control of Federal Government varying terms and conditions

of service of government servants having financial implications would be subject to previous consultation with the Finance Division".

The management of Shaikh Zayed Postgraduate Medical Institute, Lahore paid an amount of Rs. 59.717 million on following allowances:

(Rupees)

S. No.	Allowance	Amount
1.	FCPS Allowance	15,105,000
2.	Nursing Professional Allowance	37,797,000
3.	M.Phil Allowance	6,815,000
	Total	**59,717,000**

Audit observed that FCPS Allowance was discontinued w.e.f. 31.01.2024 however recovery of the same amounting to Rs.15.105 million was not made. Similarly, Nursing Professional Allowance was also discontinued w.e.f. 31.01.2024 but recovery of the same amounting to Rs. 39.797 million was not made. Further, M. Phil allowance wa also paid to 20 employees @ Rs.5,000 per month instead of Rs.2,500 per month.

Audit is of the view that the allowances were paid in violation of the instructions of the Finance Division.

The management did not reply till finalization of the report.

Audit recommends the recovery of allowances amounting to Rs. 59.717 million from the incumbents.

CHAPTER 17

NATIONAL HERITAGE AND CULTURAL DIVISION

17.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. International agreements and assistance in the field of archaeology, national museums, and historical monuments were declared to be of national importance.
2. National and other languages used for official purposes.
3. Naming of institutions in the name of Quaid-e-Azam and other high and distinguished personages.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Quaid-e-Azam Papers Wing.
ii. Pakistan Academy of Letters.
iii. Pakistan National Council of Arts.
iv. National Language Authority, Urdu Dictionary Board and Urdu Science Board.
v. Quaid-e-Azam Academy.
vi. Aiwan-i-Iqbal and Iqbal Academy Pakistan.
vii. Quaid-e-Azam Mazar Management Board (QMMB).
viii. Quaid-e-Azam Memorial Fund.
ix. National Book Foundation.
x. Department of Libraries.
xi. Department of Archaeology and Museums.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY-2024-25)
1	Formations	7	6	791.821	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

17.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the Division for the financial year 2024-25 was Rs. 2,283.28 million, out of which the Division expended an amount of Rs. 2,236.50 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

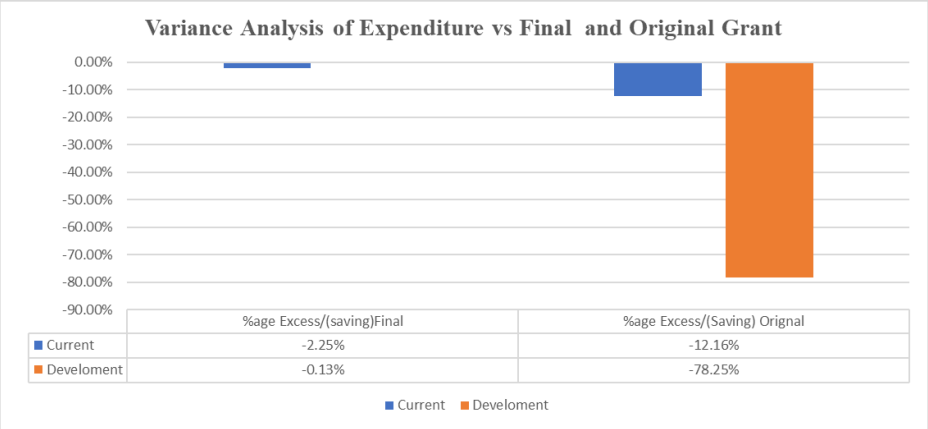
Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
40	Current	2,294.68	-	(232.46)	2,062.22	2,015.72	(46.50)
107	Dev	1,015.00	-	(793.94)	221.06	220.78	(0.28)
Total		**3,309.68**	**-**	**(1,026.40)**	**2,283.28**	**2,236.50**	**(46.78)**

Audit noted that there was an overall savings of (Rs. 46.78 million), which was mainly due to saving in current grant.

Supplementary Grants obtained without careful cash forecasting

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

As shown in the chart below, bifurcating total allocation in current and development expenditure, it was observed that, in case of the development grant, there was 78.25% of saving w.r.t the original grant which was finally reduced to 2.25% w.r.t. the final grant and in case of current grant 12.16% saving was finally reduced to 2.25%.



17.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 2,096.18 million, were raised in this report during the current audit of the National Heritage and Cultural Division. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	16.95
2	Management of account with commercial banks	167.22
3	Recovery	358.4
4	Internal Control	7.29
5	Others	1,546.61

17.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	8	8	0	8	-
2011-12	5	1	0	5	-
2013-14	3	3	2	1	67

2014-15	1	0	0	1	-
2015-16	1	0	0	1	-
2016-17	6	2	1	5	50
2017-18	2	2	0	2	-
2019-20	15	8	4	11	50
2020-21	13	5	2	11	40
2021-22	10	10	3	7	30
2022-23	8	4	2	6	50
2024-25	7	0	0	7	-
Total	**79**	**43**	**14**	**65**	-

17.5 AUDIT PARAS

Pakistan Academy of Letters, Islamabad

17.5.1 Unauthorized retention and expenditure of hostel receipt – Rs. 7.684 million

Rule 170(1) of the GFR, Vol - 1 states that all the Government receipts should be deposited in the Government account and all moneys received shall not be appropriated to meet the departmental expenditure.

The PAL, Islamabad is maintaining a hostel within in its premises and received Rs. 7,684,200 as hostel charges during the financial years 2021–22, 2022-23 and 2023-24, as per following details:

(Rs.)

Financial year	Receipt	Expenditure	Difference
2021-22	1,542,900	2,090,981	-548,081
2022-23	3,319,400	3,211,989	107,411
2023-24	2,821,900	2,489,076	332,824
Total	**7,684,200**	**7,792,046**	

Audit observed that the management retained the receipts of Rs. 7.684 million in a private bank account and incurred an expenditure of Rs 7.792 million to meet the hostel related expenditures.

Audit is of the view that the retention of Rs. 7.684 million in a private bank account and expenditure of Rs.7.792 million therefrom was unauthorized.

The irregularity was reported to the management on 28.04.2025. The department did not reply till finalization of the report.

The DAC in its meeting held on 04.12.2025 directed the management of PAL to frame rules/regulations for operating /utilization of these funds with the approval of BOG.

Audit recommends that the hostel receipts needs to be deposited in the Government treasury beside to regularize the expenditure already incurred from the Finance Division.

National Institute of Folk and Traditional Heritage (Lok Virsa), Islamabad

17.5.2 Non-auction/irregular allotment of shops without open auction – Rs. 16.953 million

Rule 12(1) of the Public Procurement Regulatory Authority Rules, 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in the print media.

The management of the National Institute of Folk and Traditional Heritage (Lok Virsa), Islamabad has allotted 62 shops in territory/boundary walls of Lok Virsa and realized an amount of Rs. 16,953,516 during the Financial Year 2024-25. Detail is as under:

(Rs.)

No.	Location	Number of shops/units	Rate of rent per month	Rent per annum
1.	Heritage Museum	10	108,000	1,296,000
2.	Food Court	07	170,500	2,046,000
3.	Artisan Bazzar	16	156,000	1,872,000
4.	Craft shops	20	360,000	4,320,000
5.	Fiber Glass stalls	06	60,000	360,000
6.	Tuck shop	01	70,786	849,432
7.	Open Space	01	50,000	600,000
8.	Vanguard Book	01	467,507	5,610,084
Total				**16,953,516**

Audit observed that the shops/units were allotted to the vender at very normal rates without open competition.

Audit is of the view that due to non- allotment of shops through open competition, rates/rent offered very low, as compared to the prevailing market rates. The Lok Virsa was deprived of the benefit of the open competition.

The DAC in its meeting held on 04.12.2025 directed the management of Lok Virsa to study the already signed agreements with the owners of the shops, present the case in the upcoming meeting of BOG and thereafter with the approval of BOG float the tenders for the allotment of shops in light of PPRA rules for a healthy competition.

Audit recommends that shops/units may be rented out through open competition under intimation to Audit.

Quaid-i-Azam Mazar Management Board, Karachi

17.5.3 Irregular investment in treasury bills in violation of Finance Division's instructions - Rs. 681.321 million

Finance Division's O.M. No. F.4(1)NTR/2002-666/2022 dated 18.05.2022 states that instruction/policy issued by Finance Division vide OM No.F.4(1)/2002-BR-II dated 02.07.2003, 06.09.2004, 22.09.2005 and 23.12.2014 has been withdrawn with immediate effect and the approval accorded to any Public Sector Entities (PSE) with respect to maintain working balance are also withdrawn.

Section 23 (2) of Public Finance Management Act, 2019 states that "No authority shall transfer public moneys for investment or deposit from government account including the assignment accounts to other bank account without prior approval from the Federal Government." As per section 45 of the above act, it has overriding effect over all other laws and any law inconsistent with this act.

The management of Quaid-e-Azam Mazar Management Board (QMMB), Karachi made investments totaling Rs. 681.321 million during the financial year 2024-25, as detailed below:

(Rs.)

Date of investment	Amount (Million)
23.01.2025	431.329
06.03.2025	100.077
17.04.2025	149.915
Total	**681.321**

Audit observed that the investment policy was withdrawn by the Finance Division's OM No. F4(1)NTR/2022 dated 18.05.2022. Therefore, the investment was made in violation of the Government's instructions.

Audit is of the view that investment in violation of PFM Act, 2019 and Finance Division's OM is irregular.

The management replied that the QMMB is an autonomous body under the Quaid-i-Azam's Mazar (Protection and Maintenance) Ordinance, 1971, and stated that all investments were made through a duly constituted committee after obtaining quotations from banks and considering factors such as risk-free returns, security, and sovereign guarantee. The investments were made in accordance with the provisions of the Ordinance and approved by the QMM Board in its meetings.

Audit does not accept the management's reply as the Finance Division's O.M. No. F.4(1)NTR/2002-666/2022 dated 18.05.2022 explicitly withdrew all earlier approvals and policies permitting public sector entities to maintain or invest working balances. Moreover, approval of the Federal Government was also not taken as instructed in PFM Act, 2019. Despite this, QMMB invested Rs. 681.321 million during FY 2024–25.

Audit recommends that the matter be referred to the concerned quarters for ex-post facto regularization of the investment and that QMMB ensure strict compliance with the Finance Division's OM dated 18.05.2022 and PFM Act, 2019 in future to avoid recurrence of unauthorized investment.

17.5.4 Unauthorized operation of bank accounts and retention of funds – Rs. 79.231 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of Quaid-i-Azam Mazar Management Board (QMMB), Karachi is operating the following bank accounts:

(Rs.)

No.	Account Title	Account No.	Bank Name	Amount as on 30.06.2024
1.	Receipt Account	3110654139	NBP M.A. Jinnah Road, Karachi	43,668,482
2.	Staff Welfare Fund	3110657207		3,024,907
3.	CP Fund	3110656539		32,320,320
4.	Imprest Account	0007-00196241-0001	First Women Bank	217,976
			Total	**79,231,685**

Audit observed that the management of QMMB opened the above bank accounts without approval of the Finance Division.

Audit is of the view that operating of bank accounts without approval of the Finance Division is irregular and un-authorized.

The management stated that under Para 12 of the QMMB Rules, 1969, the Auditor General of Pakistan is the custodian of all QMMB funds, who has delegated his authority to the Accountant General Sindh. It was stated that all bank accounts are operated by the Acting Honorary Treasurer / Accountant General Sindh, who is the statutory custodian of the funds.

Audit does not accept the management's contention as the CMA & TSA Rules, 2020 are mandatory for all Federal entities, and no organization or rule predating the CMA & TSA framework overrides its provisions. The delegation of authority to the Accountant General Sindh does not exempt QMMB from compliance with national treasury regulations.

Audit recommends that the management should immediately seek formal approval from the Finance Division for the operation of existing bank accounts or otherwise close the accounts and transfer the entire balance to the Federal Consolidated Fund.

National Academy of Performing Arts (NAPA)

17.5.5 Unauthorized operation of bank accounts after the implementation of TSA Rules, 2020 - Rs. 27.185 million

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those

accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of National Institute of Performing Arts (NAPA), Karachi maintained following bank accounts during financial year 2024-25:

No.	Name of Bank	Bank Account	Amount in PKR (as on 30.06.2025)
1.	Sindh Bank	03039193411001	25,939
2.	NBP (Assignment Account)	1169255060	34,194
3.	NBP	1027004100387115	12,083
4.	HBL	228972009956-01	16,325
5.	Faisal Bank	1102164337006	332
6.	Bank Alfalah	01711003870294	23,621,620
7.	Bank Alfalah (Awaaz Project Fund)	0171-1003870294	3,474,753
		Total	**27,185,246**

Audit observed as under:

i. The approval of the Finance Division for opening of bank accounts was not obtained.
ii. The bank accounts are still operational after implementation of the Public Finance Management Act, 2019.

Audit is of the view that bank accounts other than Treasury Single Account (TSA) needs to be closed as per Rule 4(10) of the Treasury Single Accounts Rules, 2020.

Audit recommends that all commercial bank accounts may be got approved/ closed and balances may be transferred in Treasury Single Account.

17.5.6 Irregular investment of funds without the concurrence of Ministry of Finance- Rs. 865.00 million

Finance Division vide OM No F.4(1)NTR/2002-666/2022 dated 18.05.2022 withdrew instruction/policy issued by it vide OM No F.4(1)/2002-BR-II dated 02.07.2003, 06.09.2004, 22.09.2005 and 23.12.2014 regarding deposit of working balance and investment of surplus funds belonging to the public sector

entities and local/autonomous bodies under the Federal Government and promulgated the Public Finance Management Act 2019.

Section 23(2) of the Public Finance Management Act, 2019, states that no authority shall transfer public moneys for investment or deposit from government account including assignment account to other bank account without prior approval from the Federal Government. As per Section 45 of the above Act, it has an overriding effect over all other laws and any law inconsistent with this Act.

The management of National Institute of Performing Arts (NAPA), Karachi invested an amount of Rs. 865,000,000 in different Investment companies during the period 2024-2025. Detail is as under:

No.	Description	Amount in PKR (as on 30.06.2025)
1	UBL Fund	15,000,000
2	UBL Fund	85,000,000
3	NBP-Funds	201,875,000
4	JS-REIT Investment	170,000,000
5	AKD Investment	393,125,000
Total		**865,000,000**

Audit observed that the amount was invested without the approval of the Finance Division.

Audit further observed that record relating to open competition was also not provided. Audit is of the view that investment of funds without prior approval of the Finance Division is irregular.

Audit recommends that irregularity may be got regularized from the Finance Division under intimation to Audit.

Pakistan National Council of the Arts

17.5.7 Non-recovery of amount retained by the CDA for construction of PNCA Building – Rs. 27.464 million

GFR 26, (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.

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

The management of Pakistan National Council of the Arts (PNCA), Islamabad made payments to Capital Development Authority (CDA), for Rs. 117,019,400 during 1995-96 to 2005-06 on account of construction of PNCA Building in Islamabad. The construction work was later taken over by the Project Directorate of PNCA and the building was completed and inaugurated in August, 2007. CDA submitted adjustment accounts in 2009-10 relating to funds released to them as per the following details: -

No.	Description	Amount (PKR)
1.	Total payments made to CDA	117,019,400
2.	Less Total Expenditure by CDA as per adjustment account	82,217,309
3.	Less Departmental Charges (DC) claimed by CDA	7,337,993
4.	Unspent balance lying with CDA	**27,464,098**

Audit observed that an amount of Rs. 27.464 million is still lying with the CDA for the last two decades.

Audit is of the view that retention of PNCA fund by CDA for more than 20 years is violation of financial rules which needs to be recovered and deposited into Federal Consolidated Fund under intimation to Audit.

Audit recommends that efforts for early recovery may be accelerated under intimation to Audit.

17.5.8 Non-deposit of rent/receipts collected into the treasury – Rs. 185.024 million

As per Rule 7(1) of Federal Treasury Rules (FTR) 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 PNCA received rent and receipts from Auditorium and Galleries amounting to Rs. 185.024 million during 2024-2025.

Audit observed that the amount was retained in a PLS Account at NBP, Melody Branch instead of depositing in to the government treasury.

Audit is of the view that non-deposit of rent and receipts into FCF is a violation of provisions of FTR thus the management's action is held irregular and unauthorized. Furthermore, the Government was deprived of its due receipts.

No reply was submitted till the finalization of the report.

Audit recommends depositing of receipts into Government account at the earliest under intimation to Audit.

Aiwan-e-Iqbal Complex, Lahore

17.5.9 Unauthorized operation of bank account and retention of receipt – Rs. 53.117 million

Rule 4(1) of Cash Management and Treasury Single Account Rules, 2024 states that Government offices and public entities will open, maintain and operate bank accounts only in accordance with Section 31 of the Act and these rules.

Rule 4(3) of Cash Management and Treasury Single Account Rules, 2024 states that bank accounts opened before these rules take effect shall jointly reviewed by Finance Division and Division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

Para-1 of the Auditor General of Pakistan's letter No.328/02/P&C/1-c/2004(PF-I) dated 21st September, 2015 stipulates that permission to open more than one authorized bank account shall be granted by the Finance Division.

The management of the Aiwan-e-Iqbal, Lahore is maintaining a commercial bank account with National Bank of Pakistan, Pearl Continental Hotel Branch, Lahore for generating receipts from different sources. An amount of Rs. 53,116,535 was available in bank account as on 30.06.2025.

Audit observed that after implementation of CM(TSA) Rules, 2024 approval for operating bank accounts from Finance Division was not obtained.

Audit is of the view that retention of public money outside Government Treasury in commercial bank accounts in violation of provisions of PFM Act, 2019 held unauthorized.

The management replied that the matter will be reviewed in the upcoming Management Committee meeting. The management is also taking steps to obtain the necessary approval from the Finance Division to comply with the current statutory requirements.

Audit recommends to obtain approval of the Finance Division or closure of the bank account besides depositing the unspent balance in the Government treasury.

17.5.10 Non-recovery of utility charges from Iqbal Academy Pakistan – Rs. 145.912 million

Para 2(i) of the Aiwan-e-Iqbal Complex's Letter No. 25.Acs-21-95 dated 11.03.1995 regarding allotment of space to the Iqbal Academy Pakistan (IAP) in the Aiwan-e-Iqbal Complex states that the IAP, shall share on pro-rata basis, the cost of centralized security arrangements for the Aiwan-e-Iqbal Complex.

The management of the Aiwan-e-Iqbal Complex, Lahore allotted 6th floor of the building to the Iqbal Academy Pakistan for its Office use.

Audit observed that as per statement provided by the management, an amount of Rs. 4,073,713 is still outstanding against IAP for the period from August, 2005 to June, 2025. Detail is as under:

No.	Particulars	Outstanding Dues (Rs.)
1.	Electricity charges	4,073,713
2.	Security charges	30,393,914
3.	AC Charges	111,444,351
Total		**145,911,978**

Audit is of the view that non-payment of outstanding dues amounting to Rs. 145.912 million by the Iqbal Academy Pakistan deprived the Complex from its due receipt.

The management replied that the audit findings regarding the outstanding electricity dues for Iqbal Academy from August 2005 to June 2012, which arose

due to a verbal order by Muhammad Suheyl Umar, who held the positions of acting Administrator of Aiwan-e-Iqbal Complex and Director of Iqbal Academy. To address this, we propose forming a committee to thoroughly review historical records, billing statements, and payment receipts to accurately assess the outstanding dues. The committee will then determine the exact amount owed. Meanwhile, Aiwan-e-Iqbal Complex continues to issue bills for Security and Air Conditioning Charges, but no payments have been received.

The management has accepted the audit finding and constituted a committee that will determine the outstanding dues against Iqbal Academy Pakistan.

Audit recommends that strenuous efforts may be made to recover the outstanding dues from the Academy.

Iqbal Academy Pakistan, Lahore

17.5.11 Non-provision of funds to Iqbal Academy Pakistan by the Aiwan-e-Iqbal Management Committee

Para 6 of the Terms of Reference (ToRs) of the Management Committee to look after the affairs of Aiwan-e-Iqbal, Lahore, issued by the then Ministry of Minorities, Culture, Sports, Tourism and Youth Affairs vide letter dated 17.08.2002 stipulates that the Committee shall sponsor and provide funds for the projects submitted by the Iqbal Academy Pakistan and act as an enabling body for its activities and establishment.

The Aiwan-e-Iqbal Complex, a seven-storey building constructed in the year 1996, was intended as a self-sustaining endowment to financially support Iqbal Academy Pakistan, ensuring continuous promotion of Alama Muhammad Iqbal's literary, philosophical and ideological legacy. The income generated from the Complex, primarily through rental and commercial use of its premises would be utilized to expending the mission of disseminating the philosophy and teachings of Alama Muhammad Iqbal through research, publications, conferences and outreach programs both nationally and internationally.

Audit of the Iqbal Academy, Lahore for the Financial Year 2024-25 revealed that the Management Committee of Aiwan-e-Iqbal had not provided any

financial assistance to the Academy since 2012 for its operational or literary promotion activities.

Audit observed the following:

i. The core purpose of constructing the Aiwan-e-Iqbal Complex was to create a permanent financial base for Iqbal Academy to ensure uninterrupted literary and intellectual work on Iqbal's philosophy. However, non-transfer of funds to the Academy has defeated the founding objective of the project.
ii. Out of the seven storeys, six are rented out, generating significant annual revenue as the funds of Rs. 53.116 million was available on 30.06.2025.
iii. Instead of utilizing this income for the Academy's research and literary development, the Management Committee diverted funds towards routine maintenance, investments and administrative expenses, contrary to the approved ToRs.
iv. The Management Committee, constituted by the Federal Government, was mandated to act as an enabling body for Iqbal Academy Pakistan. Its failure to transfer funds represents non-compliance with its functional responsibilities and indicates weak oversight by the administrative Ministry.
v. Due to non-availability of funds, Iqbal Academy faced severe financial constraints, resulting in minimal progress on research, publication and dissemination of Allama Iqbal's works at both national and international levels.

Audit is of the view that non-allocation of funds to Iqbal Academy Pakistan, despite the availability of substantial income from the Aiwan-e-Iqbal Complex, constitutes a serious violation of the approved ToRs and defeats the fundamental purpose of constructing the Complex as a self-sustaining support institution for the Academy. This reflects inefficient financial management and failure to uphold the national mandate of promoting Allama Iqbal's ideology.

The matter was reported to the management on 28.10.2025. The department did not reply till finalization of the report.

Audit recommends an immediate allocation and transfer a fair share of income from the Complex to Iqbal Academy Pakistan, in accordance with the approved ToRs and a transparent mechanism for regular funding to ensure that the Academy can effectively perform its statutory and cultural functions in promoting the philosophy and literary heritage of Allama Muhammad Iqbal.

17.5.12 Non-framing of Rules for utilization of departmental receipt – Rs. 7.291 million

Section 21 (d) of the Iqbal Academy Lahore Ordinance,1962 stipulate that the funds of the academy shall comprise on proceeds from the sale of its publication and other sources

Section 18 (3) of the Iqbal Academy Ordinance, 1962 shall have the power to make rules not inconsistent with the provision of this Ordinance for carrying out the purpose of this Ordinance.

During audit of the Iqbal Academy Pakistan, Lahore for the financial year 2024-25, it was revealed that an amount of Rs. 7.291 million was available with the management on account of proceeds from the sale of books and other publications up to June 2025.

Audit observed that the management had not framed rules governing the utilization of these departmental receipts.

Audit is of the view that non-framing of utilization rules was in violation of Section 18(3) of the Iqbal Academy Ordinance, 1962

The irregularity was reported to the management on 28.10.2025. The department did not reply till finalization of the report.

Audit recommends that the management needs to formulate and notify Rules and procedures for the utilization of income generated from departmental sources.

CHAPTER 18

PAKISTAN AGRICULTURAL RESEARCH COUNCIL (PARC)

18.1 Introduction

Pakistan Agricultural Research Council (PARC) is the apex national organization working in close collaboration with other federal and provincial institutions in the country to provide science-based solutions to agriculture of Pakistan through its statutory functions.

The agricultural research system in Pakistan was evaluated by a joint Pakistan-American Research Review Team in 1968 and 1973. The recommendations included expanding the Agricultural Research Council (ARC), the successor of Food and Agriculture Committee (FAC), 1948 and Food and Agricultural Council of Pakistan (FACP), 1951, and granting a national coordinating role for basic research. For the purpose, it was decided to establish a national research center near Islamabad, designated as Pakistan Agricultural Research Centre, later changed to National Agricultural Research Centre (NARC).

Establishment of the NARC was initiated in 1975, but its foundation stone was formally laid in March, 1980. The Centre was finally inaugurated and chartered by the President of Islamic Republic of Pakistan in March, 1984. PARC-National Agricultural Research Centre (NARC), Islamabad established in 1984, is the premier research establishment of the Pakistan Agricultural Research Council (PARC) at the federal level. NARC, with a total land area of approximately 1,396 Acres, is located near Rawal Lake, six kilometers south-east of Islamabad. Physical facilities in term of experimental fields, laboratories, green houses, gene bank, national insect museum, national herbarium, library/documentation, auditorium, machinery, lab. equipment repairs workshops, stores, hostels, cafeteria, audio visual studios, are also available at the NARC.

The component divisions of crop, animal, natural resources and social sciences are playing a pivotal role in the national agricultural research system. Experimental farm area of about 1,400 Acres is being fully utilized to undertake research on more than 120 commodities. 98 laboratories are adequately equipped. Qualified manpower in every sub-sector of agriculture has been trained through local and foreign training programmes. NARC is supporting these activities by

providing several important facilities for all the scientists in the country. In particular, it maintains a national gene bank, computer-based data processing facility, a well-maintained national library of agricultural sciences and information center, training institute and a centralized facility for instrumentation and repair of the laboratory equipment. The Centre is also a focal point for international and national seminars and conferences on different aspects of agricultural research. In its pursuits for high quality research, the NARC has linkages with internationally renowned centers/institutions all over the world. The information center holds up to date data searching as well as online searching of international research journals facility, which are being used by the scientists and university students from all over the country. The Ploy-technique Institute organizes frequent training courses for agricultural scientists/extension workers/farmers and housewives in collaboration with national and international institutes/agencies to keep them abreast and impart them the latest knowledge on different aspects of agricultural production.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY-2024-25)
1	Formations	3	3	6,923.05	412.80
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

18.2 Comments on Budget and Accounts (Variance Analysis)

The final budget allocated to the Pakistan Agricultural Research Council for the financial year 2024-25 was Rs. 6,570.69 million, out of which the Council expended an amount of Rs. 6,569.98 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant Number	Type of Grant	Original Grant	Suppl Grant	Final Grant	Actual Expenditure	Excess/ (Saving)
77	Current	6,410.22	160.47	6,570.69	6,569.98	(0.71)

Audit noted that there was an overall savings of (Rs. 0.71 million).

18.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 892.55 million were raised in this report during the current audit of the **Pakistan Agricultural Research Council**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	HR/Employees related irregularities	3.52
2	Procurement related irregularities	184.84
3	Management of account with commercial banks	524.81
4	Recovery	40.08
5	Internal Control	139.31

18.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	1	0	0	1	-
2013-14	2	0	0	2	-
2014-15	3	3	1	2	33
2016-17	10	0	0	10	-
2017-18	9	9	9	0	100
2018-19	2	1	0	2	-
2019-20	18	11	0	18	-
2020-21	6	0	0	6	-
2021-22	12	0	0	12	-
2023-24	3	0	0	3	-
2024-25	1	0	0	1	-
Total	**67**	**24**	**10**	**57**	-

18.5 AUDIT PARAS

National Agricultural Research Centre, Islamabad

18.5.1 Standard Pay Package 2022 and overpayment of the Pay and Allowances – Rs. 24.798 million

Serial VIII of the Finance Division's OM dated 18.04.2022 states that the adoption of the Standard Pay Package 2022 shall require the revision/approval of the PC-I form from the competent forum.

The management of the National Agricultural Research Centre (NARC), Islamabad executed the eight (08) PSDPs and appointed human resources and made payments of the Pay and Allowances.

Audit observed that an amount of Rs. 24,797,939 was overpaid on account of pay and allowances of the human resource cost, as approved in the PC-I for the Project Implementation Unit of these projects.

Audit is of the view that the adoption of the Standard Pay Package 2022 without obtaining revision and approval of the PC-I from the competent forum was irregular and unauthorized.

The department did not reply till the issuance of the report.

Audit recommends that the management should ensure that the adoption of revised pay packages is preceded by formal revision and approval of the PC-I from the competent forum. Overpayments should be recovered, and strict internal controls must be implemented to prevent unauthorized disbursements in the future.

18.5.2 Irregular expenditure on hiring of Daily Paid Labour– Rs. 67.919 million

Section 6(1) of the Pakistan Agriculture Research Council Ordinance, 1981 states that the overall control, direction, and superintendence of the affairs of the Council shall vest in a Board of Governors consisting of the following members:

The President.

The Chairman,

Not more than five whole-time members, and

Such other members as the Federal Government may appoint on the recommendations of the Chairman from time to time.

S. No. 94 of the Estacode states that the Prime Minister has directed that advertisements for recruitment to Federal Government posts should be published in the Regional/Provincial newspapers, in addition to the national press.

The management of the National Agricultural Research Centre (NARC), Islamabad appointed Daily Paid Labour (DPL) and incurred an expenditure of Rs. 67,919,349 during the financial year 2024-25. Details are as under:

(Rs.)

Description	Amount
NARC (Main)	16,783,106
Commercialization of Potato Tissue Culture Technology in Pakistan	3,595,584
Promoting Research For productivity Enhancement In pulses	2,199,569
Sino-Pak Agriculture Breeding Innovations Project for Rapid Yield Enhancement	10,134,769
National Program for Enhancing Command Area in Barani Areas of Pakistan	1,867,041
Productivity Enhancement of Rice	13,318,448
Productivity Enhancement Of Wheat	16,014,577
Productivity Enhancement of Sugarcane	4,006,255
Total	**67,919,349**

Audit observed that policy regarding the hiring of DPL was not approved by the Board. The appointments were made by the Director General, NARC, in the absence of approved posts and policy.

Audit was of the view that the appointment of Daily Paid Labour (DPL) without the creation of sanctioned posts and without an approved hiring policy by the Board constitutes a violation of established governance and administrative controls. Such appointments made solely at the discretion of the Director General, NARC, are irregular, lack transparency, and expose the organization to the risk of unauthorized expenditure and favoritism.

The department did not reply till the issuance of the report.

Audit recommends that the management ensure that all appointments of Daily Paid Labour are made only against sanctioned posts and in accordance with

a Board-approved hiring policy. Matters may be inquired to fix responsibility, and internal controls strengthened to prevent recurrence, ensuring transparency and compliance with governance requirements.

18.5.3 Unauthorized deduction on account of welfare fund in the absence of approved rules - Rs. 3.523 million

Section 26(2)(viii) of the Pakistan Agriculture Research Council Ordinance, 1981 states that the regulations may provide for the constitution of benevolent funds, group insurance, gratuity, provident fund, and welfare fund for the Council employees.

The management of the National Agricultural Research Centre (NARC), Islamabad deducted an amount of Rs. 3,025,546 on account of Welfare Fund, and Rs. 473,087 on account of Employees Fund, from the salaries of the employees of the Centre during the Financial Year 2024-25. Furthermore, the payroll reflects the deduction of the Welfare Fund Advance from employees.

Audit observed that the Centre under PARC has not framed Welfare Funds' regulations as required in light of Section 26(1) of the Pakistan Agriculture Research Council Ordinance, 1981.

Audit is of the view that deduction of Welfare Funds from the employees in the absence of regulations was irregular and unauthorized.

The department did not reply till the issuance of the report.

Audit recommends deduction of Welfare Fund contributions in the absence of approved regulations is irregular, unauthorized, and reflects weak compliance with statutory requirements.

18.5.4 Loss to the Government on consumption of gas by the private persons and non-deposit of recovered amount into the government treasury, Rs. 7.967 million

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

Rule 16 of the 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 the National Agricultural Research Centre (NARC), Islamabad incurred an expenditure of Rs. 38.187 million on payment of Gas charges during the financial year 2024-25 as per the following details:

(Rs.)

No.	Month	Consumer # 28290330001		Consumer # 37290330002		Total HM³	Total Payments
		HM3	Payment	HM3	Payment		
1	June-2024	00	354,680	56.885	1,436,010	56.885	1,790,690
2	July_2024	00	107,180	51.677	656,590	51.677	763,770
3	Aug_2024	1357.497	109,330	56.186	713,200	1413.683	822,530
4	Sep_2024	68.474	0	56.356	0	124.83	0
5	Oct_2024	57.556	1,718,410	57.993	1,532,510	115.549	3,250,920
6	Nov_2024	56.755	703,190	73.220	907,170	129.975	1,610,360
7	Dec_2024	275.240	3,406,610	121.224	1,500,400	396.464	4,907,010
8	Jan_2025	328.115	4,124,800	127.843	1,757,210	455.958	5,882,010
9	Feb_2025	249.434	4,529,380	86.366	1,211,870	335.8	5,741,250
10	Mar_2025	256.857	3,973,840	88.955	1,121,570	345.812	5,095,410
11	Apr_2025	222.433	3,539,830	59.504	750,250	281.937	4,290,080
12	May_2025	202.294	3,293,270	58.499	739,707	260.793	4,032,977
Total						**3,969.363**	**38,187,007**

Audit observed as under:

i. Monthly gas bills amounting to Rs. 38.187 million were paid by the NARC from the regular budget provided by the Government.
ii. Two bulk gas supply meters were installed at the NARC premises. The gas consumers other than the NARC offices were supplied with gas, and they were charged gas bills on the basis of consumption noted through sub-meters installed.

Audit further observed that the average rate of HM3 paid by the NARC is Rs. 9,621.31/HM3 (38,187,007/3969.363), but the rate charged to individual (as a sample case) is Rs. 5,191.83/HM3 ((1,501+1,000+450)/0.5682). Hence, there is a

likelihood of an indirect subsidy being provided on gas consumption for private use.

Moreover, the management recovered an amount of just Rs. 7.967 million from the private users, which is approximately 20% of the overall expenditure, but did not deposit it into the government treasury. Moreover, a detailed record of gas usage by private persons was not shared with the audit.

Audit is of the view that the charging of residential and private consumers at rates lower than the actual cost, and non-deposit of recovered amounts into the Government treasury constitute serious financial irregularities and loss to the exchequer.

The department did not reply till the issuance of the report.

Audit recommends that the management should stop incurring loss on gas costs to residential and private consumers. Full bill should be apportioned between various users on basis of actual usage and average rate paid by the department. The amount of Rs. 7.967 million should also be immediately deposited into the Government treasury.

18.5.5 Irregular payment of the rental ceiling - Rs. 184.838 million

The Prime Minister of Pakistan had approved Special Pay Scales (SPS) for the employees of PARC w.e.f. 01.07.2007.

Para 4 of the Finance Division's OM No. F-4 (3)-R-4/2011-Revision dated 09.09.2024 states that Rule 12 (1) (h) of the Rules of Business, 1973, provides that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders which will 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 the NARC incurred an expenditure of Rs. 184,838,234 during the Financial Year 2024-25 by adopting the revised rental ceiling increased and fixed by the BoG of PARC from time to time.

Audit observed that:

i. The approval of the Finance Division for the revision of the House Hiring Ceiling has not been obtained, as it is part of the Special Pay Scales approved by the Finance Division with the approval of the Prime Minister.
ii. In some cases, the rental ceiling for Rawalpindi has been paid based on the rental ceiling authorized for Islamabad.

Audit is of the view that Payment of rent for residential buildings without obtaining prior approval of the Finance Division constitutes a violation of the applicable house hiring rules and approved Special Pay Scales. The application of Islamabad rental ceilings to Rawalpindi is irregular and reflects weak financial controls and non-compliance with government instructions, resulting in unauthorized expenditure.

The department did not reply till the issuance of the report.

Audit recommends that the management ensure that house requisition payments be made after approval from the Finance Division. Overpayments on account of difference in ceilings for Islamabad and Rawalpindi should also be recovered after a complete review of all the payments.

18.5.6 Non-transparent auction of production of crops -Rs. 17.372 million and non-deduction of Income Tax on sale proceeds– Rs. 1.737 million

Rule 167 of the GFR, Vol-I, states that, subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable, may be disposed of by sale.

The management of the National Agricultural Research Centre (NARC), Islamabad collected receipts amounting to Rs. 17,371,718 during the Financial Year 2024-25.

Audit observed that:

i. No record of the receipts, including crops produced and disposed of, was shared with Audit.
ii. In absence of record, it appears that the auctions were made without open competitive bidding.

iii. The unit sale rate (milk, Hostel only) was fixed solely by the Director General, NARC, without reference to market rates or competitive mechanisms and approval of the Board.
iv. No stock entries have been made for agricultural yields (production Per Acre, per animal, per plant etc.)

Audit is of the view that failure to provide record of crops production and sale is a serious irregularity. Auctions without open competition also constitute serious non-compliances with tax and procurement regulations. Such practices indicate weak financial controls and result in loss of government revenue. Further, fixing the unit sale rate solely by the Director General, NARC, is unauthorized and irregular.

The department did not reply till the issuance of the report.

Audit recommends conducting auctions without competition, non-deduction of applicable tax, and unauthorized fixation of sale rates reflect weak financial controls, non-compliance with procurement and tax regulations, and result in potential loss of government revenue.

Pakistan Agricultural Research Council, Islamabad

18.5.7 Irregular retention of funds of the Projects, Productivity Enhancement of Rice, Wheat and Sugarcane by the Provincial Governments – Rs. 524.806 million

Regulation 6 of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021, states that a Principal Accounting Officer shall be accountable before the Parliament of Pakistan including all relevant Parliamentary Committees for the use of resources, regularity and propriety of the expenditure undertaken from the budget, special fund or public account as a Principal Accounting Officer.

Regulation 7(g) of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that for firming proposal, current or development budget to be allocated or kept in the budget of executing or utilizing agency. In case a project, program or service is financed by the Federal Government

but executed by the provincial governments, the budget shall be kept in the demand of most relevant Division, Department or Office.

An amount of Rs. 1,772.389 million were released to the provinces from 2019-20 to 2023-24, from the PSDP Projects titled "Productivity Enhancement of Rice, Wheat and Sugarcane" for utilization in respective Provinces for development of rice, wheat and sugarcane varieties for climate resilient, high yielding, short duration, insect pest and disease resistant, popularize agriculture machinery and mobilization of multidimensional research, etc. Details of releases and expenditure were as under:

A) Project "Productivity Enhancement of Rice" (Rs. in million)

S. No.	Financial Year	PSDP releases to Punjab	PSDP expenditure by Punjab	PSDP releases to Balochistan	PSDP expenditure by Balochistan
1.	2019-20	93.908	93.908	14.122	0
2.	2020-21	168.000	168.000	21.000	20.998
3.	2021-22	276.000	0	21.000	20.998
4.	2022-23	27.000	0	13.000	0
5.	2023-24	10.000	0	5.000	13.000
	Total	**574.908**	**261.908**	**74.122**	**54.996**

B) Project "Productivity Enhancement of Wheat" (Rs. in million)

Province	Year	PSDP releases	PSDP expenditure	PSDP unspent balance
Punjab	2019-20 to 2023-24	1,083.561	970.800	112.761
KPK	2019-20 to 2023-24	206.200	202.200	4.000
PMU	2019-20 to 2023-24	530.482	523.243	7.239
	Total	**1,820.243**	**1,696.243**	**124.000**

C) Project "Productivity Enhancement of Sugarcane" (Rs. in million)

No.	Year	PSDP releases to Punjab	PSDP expenditure by Punjab	PSDP releases to Balochistan	PSDP expenditure by the Balochistan	PSDP releases to KPK	PSDP expenditure by the KPK
1.	2019-20	32.860	0.000	2.000	0.000	14.000	0.000
2.	2020-21	36.530	36.530	0.000	0.000	7.950	18.820
3.	2021-22	18.900	13.500	0.000	0.000	2.980	6.090
4.	2022-23	25.630	0.000	0.000	0.000	3.570	3.570
5.	2023-24	0.000	0.000	0.000	0.000	2.780	0.000
	Total	**113.920**	**50.030**	**2.000**	**0.000**	**31.280**	**28.480**

Audit observed as under:

i. An amount of Rs. 313.000 million with the Provincial Government of Punjab and Rs. 19.126 million with the Provincial Government of Baluchistan were lying unspent from the Project "Productivity enhancement of Rice" were not utilized for the purpose for which it was released.
ii. An amount of Rs. 112.761 million was lying with the Provincial Government of Punjab, Rs. 4.000 million with the Province of KPK and Rs. 19.126 million with the Federal PMU from the Project "Productivity enhancement of Wheat" which was not utilized for the purpose for which it was released.
iii. an amount of Rs. 63.890 million was lying with the Provincial Government of Punjab, Rs. 2.000 million with the Province of Balochistan and Rs. 2.790 million with the KPK which from the Project "Productivity enhancement of Sugarcane" was not utilized for the purpose for which it was released.

Audit is of the view that the non-utilization of Project's funds and non-surrendering of the same to the Federal Government was irregular.

The management did not reply till finalization of the report.

Audit recommends that the unutilized amount be immediately reimbursed to the Federal Government.

18.5.8 Non-framing of accounting procedures

Section 19 (3) of the Pakistan Agricultural Research Council Ordinance (PARC), 1981, states that the accounts of the Council shall be maintained in such form and manner, as the Federal Government may determine in consultation with the Auditor-General of Pakistan.

The management of the PARC was required to frame accounting procedures, as mandated by the PARC, Ordinance, 1981.

Audit observed that despite a lapse of four decades, the management did not frame accounting procedures for the maintenance of its accounts duly approved by the Federal Government.

Audit is of the view that non-framing of accounting procedures is a serious lapse on the part of the management.

The management did not reply till finalization of the report.

Audit recommends that accounting procedures be framed at the earliest under intimation to Audit.

18.5.9 Non-conducting of external audit by the Chartered Accountants, since 2008

Section 19 (3) of the Pakistan Agricultural Research Council Ordinance (PARC), 1981, states that the accounts of the Council shall be audited by one or more auditors, who are Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961, and are appointed by the Federal Government in consultation with the Auditor-General of Pakistan on such remuneration, to be paid by the Council, as the Federal Government may fix.

The management of the PARC is required to get its account audited by the Chartered Accountants.

Audit observed that the financial statements were last audited by the Chartered Accountants for the Financial Year 2007-08 and since then, the financial statements of the PARC had not been audited.

Audit is of the view that non-conducting of audit of the financial statements is a violation of the Ordinance and the authenticity of the financial statements, assets and liabilities cannot be ascertained.

The management did not reply till finalization of the report.

Audit recommends that the financial statements be audited under intimation to Audit.

18.5.10 Non-vetting / approval of the Welfare Fund and Welfare Medical Fund – Rs. 54.016 million

Section 26 (vii) of the Pakistan Agricultural Research Council Ordinance (PARC), 1981 states that the Council may, with the previous sanction of the Federal Government, by notification in the official gazette, make regulations for the constitution of the benevolent fund, group insurance, gratuity, provident fund and welfare fund for the Council employees.

The management of the PARC is maintaining the Welfare Fund and Medical Welfare Fund. The following amount of Rs. 54.016 million was available at the credit of the funds, as on 30.06.2024 are as under:

(**Rs. in million**)

No.	**Nature of fund**	**Balance as on 30.06.2024**
1.	Welfare Fund	27.762
2.	Welfare Medical Fund	26.254
Total		**54.016**

Audit observed that the management was maintaining Welfare Fund and Welfare Medical Fund without framing of regulations.

Audit is of the view that the maintenance of welfare funds in the absence of regulations, was irregular.

The management did not reply till finalization of the report.

Audit recommends that regulations be framed beside obtaining ex-post facto approval for irregular maintenance of the Welfare Funds under intimation to Audit.

Southern Agriculture Zone Research Centre, Karachi

18.5.11 Non-deposit of auction money of various items in the Government treasury - Rs. 7.311 million

Rule 7 of FTR, Vol-I states that all moneys received on behalf of the Government on account of revenues shall without delay be paid in full in the

Government treasury and Government receipts should not be utilized towards expenditure.

The management of the Southern Zone Agricultural Research Centre (SARC), Karachi conducted auction of various items during the Financial Years 2017-18 to 2023-24, as mentioned below:

(Rs.)

No.	Name of item sold	Amount
1.	Sale of tender documents	159,500
2.	Auction of off-road vehicles	7,151,698
Total		**7,311,198**

Audit observed that the management retained the receipts in income account instead of depositing in the Government treasury.

Audit is of the view that non-deposit of sale proceeds of the tender documents and auction proceeds in the Government treasury is a violation of Rules.

The management did not reply till finalization of the report.

Audit recommends that the aforementioned proceeds be deposited in the Government treasury under intimation to Audit.

Balochistan Agricultural Research and Development Centre, Quetta

18.5.12 Illegal occupation of the Federal Government houses by the Provincial Government officers / officials

Para 16 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 the 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 Balochistan Agricultural Research and Development Centre (BARDC), Quetta, provided a list of Government houses located at Quetta which included twenty-seven (27) houses for the BARDC employees and five (05) houses for the Social Science Research Institute (SSRI) employees.

Audit observed that out of five (05) houses of the SSRI, two houses (C 1 and C 4) are being illegally occupied by the Provincial Government's officials since long.

Audit is of the view that non-vacation of houses by the management is a negligence on the part of the management.

The management did not reply till finalization of the report.

Audit recommends that the houses be got vacated and allotted to the employees of the BARDC besides recovery of house rent ceiling or standard rent whichever is more.

CHAPTER 19

PAKISTAN ATOMIC ENERGY COMMISSION (PAEC)

19.1 Introduction

The history of Pakistan Atomic Energy Commission (PAEC) goes back to 1956, when the Atomic Energy Research Council was established. In 1964, 1965 and 1973, reorganization took place, and the Atomic Energy Commission was incorporated as a statutory body under an Act, with considerable autonomy. In 1972, the Commission was transferred from the Science and Technology Research Division to the President's Secretariat.

PAEC is now the largest science and technology organization of the country, both in terms of scientific/technical manpower and the scope of its activities. Starting with a nuclear power reactor at Karachi (KANUPP) and an experimental research reactor at Nilore, Islamabad, the emphasis in the early years remained focused on the peaceful uses of nuclear energy. Consequently, research centers in agriculture, medicine, biotechnology and other scientific disciplines were set up all over the country. As the emphasis shifted towards concerns for national security, important projects were also initiated in this area.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/Receipt Audited (FY 2024-25)
1	Formations	17	17	74,710.46	100,485.88
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

19.1 Comments on Budget and Accounts (Variance Analysis)

The final budget allocated to the Pakistan Atomic Energy Commission for the financial year 2024-25 was Rs. 44,175.050 million, out of which the

Commission expended an amount of Rs. 44,175.050 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant Number	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)
7	Current	19,266.440	-	-	19,266.440	19,266.440	.00
124	Development	25,000.000	-	-	25,000.000	25,000.000	.00
	Total	**44,266.44**	**-**	**-**	**44,266.44**	**44,266.44**	**.00**

Audit noted that the Commission utilized all the allocated budget.

19.2 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 4,218.18 million, were raised in this report during the current audit of the **Pakistan Atomic Energy Commission (PAEC)**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	257.25
3	Recovery	1,133.25
4	Internal Control	2,820.38
5	Others	7.29

19.3 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	11	0	0	11	-
2012-13	7	7	5	2	71
2013-14	3	3	3	0	100
2016-17	6	1	0	6	-
2017-18	3	3	3	0	100
2019-20	2	2	0	2	-
2021-22	9	7	3	6	40
2022-23	14	5	5	9	100
2023-24	10	10	8	2	80
2024-25	8	0	0	8	-
Total	**73**	**38**	**27**	**46**	-

19.4 AUDIT PARAS

Nuclear Institute of Agriculture, Tandojam

19.4.1 Irregular expenditure on construction of married residential accommodation – Rs. 26.128 million

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

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 Nuclear of Institute of Agriculture Tandojam incurred an expenditure of Rs. 26.128 million on construction of married residential accommodation during the year 2020-21 on limited tender basis and awarded the contract to the following firms:

(Rs.)

No.	Nature of work	M/s.	Contract Amount
1.	Repair maintenance work of D-Type Houses (08 Nos.)	Pass Construction Co.	2,711,716
2.	Repair of E Type Houses (09 Nos)	Fareed Ahmed & Co	4,630,365
3.	Repair of C Type Banglows (C1)	Nazimuddin & Sons	888,000
4.	Repair of C Type Banglow (C3)	Mushtaq Hussain`	4,200,416
5.	Repair of C Type Banglow (C8)	--do--	3,719,626
6.	Repair of C Type Banglow (C6)	--do--	4,675,018
7.	Purchase material through advances	Employees	6,694,118
		Less rebate/discount	(1,390,604)
		Total	**26,128,655**

Audit observed that the management of Nuclear Institute of Agriculture, Tandojam awarded contact to the above firms for repair/construction of married residential accommodation without calling of open tenders through PPRA Website

/ press and obtaining competitive rates. Audit further observed that an amount of Rs. 6.694 million was also given to employees as advance for purchase of material.

Audit is of the view that by doing so, the government was deprived of the benefit of competitive rates, therefore, the entire expenditure is treated as irregular.

The management has not submitted replies within the given time frame and till finalization of the report.

Audit recommends that expenditure may be got regularized from the Finance Division, besides fixing of responsibility on the person(s) responsible and avoiding of temporary advances in future.

Chashma Nuclear Power Generating Station

19.4.2 Un-authorized utilization of Waste Disposal Fund – Rs. 2,814.290 million

According to IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized for present obligations arising from past events, and such obligations must be measured, recorded, and utilized strictly for their intended purpose. A Waste Disposal Fund is created under international nuclear safety practices and domestic regulatory requirements to ensure availability of sufficient financial resources for the safe disposal of nuclear waste upon completion of the design life of nuclear power plants.

Rule 65 of GFR Vol-I, prohibits withdrawal of funds without adequate authority and supporting documentation.

The management of the CNPGS, Kundian, Mianwali was maintaining a Waste Disposal Fund. The detail is as under:

CNPPs	Opening balance	Credit	Debit	Closing Balance
C-1	687,098,434	1,508,272,598	1,949,321,090	246,049,942
C-2	1198,665,025	552,017,501	588,290,403	262,392,123
C-3	25,434,474	204,387,512	188,339,233	41,482,753
C-4	25,434,474	204,387,512	188,339,233	41,482,753
Total	**1,936,632,407**	**2,469,065,123**	**2,914,289,959**	**591,407,571**

It was observed that Rs. 2,469.065 million were credited to the fund, while Rs. 2,914.289 million were withdrawn. However, no record, justification, or utilization details were provided to audit regarding these withdrawals.

The absence of proper record raises serious concerns, as Waste Disposal Funds are earmarked for long-term nuclear safety obligations and cannot be diverted or utilized without strict regulatory approval. This lapse violates the above rules.

Audit is of the view that the withdrawal without record not only reflects weak internal controls but also undermines the nuclear safety framework for which the fund was originally established.

The management stated that nuclear power plants generate radioactive waste during operation and that the Waste Disposal Fund is meant for the management and safe disposal of such waste. Out of the amount pointed out by audit, Rs. 1,223.36 million has been utilized for waste management activities and purchase/development of land for a waste disposal facility, while Rs. 1,690.93 million has been re-invested in Pakistan Investment Bonds (PIBs).

The reply is not cogent, as no documentary evidence such as cashbooks, vouchers, investment records, or bank statements was provided to audit despite repeated requests. In the absence of such records, the claim of fund utilization or reinvestment could not be verified.

Audit recommends that the management should immediately produce detailed records and supporting documentation justifying the withdrawals. Further, the Waste Disposal Fund should be maintained as a separately ring-fenced account under strict internal and external audit supervision.

19.4.3 Irregular expenditure through spot purchase - Rs. 61.611 million

Rule-12 of PPRA rules 2004 states that, procurements over five 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.

Instruction 15(a)(1) of the NCA Standard Operating Instructions Procurement, 2022 states that for the purchase from abroad/local market and where stores required are of critical / sensitive and classified nature or urgently required, spot purchase through a purchase committee may be resorted to. The committee shall draw necessary funds for purchase in advance as per applicable DoP.

Sr.No.21(d), Annex-III of PAEC Delegation of Financial Powers-2010 regarding spot purchases states that, when the items are of a sensitive nature or urgently required, purchase through a purchase committee may be resorted to with financial concurrence. Necessary funds for this purpose will be drawn by the committee in advance.

The management of the Chashma Nuclear Power Generating Station, Kundian, Mianwali, incurred an expenditure of Rs. 61.611 million during financial year 2024-25 on the procurement of various store items and accessories such as split air conditioners, paints, thinners, water coolers, batteries, stationery, and furniture/fixtures through spot purchase.

Audit observed that these items were neither technical nor sensitive in nature, and in most cases, a period of three to four months was taken for completion of such procurements, which negates the plea of urgency. These purchases, therefore, should have been processed through the normal competitive bidding process under PPRA Rules. In various cases minimum three to four months period was taken for such purchases which indicates that the same were not required immediately and could have been procured through competitive process.

Audit is of the view that the resort to spot purchases for routine requirements in violation of PAEC delegation of Financial Powers, 2010, and PPRA Rules, 2004 was irregular, which deprived the organization of the benefits of transparency, competition, and value for money.

Management in its reply stated that the items referred in the audit observation have been procured to meet urgent requirements of CNPGS which were otherwise not possible through tendering and could have affected the performance of CNPGS.

The reply was unacceptable as items procured were not of urgent nature.

Audit recommends that the management may ensure that spot purchases are made strictly in accordance with the criteria laid down in the PAEC Delegation of Financial Powers, 2010, and PPRA Rules, 2004, only in cases of genuine urgency or sensitive nature duly justified on record.

19.4.4 Non-adjustment of temporary advances - Rs. 42.720 million

According to Accounting Rules & Procedure 2003 of PAEC, the advances paid for spot purchases will be regularly examined and proper accounts obtained, in case the official fails to render the accounts within the fortnight from the date of receipts of advance, written reminder should be issued to the official concerned with a copy to the Department Head. If the official still fails to render the account or does not explain its non-submission, the advance may be recovered in full from his salary.

As per Accounting Rules and Procedures, 2003 of PAEC, advances paid for spot purchases are required to be regularly examined and settled. If an official fails to render accounts within a fortnight from the date of receipt of advance, a written reminder must be issued with a copy to the Department Head. In case of continued failure, the full advance is to be recovered from the salary of the concerned official.

The management of Chashma Nuclear Power Generating Station (CNPGS), Kundian, Mianwali, incurred an expenditure of Rs. 42.720 million during 2024-25 on account of temporary advances paid to various employees for procurement of different store items.

Audit observed as under:

i. A large number of advances were paid to the employees of different sections for purchase of different items.
ii. Advance payments to suppliers were not covered within any rule.
iii. Adjustments were not made even after a lapse of considerable period in violation of PAEC Accounting Rules & Procedures 2003.

Audit is of the view that non-adjustment of temporary advances was in contradiction to Accounting Rules & Procedure 2003 of PAEC, which was irregular.

Management in its reply stated that the CNPGS comprises on 07 establishments having independent budget as well as accounting units. 04 out of these establishments are based on Power Plants. These plants are producing electricity round the year. The official posted at these establishments are to move round the year for purchasing of necessary spares, training, official meetings etc. These officials taken advances and get them adjusted within due time. However, sometimes due to tours beyond 15 days or some other officials' engagements of claimant the advances are not adjusted within due time. Further, stated that only Rs. 9,264,693 are outstanding.

Reply was not cogent as details of recovered amount were not shared with audit. Moreover, no evidence was provided to substantiate that the outstanding balance had been reconciled or recovered in full.

Audit recommends that the management should ensure immediate adjustment or recovery of all outstanding temporary advances and periodic review mechanism be established to monitor adjustment of advances within prescribed time limits. Internal financial controls and record management procedures be strengthened to prevent recurrence of such irregularities.

19.4.5 Irregular expenditure on repair and maintenance of official /residential buildings - Rs. 37.931 million

Sr. No. 28(a) of the Delegation of Powers (NCA/PAEC) empowers the DG (WASO) to accord Administrative Approval of a specific amount (Upto Rs. 25 million) for civil works subject to its Technical Sanction of the Competent Engineering Authority and Financial Concurrence.

Sr. No. 28(s) of the Delegation of Powers (NCA/PAEC) empowers the DGs/Head of Establishments to sanction expenditures (Up to Rs. 2.500 million w.e.f. 11.08.2014 and Up to Rs. 5.000 million w.e.f. 01.01.2021) for petty works, addition/alterations and repairs to buildings / structures / roads / supply lines, etc. subject to overall budgetary provisions for this purpose with financial concurrence.

Instruction 15(a)(1) of the NCA Standard Operating Instructions Procurement, 2022 states that for the purchase from abroad/local market and where stores required are of critical / sensitive and classified nature or urgently required,

spot purchase through a purchase committee may be resorted to. The committee shall draw necessary funds for purchase in advance as per applicable DoP.

The management of CNPGS, Kundian, Mianwali incurred an expenditure of Rs. 37,931,466 on repair of buildings/civil works during the financial year 2024-25.

Audit observed that:

i. The expenditure on repair of buildings/civil works was incurred without making/ framing departmental regulations as required under Para 192 of GFR, Vol-I.

ii. The management did not hold technical expertise for preparation of estimates, watching and endorsing the works, preparation of necessary books & records.

iii. Technical Sanctions and Administrative Approvals of the competent authority were not obtained.

iv. The major portion of the expenditure was incurred on Spot Purchase basis by drawing advances in the name of employees without assigning sensitivity or urgency.

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

The management referred to SUMP-II guidelines approved by Chairman PAEC, stated Civil/Electrical/Planning sections participated in estimate preparation, materials were procured through RAC, technical sanction was obtained for tendered cases, and temporary advances were used for petty items only.

Reply is not cogent. Management did not produce departmental regulations, complete estimates, evidence of Technical Sanction/Administrative Approval for the expenditures complained of, measure books, completion certificates, or vouchers supporting spot purchases and advances. Use of advances and spot-purchases as the principal procurement method without documented urgency contravenes Instruction 15(a)(1) and DoP/financial control requirements.

Audit recommends that the management should (a) immediately frame departmental regulations and prescribed forms/procedures as required by Para 192 GFR; (b) ensure detailed estimates prepared and endorsed by competent technical staff and obtain Technical Sanction and Administrative Approval before execution; (c) maintain full books and documentary records (estimates, measurement books, vouchers, completion certificates); (d) discontinue spot purchases/employee advances as a routine procurement method use them only with documented urgency and competent approval; (e) follow tendering/DoP limits for major works and obtain financial concurrence; and (f) investigate the irregular payments, recover unauthorized amounts and fix responsibility.

19.4.6 Non adjustment of advances paid against undelivered items – Rs. 936.305 million

Sr. No. 23(d) of the Delegation of Powers of PAEC empowers the Secretary/DGs/GM upto Rs. 2.500 million, Directors / Head of Establishment/ Projects upto Rs. 1.000 million and full power to Chairman and Members for the advances and payments against delivery to suppliers with financial concurrence subject to the conditions that the advances shall not to be made to parties other than Government owned industries without production of unconditional irrecoverable bank guarantee. In exceptional cases advances may be secured against Insurance Bond / Guarantee from pre-qualified Insurance Companies and with the prior approval Chairman / Member for their respective setup.

The management of CNPG, Kundian, Mianwali is maintaining Objection Books of all plants /units in which payments against undelivered items are be recorded.

It was observed that although the management maintains Objection Books to record payments made against undelivered items, advances amounting to Rs. 936.305 million remained unadjusted. The details are as under:

(Rupees)

No.	Section / Unit	Local payment
1	C-1	166,486,116
2	C-2	48,789,638
3	C-3	514,533,681
4	C-4	70,715,028
5	CNPGS	62,777,968

6	DTS	46,815,850
7	CHASCENT	26,187,304
Total		**936,305,585**

Audit is of the view that the non-adjustment of advances constitutes a violation of the laid-down financial rules and reflects non-compliance of purchase orders. This indicates weak financial management and negligence on the part of the management.

The management in its reply stated that advances included payments to sister concerns under the indigenization program and to suppliers against store deliveries. It was explained that the adjustment process is ongoing and pending completion of documentation (e.g., gate passes, inspection reports, and store receipt vouchers). Many items under indigenization are being developed locally through PAEC or NCA industries, and such advances are recorded in the OB Register until completion. It was further claimed that most cases have since been adjusted with ongoing efforts.

The reply is not cogent. No supporting evidence (such as valid bank guarantees, insurance bonds, delivery acknowledgments, or completion certificates) was produced to substantiate the claim of adjustments or secure the unadjusted advances. Moreover, a substantial balance of Rs. 557.296 million remains outstanding, as stated by the management while actual balance after adjustment should Rs. 907.369 million (according to record provided to Audit outstanding amount was Rs. 936.305 million while management in reply stated it as Rs. 586.231 million) reflecting weak financial controls, poor contract management, and non-compliance with the Delegation of Powers and financial discipline requirements.

Audit recommends that the management should immediately reconcile and adjust all pending advances through submission of supporting documents, delivery records, or recoveries from suppliers. Future advances must be issued only after obtaining bank/insurance guarantees as per rules and with prior approval of the competent authority. Unsecured or long-pending advances should be recovered without delay, and responsibility for non-compliance may be fixed.

Atomic Energy Mineral Center, Lahore

19.4.7 Irregular/unauthorized sanction of temporary advances – Rs. 7.297 million

As per Delegation of Financial Powers vide PAEC (Headquarters) Officer Order No. 1702/2025 dated 28.08.2025 and instructions issued by the Pakistan Atomic Energy Commission, Islamabad from time to time: -

> Advances may be sanctioned only for emergent and contingent expenditure subject to observance of prescribed procedure with financial concurrence. A second advance shall not be given to the same employee normally, but if pressing conditions necessitate, reasons are to be recorded. Director General has been empowered to accord the sanction of the temporary advance up to Rs. 0.400 million.

The management of the Atomic Energy Minerals Centre, Lahore paid temporary advance amounting to Rs. 7.297 million to its employees for procurement of various goods and services during the financial year 2024-25.

Audit observed that as per PAEC (Headquarters) instructions temporary advance may only be granted with solid justifications in the cases of extreme urgencies and requirement of sensitive nature items. But temporary advance was frequently sanctioned and paid to different employees for the purchase of vehicles tyres, batteries, building material, repair of machinery other miscellaneous items etc. instead of sensitive nature items which was against the government rules and PAEC (Headquarters)'s instructions. Due consideration was not given for the timely adjustment of temporary advances by the management. Resultantly huge government money was blocked/retained which was against the financial rules.

Audit is of the view that action of the management was irregular, unauthorized and against the financial discipline.

Audit recommends that irregularity may be got regularized from the competent authority.

Works and Services Organization, PAEC

19.4.8 Irregular payment from previous PC-I - Rs. 6.092 million

The Works and Services Organization (WASO) awarded a contract amounting to Rs. 44,152,645 to M/s National Construction Limited (NCL), Islamabad for essential civil works, including earth filling and repainting, at GINOR, Gilgit.

Audit observed that an amount of Rs. 6,092,717 was paid to M/s NCL from the available balance of the previous PC-I of the project, which had already been closed and not executed under the current approved scope.

Audit is of the view that, instead of surrendering the unspent balance of the previous PC-I funds for GINOR, their utilization for other works was irregular and unauthorized.

The management replied that the approval to utilize the remaining balance of the old PC-I was duly granted by the competent authority, i.e., Chairman, PAEC, in his capacity as Principal Accounting Officer.

The reply was not accepted because the utilization of funds from closed projects is not permissible under the applicable rules.

DAC in its meeting held on 11.12.2025 directed that the matter to utilize the unspent amount of previous PC-I may be regularized and verified to audit.

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

19.4.9 Irregular extension and payment of escalation to contractor - Rs. 56.799 million

As per Clause (iii) of the work order, "the escalation/de-escalation in price shall be allowed during the currency of the contract as per tender documents."

The Works and Services Organization (WASO) awarded a contract worth Rs. 344,127,512 to M/s National Construction Limited (NCL), Islamabad for the construction of miscellaneous buildings and a residential colony at GINOR, Gilgit on 11.04.2019, with a stipulated completion period of 20 months.

Audit observed that:

i. On 19.05.2021, M/s NCL requested an extension of the completion period up to 31.10.2022 due to extreme weather conditions and the COVID-19 pandemic.
ii. The Director General, WASO, approved the extension up to 31.10.2022 (1 year, 8 months, and 24 days) with the explicit condition that no additional financial claims would be raised during the extended period.
iii. Subsequently, M/s NCL again requested an extension up to 30.06.2023, citing harsh weather and unprecedented price hikes in construction inputs, along with the release of 30% retained escalation on work done and 100% escalation for the balance work.

The management of WASO paid escalation to M/s NCL amounting to Rs. 56,799,265.

Audit is of the view that granting time extension with a "no financial claims" condition and later approving and paying escalation amounting to Rs. 56.799 million was irregular and contradictory to the agreed terms.

The management replied that the completion period was extended up to 30.06.2023 with unfreezing of escalation rates, and the proposal was scrutinized by the concerned authorities as a special case and duly approved by the competent authority, i.e., Chairman, PAEC.

The reply was not accepted because the contractor had already provided written consent not to demand any price escalation during the extended period.

DAC in its meeting held on 11.12.2025 directed that revised reply may be submitted by elaborating clause 59 of GCC for consideration.

Audit recommends fixing responsibility for violating contractual terms and recovering the irregular escalation payment of Rs. 56.799 million from the contractor or responsible officials, besides ensuring strict adherence to extension conditions in future contracts.

19.4.10 Irregular payment of escalation on steel - Rs. 97.426 million

The Works and Services Organization (WASO) awarded a contract to M/s Paragon Construction (Pvt.) Ltd. for the construction of the PARR-3 project at Nilore, Islamabad on 15.07.2020 at a cost of Rs. 1,299.307 million, with a stipulated completion period of 25 months.

The management of WASO supplied Grade-60 steel reinforcement bars from KPC Complex to M/s Paragon Construction (Pvt.) Ltd. for use in the PARR-3 project, and the contractor agreed to make payment to WASO at prevailing market rates. The details of the steel provided and deductions made from the contractor are as follows:

IPC No	Quantity M. Tons	Rate per M. Tons	Total Rs.
32	80.89	231,000	18,686,514
33	30.00	229,000	6,870,000
34	15.00	220,000	3,300,000
20	50.00	216,900	10,845,000
26	20.00	253,000	5,060,000
27	35.00	250,000	8,750,000
28	25.00	240,000	6,000,000
29	100.00	237,000	23,700,000
30	60.36	235,500	14,214,074
Total	**416**	**Total**	**97,425,588**

Audit observed that escalation was paid on the steel item, even though the steel was supplied directly by WASO to the contractor.

Audit is of the view that payment of escalation amounting to Rs. 97.426 million against items supplied by the department itself was unjustified.

The management replied that the steel was sold to the contractor from KPC on a market-rate basis, and therefore payment of escalation on the steel sold by WASO was admissible and justified.

The reply was not accepted because the management utilized the sale proceeds of steel without any lawful authority, and escalation payment on department-supplied material had no contractual justification.

DAC in its meeting held on 11.12.2025 directed that total quantity of steel used in the work, quantity sold to contractor by PAEC and determination of market rate may be verified to Audit for settlement of Audit Para.

Audit recommends that the escalation payment of Rs. 97.426 million be recovered from the contractor and responsibility be fixed on the officials at fault to prevent recurrence.

PAEC General Hospital, Islamabad

19.4.11 Irregular procurement of Cath Lab items on repeat order - Rs. 63.728 million

In terms of Instruction 15(e)(1) of the NCA Standard Operating Instructions Procurement, 2022, purchases on repeat order basis is allowed if the procurement of same commodity, same source and same terms and conditions is made provided that the repeat purchase(s) shall not exceed 25% in addition to the original procurement at the same unit price.

Rule 42(c)(iv) of Public Procurement Rules, 2004 states that a procuring agency shall only engage in direct contracting if repeat orders do not exceed fifteen percent of the original procurement.

The management of the PAEC, General Hospital, Islamabad floated a tender notice in the press on 04.09.2023 for the purchase of Cath Lab items. The time period fixed for performance of contract was 2023-24. The rates of drugs/medicines for annual tender 2023-24 were called and firms/distributors for the supply of Cath Lab items were selected. During 2023-24, an expenditure of Rs. 53,758,275 was incurred by the hospital for the purchase of Cath Lab items.

Audit observed that the hospital management incurred an expenditure of Rs. 63,728,750 on the purchase of Cath Lab Items during 2024-25 on repeat order basis and the purchase exceeded the limit of 15% of the original procurement for which tender was called. Further, it was observed that approval of extension for second time was not obtained from PAEC, Headquarters.

Audit is of the view that repeat order exceeding 15% of the original procurement was irregular in the violation of Public Procurement Rules, 2004.

The management stated in its reply that Cardiac Stents / Disposables / Consumables are costly and perishable items which are not stored/stocked as is done in case of other store items. As per recommended practice, these items are procured on annual running rate contract basis as well as need basis. In the instant case, due to inevitable circumstances and non-finalization of open tender, annual running rate contract was extended to ensure interruption-free supply of cardiac Stents / Disposables / Consumables.

The management has accepted the audit point of view and stated that due to inevitable circumstances and non-finalization of open tender, annual running rate contract was extended.

Audit recommends that management may regularize the expenditure of Rs. 63.728 million on Cath Lab items, obtained through repeat orders exceeding the permissible limit of 15% of the original procurement, from the competent authority. Responsibility should be fixed for violation of Public Procurement Rules, 2004 and NCA SOIs Procurement-2022 by placing repeat orders.

19.4.12 Irregular and excessive Local Purchase of medicines – Rs. 67.852 million

Rule 50 of PPRA Rules, 2004 states that any procurement that does not follow the required procedures and transparency principles is treated as irregular or mis procurement.

Para 6 (b) of the PAEC office order No. 1350/2010 dated 11.11.2010 (Delegation of Powers, Administration, Financial & Works) states that for control over expenditure PAO shall ensure that funds allocated to PAEC are spent for the purpose for which these are allocated. Thus the expenditure in excess for the authorized budgetary grant shall be treated unauthorized. That PAO is responsible for any laxity in matters of control over expenditure including that on the part of subordinates. That neither he nor his subordinates disregards specific instructions issued by SPD from time to time for proper utilization of funds placed at his disposal.

Local purchase is permitted only to meet immediate needs when medicines are not available from existing hospital stocks and cannot be supplied through

standard bulk procurement. It is commonly allowed for emergency cases and day to day patient needs that cannot wait for centralized procurement.

The management of PAEC, General Hospital, Islamabad made local purchases of medicines in unusually large quantities, including several types of tablets procured in packs of 1000 and above each during the financial year 2024-25. The detail of local purchases for the financial years 2021-22 to 2024-25 is as under:

(Rs.)

S. No.	Financial Years	Amount
1	2024-25	21,964,953
2	2023-24	23,530,080
3	2022-23	14,251,848
4	2021-22	8,105,419
Total		**67,852,300**

Audit observed that that several medicines purchased in bulk were still lying in store, indicating over-procurement and weak inventory control. Further, audit observed that these medicines were purchased through local purchase committees without proper justification, detailed consumption trends, or demand assessment based on actual patient load.

Audit also observed from the available record for the financial year 2024-25 that 603 number of items were procured on local purchase basis out of which 223 items were open tender items but they were also procured on local purchase basis. Detail of such some items is as under:

S. No.	Item name	Qty
1	Cardnit 2.6 mg tablets	9,350
2	25% Dextrose water 25ml	5,218
3	Adalat LA 30	520
4	Adrenaline 1.00 ml Injections	1,730
5	Aldactone 100mg tablets	1,024
6	Amorin 50mg tablets	850
7	Angised 0.5mg tablets	480
8	Artopine 1000MCG Injection	2,200
9	Augmentine Syrup	25
10	Bofalgan Ig, Infusion	8,212
11	Brufeen Syrup	183
12	Calcium Gluconate 10ml injection	1,228
13	Calamox 1.2gm injection	1,850

14	Calamox 600mg	347
15	Acefyl Syrup	1,188
16	Caston Cotton 6" and 4"	1,000
17	Diajesic – P	3,698
18	Clexane 14mg injection	442
19	Deltacortil 5mg tablets	19,060
20	Clean Enema	1,645

Audit is of the view that purchasing medicines in excessive quantities without realistic demand forecasting or stock verification constitutes irregular and wasteful expenditure, which reflects weak internal controls over pharmacy management and procurement planning.

The management stated in its reply that appraised that PGHI procures medicines / surgical items from annual open tender as per requirements. In case if any medicine is non-quoted due to any reason by supplier, a separate tender with the name of LP which is also an open tender is floated (LP refers to non-committee purchase) and the supplier who provides more discount wins this tender. If there is any delay / non-provision of open tender items, hospital's need is fulfilled via LP tender (open Tender) & non-quoted needed items are also arranged via LP open tender. This LP open tender supplies the hospital demand on daily basis. Further, management stated in discussion that excessive procurement was due to supply of medicines to prolonged patients.

Reply is not cogent as local purchase is permitted only to meet immediate needs when medicines are not available from existing hospital stocks and cannot be supplied through standard bulk procurement. It is commonly allowed for emergency cases and day to day patient needs that cannot wait for centralized procurement.

Audit recommends that the management may justify the excessive local purchases of medicines by providing documented evidence of emergency needs, stock-out situations, and approvals of the competent authority.

CHAPTER 20

PLANNING AND DEVELOPMENT DIVISION

20.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions.

1. (i) Preparation of comprehensive National Plan for the economic and social development of the country; (ii) Formulation, within the framework of the National Plan, of an annual plan and an annual development program; and (iii) Recommendations concerning orderly adjustments therein in the light of new needs, better information and changing conditions.
2. Monitoring the implementation of all major development projects and programs; identification of bottlenecks and initiation of time remedial action.
3. Evaluation of on-going and completed projects.
4. Review and evaluation of the progress achieved in the implementation of the National Plan.
5. Identification of regions, sectors and sub-sectors lacking adequate portfolio of projects and taking steps to stimulate preparation of sound projects in those areas.
6. Continuous evaluation of the economic situation and coordination of economic policies.
7. Organization of research in various sectors of the economy to improve the database and information as well as to provide analytical studies which will help economic decision making.
8. Association with the Economic Affairs Division in matters pertaining to external assistance in individual projects, from the stage prior to preliminary discussion up to the stage of final signing of documents with aid-giving agencies.

9. Development of appropriate cost and physical standards for effective technical and economic appraisal of projects.

10. Coordination of Social Action Program with World Bank and other donor Agencies.

11. National Logistics Cell.

12. Administrative control of:

    (i) Economists and Planners Group; (ii) Pakistan Institute of Development Economics; and (iii) Overseas Construction Board. (iv) Omitted vide SRO 428(1) /2018 dated 04.04.2018. (v) Pakistan Planning and Management Institute (PPMI). (vi) Jawaid Azfar Computer Center (JACC).

13. The Planning, Development and Reform Division shall act as the Secretariat of the Planning Commission which is the apex planning and coordination body under the Chairmanship of the Prime Minister. The relationship between the Planning and the Planning, Development and Reform Division will be as defined in Cabinet Division's Resolution No.4-6/2006-Min.I, dated 30.10.2013.

14. Pakistan Environmental Planning and Architectural Consultants Limited.

15. Preparation of annual programs in accordance with agreed priorities and to assign responsibilities for the execution of their component items.

16. Examination and clearance of budgetary proposals for annual statistical improvements and developments.

17. Formulation of policy regarding general statistics for Pakistan and thereof by suitably adapting the statistical system of Pakistan to conform with the policy.

18. Coordination with the Provincial and Federal Governments, Semi-autonomous bodies and international organizations on statistical bearing directly or indirectly on such subjects as trade, industry, prices expenditure, input-output accounts, flow of funds, balance of payments, etc.

19. Evaluation and introduction of standard concepts, definition classification pertaining to national statistics series.

20. Preparation and implementation of in-service and foreign programs in the fields of statistics.
21. Evaluation of efficiency computerized methods for statistical estimation.
22. Clearance of statistical projects undertaken by different organizations on a contract basis.
23. Preparation, printing and release of publications on national statistics.
24. Undertaking of national census and surveys.
25. Administration of:

i. The Industrial Statistics Act, 1942.

ii. General Statistics (Reorganization) Act, 2011.

26. Agricultural Census, Population Census, National Quinquennial Livestock Census.
27. Collection, maintenance and analyses of demographic, population and vital health statistics.
28. Compilation of labour, manpower and employment statistics for national and international consumption.
29. Periodic assessment, review and analysis of manpower resources and requirements with reference to the employment situation in the country.

ATTACHED DEPARTMENT/AUTONOMOUS BODIES

i. Pakistan Bureau of Statistics
ii. Pakistan Planning and Management Institute.
iii. Pakistan Institute of Development Economics
iv. Overseas Construction Board
v. National Fertilizer Development Center

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue / Receipt Audited (FY 2024-25)
1	Formations	76	2	22,912.33	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

20.2 Comments on Budget and Accounts (Variance Analysis)

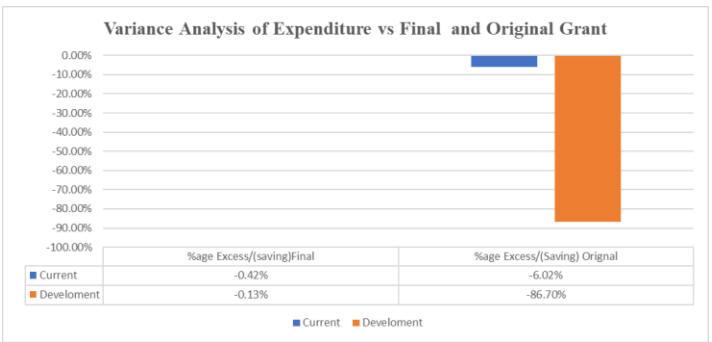
Final budget allocated to the Planning, Development and Special Initiatives Division for the financial year 2024-25 was Rs. 17,429.33 million, out of which the Division expended an amount of Rs. 17,380.64 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
81	Current	9,437.15	-	(530.47)	8,906.68	8,869.27	(37.41)
120	Dev	64,015.34	-	(55,492.69)	8,522.65	8,511.37	(11.28)
Total		**73,452.49**	**-**	**(56,023.16)**	**17,429.33**	**17,380.64**	**(48.69)**

Audit noted that there was an overall savings of (Rs. 48.69) million, which was due to savings in both current and development grant.

As shown in the chart below, bifurcating total allocation in current and development expenditure, it was observed that, in case of the development grant, there was 86.70% saving w.r.t the original grant which was finally reduced to 0.13% w.r.t. the final grant and in case of the current grant 6.02% savings reduced to 0.42%.



20.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3,195.50 million, were raised in this report during the current audit of the **Planning Development and Special Initiatives Division**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Internal Control	3,195.50

20.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	12	4	0	12	-
2013-14	4	3	2	2	50 -
2014-15	1	1	0	1	-
2015-16	5	1	0	5	-
2016-17	8	2	0	8	-
2019-20	5	0	0	5	-
2021-22	13	5	1	12	-
2023-24	5	5	4	1	80
2024-25	14	0	0	14	-
Total	**67**	**21**	**7**	**60**	-

20.5 AUDIT PARAS

Pakistan Bureau of Statistics Islamabad

20.5.1 Audited statements/adjustment accounts not obtained from the District Administration – Rs. 3,195.497 million

Rule 668 of FTR Vol-I states that advances granted under special orders of the competent authority to the 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.

As per Para 207(3) of GFR Vol-I, 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 the Pakistan Bureau of Statistics (Headquarters), Islamabad paid an amount of Rs. 3,195.497 million to the districts' administrations as advances against the estimated expenditures on stationery, cost of other stores, hiring of vehicles and Training/Remuneration to Field Staff for 7th Population and Housing Census (against pending liability) and 7th Agricultural Census, 2023-24 during the financial year 2023-24.

(Rs.)

Sr. No.	Detail of Provinces	7th Agricultural Census	7th Population and Housing Census (pending payment)
1.	AJ&K	15,623,000	46,600,517
2.	Balochistan	53,679,000	135,735,083
3.	GB	9,756,000	15,986,721
4.	Islamabad	1,558,000	27,993,750
5.	KPK	68,520,000	350,314,622
6.	Punjab	139,114,000	1,114,222,583
7.	Sindh	71,666,000	574,728,100
8	MO Directorate	0	570,000,000
Total		**359,916,000**	**2,835,581,376**
Grand total			**3,195,497,376**

Audit observed that neither the detailed adjustment accounts were obtained from the Districts Administrations nor the unspent amount (s) (if any) was returned back to PBS.

Audit is of the view that non-obtaining of detailed adjustment account(s) and non-retrieval of unspent amount (if any) from the Districts' Administrations is a violation of the rules.

Audit recommends for obtaining detailed adjustment accounts and retrieval of unspent amounts (if any) at the earliest.

CHAPTER 21

MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY

21.1 Introduction

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

1. Pilgrimage beyond Pakistan; Muslim pilgrims' visits to India.
2. Ziarat and Umra and Welfare and safety of pilgrims and Zairian.
3. Islamic studies and research including holding of seminars, conferences, etc., on related subjects.
4. Training and education of Ulemas and Khatibs etc.
5. Error-free and exact printing and publishing of the Holy Quran.
6. Exchange of visits of scholars.
7. Ruet-e-Hilal.
8. Tabligh.
9. Observance of Islamic Moral Standards.
10. Donations for religious purposes and propagation of Islamic Ideology abroad.
11. Marriage and divorce, infants and minor's adoption.
12. Policy and legislation with regard to interfaith harmony.
13. International agreements and commitments in respect of all religious communities and implementation thereof.
14. Representation of Pakistan at UN Sub-Commission on Prevention of Discrimination to Minorities.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. Hajj and Umrah Directorate, 06 subordinate offices.
ii. Council of Islamic Ideology.
iii. Pakistan Madrassah Education Board.
iv. Evacuee Trust Property Board.
v. National Commission for Minorities.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1	Formations	20	3	4,127.61	
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

21.2 Comments on Budget and Accounts (Variance Analysis)

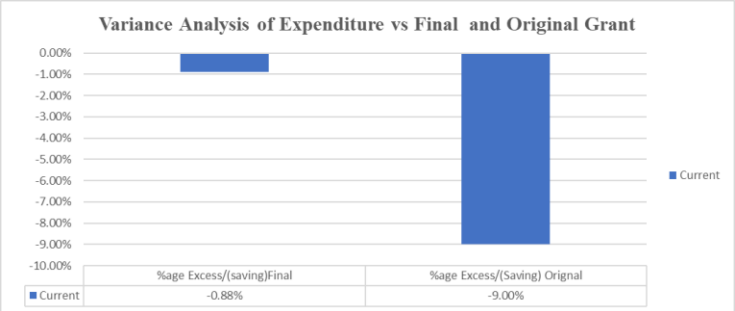
Final budget allocated to the Religious Affairs and Interfaith Harmony Division for the financial year 2024-25 was Rs. 1,795.77 million, however, the Division expended an amount of Rs. 1,779.95 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant Numb-er	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)
86	Current	1,956.10	-	(160.33)	1,795.77	1,779.95	(15.82)

Audit noted that there was an overall savings of (Rs. 15.82 million) in the current grants.

As shown in the chart below, it was observed that under the current grant there was 9% of savings w.r.t. the original grant which decreased to 0.88% w.r.t the final grant.



21.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 45,067.19 million, were raised in this report during the current audit of the **Ministry of Religious Affairs And Interfaith Harmony**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	13.27
2	Internal Control	45,053.92

21.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	2	1	1	1	100
2011-12	4	0	0	4	-
2012-13	6	0	0	6	-
2013-14	7	6	1	6	17
2014-15	4	4	2	2	50
2015-16	25	0	0	25	-
2016-17	11	4	1	10	25
2018-19	12	0	0	12	-
2019-20	12	12	0	12	-
2020-21	20	0	0	20	-
2021-22	2	0	0	2	-
2022-23	13	0	0	13	-
2023-24	11	11	3	9	27
2024-25	22	0	0	22	-
Total	**151**	**38**	**8**	**144**	-

21.5 AUDIT PARAS

Ministry of Religious Affairs and Interfaith Harmony

21.5.1 Non-obtaining of adjustment accounts / audited statements - Rs. 45,034.253 million

Rule 668 of FTR, Vol-I states that advances granted under special orders of the competent authority to the 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 the Ministry of Religious Affairs and Interfaith Harmony, Islamabad made advance payments of Rs. 45,034.253 million to its Directorates on account of different expenditure during the financial year 2023-24 from Pilgram Welfare Fund. The details are as under:

(Rs.)

Directorate of Hajj	Date	Amount
Islamabad	02.02.2024	3,600,000
-do-	08.03.2024	18,435,000
Lahore	02.02.2024	2,920,000
-do-	19.03.2024	3,889,000
Multan	02.02.2024	1,000,000
-do-	08.03.2024	1,780,000
-do-	19.03.2024	205,000
Peshawar	02.02.2024	2,400,000
-do-	08.03.2024	3,875,000
Quetta	02.02.2024	3,500,000
-do-	08.03.2024	4,485,000
Karachi	02.02.2024	4,500,000
-do-	08.03.2024	6,239,000
Sukkur	02.02.2024	1,130,000
-do-	08.03.2024	1,295,000
Director General, Hajj Jeddah	01.12.2023	9,975,000,000
Director General, Hajj Jeddah	22.01.2024	21,000,000,000
Director General, Hajj Jeddah	08.03.2024	14,000,000,000
Total		**45,034,253,000**

Audit observed that the adjustment accounts or audited statements for the advance payments were not obtained from the respective Directorates.

Audit is of the view that the failure to obtain adjustment accounts or audited statements constitutes a violation of the Rule 668 of the FTR, Vol-I.

The management did not reply till finalization of the report.

Audit recommends the provision of the complete adjustment accounts to Audit for verification.

21.5.2 Irregular withdrawal of cash through DDO - Rs. 19.670 million

Rule 157 of FTR states that the cheques drawn in favour of the Government officers and departments in settlement of the Government dues shall always be crossed "A/C Payee only - Not Negotiable.

The management of the Ministry of Religious Affairs and Interfaith Harmony, Islamabad incurred an expenditure of Rs. 19,670,000 from various heads of accounts during the Financial Year 2023–24. The details are as under:

(Rs.)

Head of account	Purpose of advance	Amount
A03918-Exhibition, fairs and others	Advance for arrangement of Seerat conference	14,000,000
A03903-Conference/Seminar workshops	National Hifz-o-Qirat competition	4,500,000
A03903-Conference/Seminar workshops	Advance for arrangement of Mehfil-e-Shabina / Qiyam ul Layl	1,170,000
Total		**19,670,000**

Audit observed that the payments were made in cash instead of through crossed cheques. Furthermore, applicable taxes on these cash payments were not deducted.

Audit is of the view that withdrawal of funds in cash, instead of using crossed cheques, is a violation of the Rule 157 of FTR. Further, making cash payments through the Drawing and Disbursing Officer (DDO) increases the risk of misappropriation of public funds.

The management did not reply till finalization of the report.

Audit recommends an appropriate action against the individuals held responsible beside stoppage of such practice in future.

21.5.3 Irregular purchase of medicines without open competition - Rs. 13.268 million

Rule 12(1) of the Public Procurement Regulatory Authority (PPRA) Rules, 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation, by the Authority from

time to time. These procurement opportunities may also be advertised in the print media, if deemed necessary by the procuring agency.

The management of the Ministry of Religious Affairs and Interfaith Harmony, Islamabad procured medicines of Rs. 13,268,496 from Hajj Pilgrims Welfare Fund for Hajj, 2024 during the Financial Year 2023-24. The details are as under:

(Rs.)

S. No.	Invoice No.	Date	Firm's name	Amount
1.	543/2024	13.05.2024	M/s Masood Medika	1,491,196
2.	16	10.05.2024	M/s The Surgimed, Rawalpindi	4,400,000
3.	34	10.05.2024	M/s Punjab Med, Rawalpindi	5,220,000
4.	17	10.05.2024	M/s The Surgimed, Rawalpindi	2,157,300
Total				**13,268,496**

Audit observed that the medicines were procured without open competition, as required under the PPRA Rules, 2004.

Audit is of the view that the procurement of medicines without open competition was irregular and a violation of the PPRA Rules, 2004.

The management did not reply till finalization of the report.

Audit recommends the regularization of the expenditure from the competent forum beside fixing the responsibility for the irregularity.

CHAPTER 22

MINISTRY OF SCIENCE AND TECHNOLOGY

22.1 Introduction

As per Schedule II [Rule 3 (3)], Distribution of Business among the Divisions read with Schedule III [Rule 4(4)], Rules of Business, 1973 (As amended up to 23.04.2019), following main business have been assigned to the Division amongst the other functions:

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.

ATTACHED DEPARTMENTS/AUTONOMOUS BODIES

i. National Commission for Science and Technology.

ii. Pakistan Council of Scientific and Industrial Research.
iii. Council for Works and Housing Research.
iv. Pakistan Science Foundation.
v. National Institute of Electronics.
vi. Pakistan Council of Science and Technology.
vii. National Institute of Oceanography.
viii. STEDEC Technology Commercialization Corporation of Pakistan (Private) Limited.
ix. National University of Sciences and Technology (NUST).
x. Pakistan Standards and Quality Control Authority (PSQCA).
xi. Prescription of standards and measures for quality control of manufactured goods.
xii. Establishment of standards of weights and measures.
xiii. Development, deployment and demonstration of renewable sources of energy.
xiv. Pakistan National Accreditation Council (PNAC).
xv. Pakistan Council of Renewable Energy Technologies (PCRET).
xvi. COMSATS Institute of Information Technology.
xvii. Pakistan Engineering Council (PEC).
xviii. Pakistan Halal Authority.
xix. National University of Science and Technology.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY 2024-25)
1	Formations	114	9	969.00	10,857.03
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

22.2 Comments on Budget and Accounts (Variance Analysis)

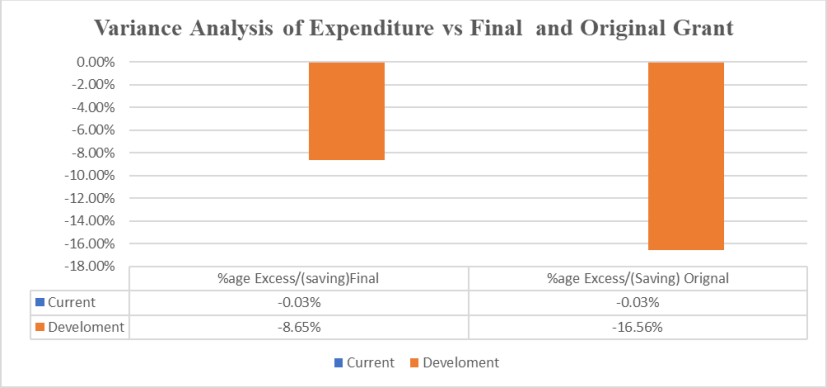
Final budget allocated to the Science and Technology Division for the financial year 2024-25 was Rs. 20,941.37 million, out of which the Division expended an amount of Rs. 20,372.93 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Grant No	Nature	Original Grant	Supplementary Grant	Surrender	Final Grant	Actual Expenditure	Excess / (Savings)
88	Current	14,411.07	-	-	14,411.07	14,407.29	(3.78)
121	Dev	7,149.51	-	(619.21)	6,530.30	5,965.64	(564.66)
	Total	**21,560.59**	**-**	**(619.21)**	**20,941.37**	**20,372.93**	**(568.44)**

Audit noted that there was an overall savings of (Rs. 568.44 million), which was mainly due to saving in development grant.

As shown in the chart below, bifurcating total allocation in the current and development expenditure, it was observed that, in case of the development grant, there was 16.56% of saving w.r.t the original grant which was finally reduced to -8.65% w.r.t the final grant and in case of the current grant 0.03% saving was remained same.



22.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 72,041.67 million, were raised in this report during the current audit of the **Ministry of Science and Technology**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	86.15
2	Management of account with commercial banks	3,007.29
3	Recovery	61,356.22
4	Internal Control	129.98
5	Others	7,462.03

22.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	5	3	2	60
2011-12	3	3	0	3	-
2012-13	6	0	0	6	-
2013-14	3	3	2	1	67
2014-15	5	0	0	5	-
2015-16	2	2	0	2	-
2016-17	24	18	0	24	-
2017-18	2	2	2	0	100
2018-19	3	3	2	1	67
2019-20	18	8	0	18	-
2020-21	12	4	0	12	-
2021-22	17	7	0	17	-
2022-23	15	8	1	14	6
2023-24	13	13	1	12	8
2024-25	19	0	0	19	-
Total	**147**	**76**	**11**	**136**	-

22.5 AUDIT PARAS

Pakistan Engineering Council

22.5.1 Refusal of audit by Pakistan Engineering Council

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

Section 14(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.

Pakistan Engineering Council was established through an Act of Parliament. Audit intimations were issued on 12.08.2024, 01.01.2025, 18.07.2025, 26.11.2025, 05.12.2025 and 06.01.2026 to conduct the audit of Pakistan Engineering Council (PEC).

In response to the audit intimations, PEC vide letters dated 15.08.2024, 02.01.2025, 23.07.2025, 28.11.2025, 19.01.2026 and 03.02.2026 stated that the matter would be presented before PEC Governing Body for legal opinion and decision would be communicated.

Ministry of Law and Justice vide Letter dated 09.09.2025 conveyed opinion that PEC is obligated to conduct its audit by a chartered accountant firm in satisfaction of section 24 of PEC Act, However, since, PEC is a statutory authority established under the PEC Act and working under the aegis of Federal Government, therefore, the Auditor-General shall have the authority to carry out the Audit of PEC in line with the provisions contained in Article 170 of the Constitution read with Section 8(d) of the Auditor-General's (Function, Powers and Terms and Condition of Service) Ordinance, 2001.

The matter was reported to the Secretary, Ministry of Science and Technology vide letter dated 28.08.2024 and 27.11.2024 and the Ministry vide Letter dated 04.12.2024, 30.12.2025 and 27.01.2026 directed the PEC to facilitate the audit team of Auditor General of Pakistan and provide all auditable record but the management did not provide the record.

Audit is of the view that the stance taken by the management is in violation of the orders of the Honorable 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 Honorable Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record.

Pakistan Council of Scientific and Industrial Research

22.5.2 Irregular procurement of Laptops under the DTS project – Rs. 25.151 million

Rule 10 (1) of the Public Procurement Rules, 2024 states that the Procurement Cell shall be responsible for: (b) liaising with end users to establish full contract requirements and technical specifications.

The management of the PCSIR Headquarters, Islamabad procured IT equipment, including 90 laptops, under the Digital Transformation, Strengthening and Automation (DTS) project, awarding the contract to M/s Comtel for Rs. 25,151,751. The technical specifications provided for the laptops included:

1 *Processor type 11th Gen Intel Core i5- Processor*
2 *RAM 8GB DDR4 3200MHz expandable up to 40GB*
3 *SSD 512 GB SSD M.2PCIE NVME*
4 *Graphics Integrated Graphics*
5 *Screen 15.6" FHD (1920x1080) IPS, narrow bezel, anti-glare, 250 nits, Non-touch*
6 *Connectivity Intel AX 201 Wi-Fi 6(2x2) and Bluetooth 5 Core*
7 *Operating system Window 1064 bit Professional*
8 *Fingerprint Reader Yes*

Audit observed that the delivered laptops deviated from the approved specifications as detailed below:

i. Laptops were supplied with 1TB HDDs.
ii. Laptops were provided without any operating system installed.
iii. The laptops did not have the fingerprint reader feature.
iv. Invoice prices varied significantly, with one invoice dated 12.12.2023 showing a unit price of Rs. 238,853 and another dated 05.06.2024 showing Rs. 236,833 per unit.

Audit is of the view that the procurement of laptops that did not meet the specified technical requirements, coupled with inconsistent unit pricing, is

irregular, reflects inadequate contract management and raises concerns regarding possible malpractice or mismanagement in the procurement process.

Audit recommends that the responsibility be fixed for acceptance of substandard equipment and inconsistent pricing, and that appropriate action be taken under the relevant procurement and disciplinary rules. The matter may also be investigated to determine whether any financial loss occurred, if yes, recoveries be made where applicable.

Pakistan Standards and Quality Control Authority

22.5.3 Loss due to non-imposition of late payment charges for late payment of Marking fee – Rs. 59,540.821 million

Rule 18(2) of Pakistan Conformity Assessment Rules, 2011 states that where a licensee fails to pay the marking fee or any part thereof within the stipulated time specified under sub-rules (1) shall in addition to the fee payable, pay late payment charges at the rate of three per centum over and above prevailing market rate for that year.

Clause 3(b)(iii) of the S.R.O. No. 29 (KE)2008 dated 27.02.2008 states that for every quarter, a licensee shall, not later than the 15th day of the month following the quarter, pay marking fee payable in the shape of bank draft or pay order to the Authority along with submitting a true and correct statement.

The management of the Pakistan Standards and Quality Control Authority (PSQCA), Standard Development Centre, Karachi received Rs. 371.383 million from the licensees on account of marking fee against 1,636 licenses for the financial year 2024-25. Detail is as under:

(Rs.)

Ex-factory price	GST @ 18%	Market Price	Marking fee received by the PSQCA	Calculation of late payment charges @ 3% of market price by Audit
603,753,555,856	108,675,640,054	712,429,195,910	371,383,382	21,372,875,877

Audit observed that the licensees failed to pay the marking fee within the due date, i.e. by the 15th of each quarter month, but the management neither

imposed nor recovered late payment charges from the licensees at the rate of 3% of the prevailing market rate of that year. Since the market rate data was not available with PSQCA, Audit calculated the same on the basis of the invoice price after adding GST @ 18% to the ex-factory price. Although the invoice price may still be lower than the actual market rate, it provides a closer and more reasonable approximation for assessing the amount of late payment charges. Audit also observed that no efforts were made by PSQCA to obtain market rate information from the market or relevant entities, indicating a lack of initiative to address this issue.

Moreover, it was observed that the late payment charges from January 2021 to June 2024 were neither recovered nor were any steps taken by the management to initiate recovery. The detail of late payment charges for the period from January 2021 to June 2024 is as under:

Period	Ex-factory price	GST @ 18%	Market Price	Marking fee received by the PSQCA	Calculation of late payment charges @ 3% of market price by Audit
01.01.2021 to 30.06.2024	1,078,190,526,143	194,074,294,706	1,272,264,820,849	648,437,642	38,167,944,625

The management neither canceled nor suspended the licenses as per Rule 13(b) and Rule 14(f) of the Pakistan Conformity Assessment Rules, 2011.

Audit is of the view that government suffered a loss due to non-imposition of late payment charges on licensees that failed to pay marking fees within the due date. It was a violation of the Pakistan Conformity Assessment Rules, 2011.

The management did not reply till finalization of Audit.

Audit recommends that late payment charges amounting to Rs. 59,540.821 million may be recovered from the defaulting licensees and deposited into the Government treasury without delay.

22.5.4 Short realization of marking fee – Rs. 12.197 million

Clause (b)(ii) of the SRO No. 29(KE) 2008 dated 27.02.2008 states that in addition to the fee referred to in Clause (a), there shall be paid by every licensee or, as the case may be, applicant, a license fee consisting of the marking fee for use of Authority's mark, with effect from 01.08.2010 shall be charged on the basis of ex-factory price at the following rates: For the purpose of calculating marking fee, the ex-factory price means invoice value exclusive of indirect taxes.

Food articles	0.05%
Non-food articles	0.10%
Articles under voluntary regime (all)	0.05%

The management of the Standard Development Centre under the PSQCA received marking fee amounting to Rs. 20.834 million against 59 licenses for financial year 2024-25. Detail is as under:

(Rs.)

Item	No. of licenses	Ex-factory Price	Rate of Marking Fee	Marking fee due	Marking fee calculated by the PSQCA	Short realization of marking fee
Food	42	51,596,710,606	0.05%	25,798,355	14,972,459	10,825,896
Non-Food	17	7,232,713,773	0.10%	7,232,714	5,861,395	1,371,319
Total	59	58,829,424,379		33,031,069	20,833,854	12,197,215

Audit observed that the actual amount of marking fee was Rs. 33.031 million based on the ex-factory price; however, the licensees paid only Rs. 20.834 million. This resulted in a short realization of Rs. 12.197 million.

Audit is of the view that the Government suffered a loss due to short realization of marking fee and the same caused due to negligence of the management. It was a violation of the Pakistan Conformity Assessment Rules, 2011.

The management did not reply till finalization of Audit.

Audit recommends that the actual amount of the marking fee may be calculated and recovered from the licensee, along with the provision of relevant records and fixing of the responsibility for the negligence.

22.5.5 Loss to government due to non-recovery of marking fee on actual ex-factory price– Rs. 13.537 million

Clause (b)(ii) of the SRO No. 29(KE)2008 dated 27.02.2008 states that in addition to the fee referred to in Clause (a), there shall be paid by every licensee or, as the case may be, applicant, a license fee consisting of the marking fee for use of Authority's mark, with effect from 01.08.2010 shall be charged on the basis of ex-factory price at the following rates: For the purpose of calculating marking fee, the ex-factory price means invoice value exclusive of indirect taxes.

Food articles	0.05%
Non-food articles	0.10%
Articles under voluntary regime (all)	0.05%

The management of the Standard Development Centre, PSQCA, Karachi received marking fee of Rs. 13.537 million from the licensees against 242 licenses during the financial year 2024-25.

Audit observed, on the basis of data provided by PSQCA, that the licensees had paid lump-sum amounts on account of marking fee rather than on the actual ex-factory price, as no evidence was available to show that PSQCA had actually obtained or verified the ex-factory prices from the licensees.

Audit is of the view that the payment of marking fee by the licensees without mentioning the ex-factory prices on the invoices was a violation of the above referred SRO. Hence, the Government suffered a loss due to negligence of the management.

The management did not reply till finalization of Audit.

Audit recommends that the marking fee must be calculated on actual ex-factory price, and recovery be made from the licensees beside fixing of responsibility for the negligence.

22.5.6 Non-deposit of surplus balance in the Federal Consolidated Fund – Rs. 1,713.694 million

Para 5(ii) of the Finance Division's (Regulations Wing) vide OM No. 4(3)R-4/2011 dated 23.01.2024 states that all the offices are required to deposit, after carrying out their expenditure as authorized by the Federal Government / Finance Division, their annual surpluses in the Federal Consolidated Fund promptly in accordance with the provision of their own laws as well as the Public Finance Management Act, 2019.

Finance Division vide Notification No. 1(1)/S.O(TSA)/2020/47 dated 31.01.2023 notified the PSQCA as regulatory body under the Ministry of Science and Technology under the Public Finance Management Act, 2019.

The revenue and expenditure statements of the PSQCA showed a surplus balance of Rs. 1,713.694 million during the financial year 2024-25. Detail is as under:

(Rs. in million)

Revenue	Expenditure	Surplus
3,213.641	1499.947	1,713.694

Audit observed that the surplus balance was not deposited in the Federal Consolidated Fund.

Audit is of the view that non-deposit of surplus balance in the Federal Consolidated Fund was a violation of the Government instructions.

The management did not reply till finalization of Audit.

Audit recommends that surplus balance may be deposited in the Federal Consolidated Fund.

22.5.7 Unlawful payment of utility allowance without prior concurrence of the Finance Division - Rs. 75.970 million

Para 5(iii) of the Finance Division's Clarification issued vide OM No. 4(3)R-4/2011 dated 23.01.2024 states that pay, allowances and their revision of all Government employees including those employed in Autonomous/ Semi-Autonomous/ Corporate bodies requires prior approval of Finance Division.

The management of the PSQCA, Karachi incurred an expenditure of Rs.75.970 million on account of utility allowance @ 25% of running basic pay to all the employees of the PSQCA.

Audit observed that the utility allowance @ 25% of running basic was paid without prior concurrence of the Finance Division.

The management did not reply till finalization of Audit.

Audit is of the view that the payment of utility allowance without prior concurrence of the Finance Division was a violation of the Government's instructions.

Audit recommends provision of the Finance Division's concurrence or stoppage of payment.

22.5.8 Unauthorized payment of incentive share - Rs. 143.037 million

Rule 11 of PSQCA Service Regulation Rules, 2015 states that the employees of the Authority shall be entitled for pay and allowances and other allied facilities as admissible to civil servants of the Federation.

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

The management of the PSQCA incurred an expenditure of Rs. 143.037 million on account of incentive share to its employees @ 10% of revenue earned during the financial year 2024-25.

Audit observed that the PSQCA was notified in Schedule II of the Rules of Business, 1973 under the Ministry of Science and Technology, therefore, the instructions contained in the Rules of Business, 1973 and Finance Division's Clarification issued vide OM No. 4(3)R-4/2011 dated 23.01.2024 were binding on

the PSQCA. Hence, incentive share was paid without prior concurrence of the Finance Division.

Audit is of the view that the payment of incentive share without prior concurrence of the Finance Division was a violation of the Government's instructions.

The management did not reply till finalization of Audit.

Audit recommends that practice may be stopped beside recovery of already paid amount.

22.5.9 Non-withdrawal of the amount of investment from NBP despite maturity – Rs.7,318.990 million

Finance Division's OM No. F.4(1)NTR/2002-666/2022 dated 18.05.2022 states that the instruction/policy issued by the Finance Division vide OM No.F.4(1)/2002-BR-II dated 02.07.2003, 06.09.2004, 22.09.2005 and 23.12.2014 are withdrawn with immediate effect and the approval accorded to any Public Sector Entity (PSE) with respect to maintaining working balance are also withdrawn.

The management of the PSQCA invested an amount of Rs. 7,318.989 million with the National Bank of Pakistan, Sindh High Court branch, Karachi. Detail is as under:

(Rs.)

Sr. No.	Short terms' investment (TDRS)	Funds invested
1	TDR No. 855566 dated 25.01.2024	1,000,000,000
2	TDR No. 855567 dated 25.01.2024	1,000,000,000
3	TDR No. 855568 dated 25.01.2024	1,000,000,000
4	TDR No. 855569 dated 25.01.2024	1,000,000,000
5	TDR No. 855570 dated 25.01.2024	1,000,000,000
6	TDR No. 855571 dated 25.01.2024	1,000,000,000
7	TDR No. 855572 dated 25.01.2024	1,318,989,927
	Total	7,318,989,927

Audit observed that the above investment was matured on 25.01.2025, but the management did not withdraw the invested amount of Rs. 7,318.990 million which is still lying with the National Bank of Pakistan nor did they withdraw the associated profit, as a result of non-withdrawal, entity was unable to earn any further profit from it or utilize it for any other purpose.

Audit is of the view that non-withdrawal of the invested amount from NBP is a lapse on the part of the management resulting in undue favor to the bank.

The management did not reply till finalization of Audit.

Audit recommends that the amount may be withdrawn and be deposited in the Federal Consolidated Fund at the earliest.

22.5.10 Regulatory Failure to Seize Non-Conforming Products Posing Public Safety Risks

Section 8(x) of Pakistan Standards and Quality Control Authority Act, 1996 states that the powers and functions of the Authority include stopping manufacture, storage and sale of such products which do not conform to the Pakistan or any other country's standards recognized by the Authority.

The Quality Control Centre (QCC) Laboratory of PSQCA conducted tests of 7,331 samples received from the Pakistan Single Window (PSW) and 3,108 samples received from the Standard Development Centre (SDC). Out of these, 22 PSW samples and 50 SDC samples were found non-conforming to the prescribed Pakistan Standards.

Audit observed that despite test results of non-conformity, the management did not seize the substandard items nor take action to stop their storage and sale in the market. This reflects weak enforcement of the Authority's regulatory mandate.

Audit is of the view that the failure to seize non-conforming products and restrict their market availability constitutes a grave negligence of the statutory duty mandated under Section 8(x) of the PSQCA Act, 1996. This inaction not only undermines the very foundation of the Authority's mandate to ensure quality and consumer safety but also poses a direct risk to public health and safety, representing a significant breach of public trust.

The management did not reply till finalization of Audit.

Audit recommends that the management should ensure strict compliance with Section 8(x) of the PSQCA Act, 1996 by promptly seizing non-conforming products and stopping their storage and sale in the market, while also strengthening

enforcement and monitoring mechanisms and fixing responsibility on the officers concerned for non-compliance with statutory provisions.

22.5.11 Irregularities in sample reconciliation between import section and PSQCA lab, undermining certification credibility– Rs. 92.917 million

Section 8(x) of the PSQCA Act, 1996 states that the powers and function of the Authority to stop manufacture, storage and sale of such products, which do not conform to the Pakistan or any other country's standards recognized by the Authority.

A reconciliation of sample counts between the Standards Development Centre's (SDC) Import & Export Section and the QCC Laboratory revealed material discrepancies. The details are:

Sr. No.	Section	No. of samples reported by SDC	No. of samples reported by QCC Lab	Amount
1	PSW	6,461	7,331	92,917,000
2	Import	8,593	6,847	Not provided by management
	Total	15,054	14,178	92,917,000

Audit observed that the breakdown of discrepancies shows that:

- For PSW, the QCC lab records 870 more samples than were reported by the SDC (7,331 vs 6,461).
- For Import, the SDC reported 1,746 more samples than QCC recorded (8,593 vs 6,847).
- Overall, the SDC reported 15,054 samples while QCC recorded 14,178, a net difference of 876 samples.

Audit is of the view that these material discrepancies reveal weaknesses in the certification framework, with implications for trade facilitation and regulatory integrity. The over-reporting by the QCC Laboratory indicates that test reports were generated but corresponding confirmatory certificates were not issued by the SDC, causing unnecessary delays that adversely impact Pakistan's trade activities—whether due to procedural negligence or intentional delays.

The management did not reply till finalization of Audit.

Audit recommends that matter may be probed beside fixing responsibility and provision of compete record to Audit be made.

22.5.12 Delays in Testing and Certification Hampering Trade, Endangering Consumers, and Undermining PSQCA's Credibility - Rs. 37.064 million

Rule 3(2)(b) of the Pakistan Conformity Assessment Rules, 2011, read with Section 14 of the PSQCA Act, 1996, mandates that the Authority shall ensure inspection and conformity assessment of all products falling under the Compulsory Certification Mark Scheme prior to their sale in the market. The Authority has also prescribed a checklist and requires importers to furnish an undertaking on a Rs. 100/- stamp paper, declaring that the imported product shall not be sold unless and until a confirmatory assessment report is issued by PSQCA.

According to the Sample Quantities and Duration Standard issued by the Pakistan Standards and Quality Control Authority (PSQCA), the prescribed duration for testing of compulsory items to meet Pakistan Standards ranges from 7 to 15 days in majority of the cases except for a few rare exceptions.

The Quality Control Center (QCC) Laboratory of PSQCA carried out 17,454 tests during the financial year 2024-25. Audit observed the following:

i. The prescribed timelines for testing and issuance of reports were not adhered to. The issuance of confirmatory assessment reports by SDC (Import/Export) was significantly delayed, with some tests pending for over a year. A letter dated 25.09.2025 from the In-charge, Sample Section, indicated that certain samples were received by the QCC Laboratory in September 2025 had originally been collected by the Import and Export Section in September 2024, almost a year ago. Various correspondences further revealed that some of these samples were not received by the QCC Laboratory at all.

ii. As per procedure, importers are not allowed to sell products until they obtain a Confirmatory Assessment Report from PSQCA and submit an undertaking on a Rs. 100 stamp paper. However, due to prolonged delays, it is highly likely that importers may sell their consignments without certification, as holding goods for months or

years is practically unfeasible due to storage constraints, high warehousing costs, incoming supplies, and the risk of product expiry or loss of value.

iii. A Deputy Director verbally stated that inspections were being carried out to ensure that importers do not sell unverified products but they are few in number due to manpower constraints. Contrary to the statement, no inspection reports or documentary evidence were provided to substantiate this claim, indicating weak monitoring and ineffective enforcement. Even if manpower constraints existed, at least a few inspections should have been conducted and properly documented to create deterrence among importers against selling uncertified products.

Audit is of the view that:

i. persistent delays in issuing confirmatory assessment reports hamper trade facilitation and cause financial losses to importers, as they cannot plan subsequent imports without breaching their undertaking not to sell unverified products.
ii. Such delays increase the risk of potentially hazardous products entering the market, undermining consumer safety and confidence.
iii. The credibility of PSQCA's certification process is weakened, adversely affecting both domestic and export markets dependent on timely quality validation.

The management did not reply till finalization of Audit.

Audit recommends that immediate corrective measures be taken to streamline testing processes and ensure strict adherence to prescribed timelines. Moreover, inspections must immediately start and be properly documented. Further, responsibility be fixed for the inordinate delays in testing and report issuance to prevent recurrence.

22.5.13 Unauthorized maintenance of 45 non-essential bank accounts and non-deposit of their closing balances in the Federal Consolidated Fund - Rs. 3,007.290 million

Section 30(2)(d) of Public Finance Management Act, 2019 states that all the Ministries and Divisions, attached departments and subordinate offices shall ensure placement of all public moneys into the Treasury Single Account.

Rule 4(3) of the Cash Management and Treasury Single Accounts Rules, 2024 states that the bank accounts opened before these rules take effect shall be jointly reviewed by the Finance Division and division concerned, and those accounts which are found non-essential for functioning shall be closed and balance therein shall be transferred to the Federal Consolidated Fund or the Public Account in accordance with the procedure prescribed in the Federal Treasury Rules.

The management of the PSQCA maintained provided a list of 49 bank accounts maintained by PSQCA having closing balances of Rs. 3,007.290 million on 30.06.2025. The State Bank of Pakistan selected PSQCA's 04 bank accounts maintained at the NBP as Treasury Single Accounts in accordance with Rule 6 of the Cash Management and Treasury Single Account Rules, 2024.

Audit observed that the PSQCA was maintaining 49 bank accounts, out of which, the Finance Division identified four bank accounts as essential and implemented sweeping arrangements through the State Bank of Pakistan. However, the remaining 45 bank accounts were considered non-essential and sweeping arrangements were not implemented for these accounts.

Audit is of the view that maintenance of 45 non-essential bank accounts was unauthorized.

Management did not reply.

Audit recommends that bank accounts may be closed beside deposit of their closing balances in the Federal Consolidated Fund.

22.5.14 Unauthorized transfer of vehicles to Ministry of Science and Technology

Rule 3 (3) of Staff Car Rules, 1980 states that the Division concerned (or for one of the Division in the portfolio) will be responsible for provision of staff cars to Minister and Minister of State and Advisors etc.

Rule 11 of Staff Car Rules, 1980 states that a staff car belonging to an attached department or subordinate office of a Division shall not be used by the Administrative Department and every Department or office shall be responsible for any misuse or irregularity committed in this behalf.

The management of PSQCA, Karachi provided a list of vehicles transferred to the Ministry, along with detailed remarks, as detailed below:

Vehicle Registration No	Vehicle Name	Model	Engine capacity	Remarks
GPA-9470	Toyota Corolla	2010	1299cc	Vehicle was given to Coordinator/Advisor of former Federal Minister for science and technology
GPA-738	Toyota Hilux Double cabin	2017	2982cc	Vehicle is given to PRO of former Minister of Science since May 2023 and it was recovered by Ministry of Science Islamabad in March 2025.
GPA-736	Toyota Hilux Double cabin	2017	2982CC	Minister office, Islamabad
GT-049	Toyota Land cruiser	2005	3000cc	Protocol/ Ministry of Science and technology

Audit observed multiple violations of the Staff Car Rules, 1980. Firstly, in violation of Rule 3(3) of the Staff Car Rules, 1980, the responsibility for providing staff cars to the Minister, Advisors, and their offices—vested solely with the concerned Division, was improperly delegated to PSQCA, a subordinate office. Secondly, contrary to Rule 11 of the Staff Car Rules, 1980, the Administrative Department (Ministry of Science and Technology) used vehicles belonging to its attached department, PSQCA.

Audit is of the view that the transfer and use of PSQCA vehicles by ministerial staff and for protocol functions, is unauthorized and irregular. Such actions constitute a violation of the relevant provisions of the Staff Car Rules, 1980 and amount to misuse of government assets.

The management did not reply till finalization of Audit.

Audit recommends that all vehicles irregularly transferred or used be immediately recovered and restored to PSQCA, and that responsibility be affixed on the officers/officials involved for allowing or authorizing such unauthorized use.

22.5.15 Irregular award of Tender for security services to M/s Security Organizing System Pakistan (Pvt) Ltd. Rs 6.872 million

Rule 38 of the PPRA Rules, 2004 states that the bidder with the most advantageous 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 PSQCA, Karachi made payment of Rs 6,872,982 to M/s Security Organization System for the security services during the year 2024-25.

The management of PSQCA, Karachi floated advertisement in the newspaper on 28th January, 2024 for hiring the services of Security Firm/Company for PSQCA Complex Building Karachi. Total 09 firms submitted the bids and Tender was opened on 14th February 2024. Out of 09 bidders, 03 bidders i.e., M/s Zia ul Islam Security services, M/s Bright Security Enterprises (Pvt)Ltd and M/s Guard Security system (Pvt) ltd were technically disqualified due to incomplete codal formalities and tender was finally awarded to M/s Security Organizing Services (SOS) selected on the basis of achieved highest score in technical evaluation.

Audit observed that: -

i. The minutes of the Technical Evaluation Committee did not specify the exact codal formalities that were allegedly not fulfilled by the

three firms declared technically disqualified, resulting in a lack of transparency in the evaluation process.

ii. As per the financial bid, the bid provided by selected company M/s Security Organizing services and three other firms that were disqualified are as follows:

No	Name of Security Companies	Security supervisor (Quoted Rate)	Security Guards (Quoted Rate)	Remarks (as mentioned in the evaluation report)
1	M/s Security Organizing System	45,858	41,284	Selected on the basis of achieved highest score
2	M/s Zia ul Islam Security service (Pvt) Ltd	35,000	32,900	Disqualified due to incomplete codal formalities
3	M/s Bright security Enterprises (Pvt) ltd	35,000	28,000	Do
4	M/s Guard Security System (Pvt) Ltd	34,000	28,000	DO

iii. The selected company's quoted rates were considerably higher, yet it was awarded the contract solely on the basis of achieving the highest technical score. However, the advertisement did not mention that selection would be made on the basis of the highest technical marks irrespective of financial bids.

iv. Other firms, including M/s Sakru Security Services and M/s Savior Security Services, had also secured 84 marks each in the technical evaluation, with lower financial bids compared to M/s Security Organizing System. Despite this, only M/s Security Organizing System was awarded full 100 marks and selected, indicating inconsistency in the evaluation process.

v. The minutes of the Tender Evaluation Committee were not signed by the Chairman, raising doubts about the authenticity and approval of the proceedings.

Audit is of the view that failure to clearly document disqualification reasons, disregard for financial competitiveness, and absence of the Chairman's signature reflect weak internal controls, lack of transparency, and non-compliance with prescribed procurement procedures.

The management did not reply till finalization of Audit.

Audit recommends that management should ensure compliance with PPRA Rules by clearly documenting evaluation criteria, recording disqualification reasons, and obtaining all required signatures. Responsibility should be fixed on the Tender Evaluation Committee for non-adherence to prescribed procedures and lapses in the evaluation process.

22.5.16 Irregular hiring of services of private hospitals – Rs. 54.128 million

Rule 12(2) of the Public Procurement Rules, 2004 states that all the 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 PSQCA hired the services of private hospitals / laboratories for the headquarters and its regional office and placed these private hospitals / laboratories at the PSQCA panel. An amount of Rs. 54.128 million was paid to these private hospitals during the financial year 2024-25. Details are as under:

(Rs.)

Sr. No.	Name of the hospital	Amount
1	Liaquat National Hospital, Karachi	26,938,823
2	Fatima Hospital, Karachi	1,666,266
3	Fatimiyah Hospital, Karachi	549,530
4	Medicare Cardiac and General Hospital, Karachi	13,543,243
5	Ittefaq Hospital, Lahore	9,484,372
6	Maryam Memorial Hospital, Rawalpindi	882,082
7	Shaleemar Hospital, Lahore	658,065
8	Dr, Mehdi A. Manji Pathological Laboratories, Karachi	43,090
9	Hospital Hyderabad	362,088
	Total	54,127,559

Audit observed that the services of private hospitals/ laboratories were hired without open competition.

Audit is of the view that the selection of private hospitals without open competition was a violation of the Public Procurement Rules, 2004.

The management did not reply till finalization of Audit.

Audit recommends that the responsibility may be fixed for the irregularity and the practice may not be repeated in future.

CHAPTER 23

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

23.1 Introduction

The Trade Development Authority of Pakistan (TDAP) is continuation of erstwhile Export Promotion Bureau, and is a premier Government agency mandated to develop programs and projects directed at maximum exploitation of the available export market access to the country.

Trade Development Authority of Pakistan (TDAP) develops and promotes export holistically, through focus, synergy, and with collective wisdom and counsel of its stakeholders. In addition, it is supposed to achieve the objective of rapid export growth through interaction and coordination with respective public and private sector stakeholders and enhancing value of products and services by broadening the export base by fostering supportive export culture and facilitation; and by encouraging export oriented foreign investment and joint ventures.

(Rs. in million)

Sr. No.	Description	Total Number	Audited	Expenditure Audited (FY-2024-25)	Revenue/ Receipt Audited (FY-2024-25)
1	Formations	1	1	2,131.50	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

23.2 Comments on Budget and Accounts (Variance Analysis)

Final budget allocated to the TDAP for the financial year 2024-25 was Rs. 1,390.790 million out of which the TDAP utilized Rs.1,390.790 million. The expenditure was incurred from the grant of the Commerce Division.

(Rs. in million)

Gr-ant No.	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
24	Current	1,270.00	0	0	1,390.79	1,880.00	.00	0.00%

*Budget of the TDAP was included in the demand of Commerce Division having cost Centre KA7304

23.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3,656.30 million, were raised in this report during the current audit of the **Trade Development Authority of Pakistan**. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Procurement related irregularities	144.43
2	Management of account with commercial banks	513.62
3	Recovery	1,614.08
4	Internal Control	1,360.04
5	Others	24.14

23.4 Status of compliance with PAC Directives

Audit Year	No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	7	6	3	4	50
2011-12	6	0	0	6	-
2012-13	5	0	0	5	-
2014-15	19	0	0	19	-
2016-17	8	4	2	6	25
2019-20	11	0	0	11	-
2020-21	16	0	0	16	-
2021-22	10	1	0	10	-
2023-24	8	0	0	8	
2024-25	2	0	0	2	-
Total	**92**	**11**	**5**	**87**	-

23.5 AUDIT PARAS

Trade Development Authority of Pakistan, Karachi

23.5.1 Non-preparation of financial statements

Section 26(2) of TDAP Act, 2013 states that the Authority shall maintain its balance sheet, statement of income and expenditure and statement of sources and application of funds with explanatory notes to the accounts, in accordance with the International Accounting Standards and other standards as notified by the Federal Government for this purpose.

The management of Trade Development Authority of Pakistan, Karachi was required to prepare balance sheet, statement of income and expenditure and statement of sources and application of funds with explanatory notes to the accounts, in accordance with the International Accounting and other standards (i.e. financial statements).

Audit observed that management did not prepare the financial statements even after the financial year ending on 30.06.2022.

Audit is of the view that non-preparation of financial statements is a clear violation of the above section.

The management stated that financial statements for the years 2022-23 and 2023-24 had been prepared by Usmani & Co., Chartered Accountants, and that the process for hiring an audit firm for preparation of financial statements for the year 2024-25 had been initiated.

The reply is not tenable. The omission reflects weak financial management and non-adherence to prescribed accounting standards.

Audit recommends that the matter be investigated to determine responsibility for the delay and financial statements be prepared in a timely manner.

23.5.2 Irregular creation of liabilities of KWSB - Rs. 24.163 million

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

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 the Trade Development Authority of Pakistan (TDAP), Karachi has taken a water connection at the Karachi Expo Centre (KEC) from the Karachi Water and Sewerage Board (KWSB).

Audit observed that the management failed to make timely payments of water charges to the Karachi Water and Sewerage Board (KWSB) for the Karachi Expo Centre, resulting in the accumulation of liabilities amounting to Rs. 24.163 million. Payments were not made on a regular basis, and unresolved issues with KWSB contributed to the buildup of arrears and potential surcharges.

Audit is of the view that non-payment of water charges placed an undue burden on the exchequer owing to building of arrears as well as surcharge, necessitating immediate corrective action to prevent further losses.

The management replied that the water connection under Consumer No. 00000588-00 has remained non-functional since inception and TDAP had requested its disconnection. TDAP continues to regularly pay bills for the operational connection (Consumer No. 00000588-01). Despite repeated correspondence and visits, KWSB has not corrected the billing error or removed the unjustified arrears.

The management's reply is not convincing. The existence of substantial outstanding dues in KWSB records indicates that reconciliation and disconnection processes were not effectively pursued to resolution.

Audit recommends that the case be formally reconciled with KWSB to determine the legitimate liability, and a written confirmation be obtained from

KWSB regarding the status of both consumer numbers. The responsibility for delayed action and non-resolution should be fixed.

23.5.3 Irregular retention of Karachi Expo Center's income in commercial bank account - Rs. 513.615 million

Section 23 of the TDAP Act, 2013 states that for the purpose of this Act, a non-lapsable Fund is hereby established which shall be administered and controlled by the Authority. The Fund shall consist of a fee including fee received from parties for participation in international trade fairs and exhibitions as well as the booking of halls in Karachi Expo Center for holding fairs, exhibitions, seminars and conferences, etc.

The management of Trade Development Authority of Pakistan (TDAP), Karachi collected income from Karachi Expo Centre on account of booking of halls, participation fee etc. amounting to Rs. 513.615 million during the financial year 2024-25 and deposited the same in a bank account No.3149893086 being maintained with the National Bank of Pakistan. Out of the total departmental income of Rs.513.615 million, the management incurred an expenditure of Rs. 400.625 million on operation and maintenance, utility, rental, security and other charges.

Audit observed that instead of depositing the said income in TDAP Fund, the management of Expo Center retained the entire income in the above said bank account in violation of the Act.

Audit is of the view that retention of Karachi Expo Center's income in commercial bank account was irregular.

The management stated that under Section 29 of the TDAP Act, 2013, the Authority is empowered to open and maintain its accounts in scheduled banks. Accordingly, a separate account was opened to manage Karachi Expo Centre's operations. All receipts were deposited in this account and utilized for maintenance and operations.

The reply was not accepted because the amount was retained in a commercial bank account in violation of the Act.

Audit recommends that the entire income of Karachi Expo Centre be deposited into the TDAP Fund as mandated under Section 23 of the TDAP Act, 2013.

23.5.4 Revenue Loss Due to Non-Charging of Additional Setup/Dismantling Days - Rs. 29.546 million

Clause 1.7 of the General Terms and Conditions of Karachi Expo Centre states that setup / dismantling days are provided in package (excluding Outer Areas), free of charge, as per the following details:

Event day(s)	Setup day(s)	Dismantling day
1	1	1
2	2	1
3	3	1

Clause 1.7 of the ibid states that additional days for setup or dismantling will be charged @ 50% of the normal fee of the occupied area before/ after the specified date of handing / taking over.

The management of the Trade Development Authority of Pakistan (TDAP), Karachi has rented out various locations at the Karachi Expo Centre (KEC) to the Defence Export Promotion Organization (DEPO) for Ideas 2024 expo from 04.11.2024 to 25.11.2024 and charged Rs. 23.637 million during the financial year 2024-25.

Audit observed that the DEPO had taken 12 days for setup and 3 days for dismantling for the 4 days' exhibitions which were not billed by the management. The detail of charges not billed is as under:

(Rs.)

Location	Rates per day	Rates Chargeable per day @ 50% for excess setup / dismantling days	Charges Not Billed for extra 10 days
Hall#1	624,000	312,000	3,120,000
Hall#2	757,000	378,500	3,785,000
Hall#3	624,000	312,000	3,120,000
Hall#4	979,000	489,500	4,895,000
Hall#5	979,000	489,500	4,895,000
Hall#6	979,000	489,500	4,895,000

Foyer Area	267,000	133,500	1,335,000
Congress Level – I	133,000	66,500	665,000
Congress Level – II	178,000	89,000	890,000
Outer Area – C	176,000	88,000	880,000
Outer Area – D	213,280	106,640	1,066,400
Total	**-**	**-**	**29,546,400**

Audit further observed that only 2 exhibitions could be held during November 2024 due to excessive number of days taken by the DEPO resulting in loss of revenue to the TDAP.

Audit is of the view that the less recovery of rental charges from the DEPO is irregular resulting in a loss of revenue to the Authority.

The management replied that the DEPO was allowed 15 additional days free of charge for setup and dismantling in continuation of the practice followed since 2006 as a "goodwill gesture".

The management's reply is not acceptable. Clause 1.7 of the General Terms and Conditions of Karachi Expo Centre clearly stipulates that only a limited number of setup and dismantling days are allowed free of charge, and any additional days must be charged at 50% of the normal rental fee. Granting 15 additional days free of cost to DEPO is a clear deviation from these approved terms, resulting in a revenue loss of Rs. 29.546 million to TDAP.

Audit recommends that the management recover the amount of Rs. 29.546 million from DEPO for the additional setup and dismantling days. Further, the management should discontinue the practice of granting free-of-cost extensions without written approval of the competent authority and ensure uniform application of rental terms to all parties.

23.5.5 Balance payable by Export Development Fund - Rs. 1,560.083 million

The Export Development Fund (EDF), in its various Board meetings, approved cumulative funding of Rs. 3,936.557 million to the Trade Development Authority of Pakistan (TDAP) for organizing multiple events including Texpo 2023, several Single Country Exhibitions, 4th Pak-Africa Trade Development

Conference, HEMS, WEXNET 2025, FoodAg Manufacturing 2025, and for the TDAP Annual Business Plan 2024–25.

The management of TDAP, Karachi against this total approved amount, incurred an expenditure of Rs. 3,924.181 million, while EDF released Rs. 2,445.245 million. Thus, a total balance of Rs. 1,560.083 million remains receivable from EDF as summarized below:

Name of event	Period	Approved budget	Actual expenditure	Funds received from EDF	Balance funds receivable from EDF
Texpo 2023	26.05.2023–28.05.2023	328,475,000	374,248,859	283,642,747	80,006,111
5th International Textile & Leather Exhibition	23.10.2024 to 25.10.2024	411,050,000	438,702,268	300,000,000	122,522,268
Single Country Exhibition, Jeddah, Saudi Arabia	05.02.2024 to 07.02.2024	511,560,247	511,560,247	255,780,124	255,780,124
Single Country Exhibition, Tashkent, Uzbekistan	28.06.2024 to 30.06.2024	73,626,300	190,104,635	73,626,300	116,478,335
Single Country Exhibition, Addis Ababa, Ethiopia	15.05.2024 to 17.05.2024	255,374,600	213,355,110	127,687,300	127,687,300
4th Pak-Africa Trade Development Conference, Cairo	2024	309,021,655	292,135,497	154,510,827	123,724,670
Wexnet 2025, Lahore	10.01.2025 to 12.01.2025	108,450,000	93,285,802	100,000,000	8,889,198
HEMS - Healthcare Engineering and Mineral Show	17.04.2025 to 19.04.2025	500,697,000	436,491,220	300,000,000	200,697,000
TDAP Annual Business Plan	2024-25	1,438,302,442	1,246,517,848	850,000,000	396,517,848
FoodAG Manufacturing 2025		-	127,779,833	-	127,779,833
Total		**3,936,557,244**	**3,924,181,319**	**2,445,247,298**	**1,560,082,687**

Audit observed that despite EDF's approval of the total project funding, a significant portion amounting to Rs. 1,560.083 million remained unrecovered from EDF. Consequently, TDAP had to utilize its own operational funds to meet the

shortfall, adversely affecting its financial planning, cash flow management, and timely execution of subsequent development activities. The delay in recovery also indicates weak financial follow-up, inadequate coordination with EDF, and deficient internal controls over receivable management.

Audit is of the view that the unrecovered amount constitutes a substantial portion of the total expenditure incurred and represents a significant financial receivable that has not been recovered in a timely manner.

The management contended that the receivables have either been received through post-dated cheques or are under active follow-up with the EDF Secretariat, and that supporting documentation, including project closure reports and formal requests for fund release, have been submitted. However, no verifiable evidence, such as bank credit confirmations, EDF acknowledgments, or verified payment vouchers, was produced to substantiate the claim of receipt.

Audit recommends that management ensure immediate recovery of the outstanding balance from the EDF and provide documentary evidence for verification. A robust follow-up and tracking mechanism should be established to ensure timely release of EDF-approved funds and prevent recurrence of such delays in future projects.

23.5.6 Excess expenditure on international exhibitions over and above approved budget - Rs. 1,285.938 million

Section 24 of the TDAP Act, 2013 requires that the Authority's annual budget be prepared and approved by the Board before submission to the Federal Government.

Rule 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 Trade Development Authority of Pakistan, Karachi incurred actual expenditure on various international exhibitions and the TDAP Annual Business Plan for 2024-25 amounting to Rs. 3,208.918 million, as detailed below:

(Rs.)

Name of event	Dates	Approved budget	Actual expenditure	Excess expenditure	Percentage of Excess Expenditure
5th International Textile & Leather Exhibition	23.10.2024 to 25.10.2024	411,050,000	438,702,268	27,652,268	6.73%
ingle Country Exhibition, Tashkent, Uzbekistan	28.06.2024 to 30.06.2024	73,626,300	190,104,635	116,478,335	158.20%
TDAP Annual Business Plan 2024-25		1,438,302,442	2,580,110,688	1,141,808,246	79.39%
Total		**1,922,978,742**	**3,208,917,591**	**1,285,938,849**	

Audit observed that the actual expenditure on abovementioned events significantly exceeded their approved budgets. This has resulted in a total excess expenditure of Rs. 1,285.938 million. This discrepancy indicates a serious lapse in financial controls and budget management.

Audit is of the view that the significant over-expenditure on these events, particularly for the TDAP Annual Business Plan, highlights a failure to adhere to budgetary discipline and established financial protocols. This practice not only raises questions about the efficiency of fund utilization but also poses a risk to the organization's financial health by creating unbudgeted liabilities.

The management explained that the excess expenditure occurred due to unforeseen factors such as increased international participation, enhanced hospitality obligations, exchange rate fluctuations, and delayed EDF Board approvals for revised estimates.

The reply was not accepted because no verifiable evidence, such as revised budget approvals, EDF release orders, or authenticated receipts of participation fees, was produced to substantiate the justification. Moreover, the TDAP should be more effective in expenditure estimation and management as planning the events has been its core business for decades. The reliance on post-event submissions and retrospective regularization does not comply with prescribed financial discipline.

Audit recommends that management obtain formal approval of revised budgets, produce supporting documents for verification, and ensure strict adherence to pre-approval and expenditure control procedures in future projects.

23.5.7 Irregular payment to Sindh Police for food / security charges - Rs. 12.141 million

Rule 16 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 25(1) of the TDAP Act, 2013 states that the funds shall be expended for the purpose of (a) paying any expenditure lawfully incurred by the Authority and (b) paying any other expenses, costs or expenditure properly incurred or accepted by the Authority in the performance of its functions or the exercise of its powers under this Act.

The management of the Trade Development Authority of Pakistan (TDAP) paid Rs. 12.141 million for security and food arrangements for police personnel deployed during the exhibitions, as detailed below:

(Rs.)

Date	Cheque No	Description	Amount
20.09.2024	4421679	Food charges for police personnel deployed for FoodAg 2024	4,000,000
01.11.2024	4474718	Food charges for police personnel deployed for Texpo 2024	4,141,200
04.02.2024	4475125	Food charges for police personnel deployed for Pakistan Travel Mart 2024	4,000,000
Total			**12,141,200**

Audit observed that that the payment was made to the DIG, Police, Karachi, and M/s Ajmeri happy Finger for food and security charges of the police personnel deployed for the abovementioned exhibitions, however, the payment voucher, invoice and copy of cheque was not provided to the audit

Audit is of the view that the payment was made without fulfilling the essential requirements of transparency, accountability, and documentation, which

could potentially lead to misuse or misstatement of public funds. The continued neglect of audit observations also reflects poor financial governance.

The management replied that the payments were made to Sindh Police for food and security arrangements during TDAP-organized exhibitions, namely FoodAg 2024, Texpo 2024, and Pakistan Travel Mart 2024. Further, they provided supporting documents, including payment vouchers, invoices, copies of cheques, and noting portions of the concerned files substantiating the payment to Sindh Police against food and security.

The management's reply is not acceptable. The payment is not justifiable as it was the primary duty of the Sindh Police to provide security to the public and participants of the expo center exhibitions. The engagement of a private vendor (M/s Ajmeri Happy Finger) for food charges on behalf of Sindh Police is also unjustified, especially without any open competition.

Audit recommends that responsibility may be fixed for the irregular payment and failure to act on earlier audit observations.

23.5.8 Irregular payment of airfare disbursement to the foreign delegates - Rs. 12.000 million

Rule 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 the Trade Development Authority of Pakistan (TDAP) disbursed a total of Rs. 12.000 million in cash to various foreign delegates for their airfare, which was for their attendance at international trade exhibitions organized in Pakistan.

Audit observed that the payment of Rs. 12.000 million for airfare to foreign delegates was made in cash. This method of payment is a significant deviation from standard financial practices, which typically require electronic transfers or cheques for such substantial amounts. Making large payments in cash exposes the

organization to heightened risks of misappropriation, lack of a clear audit trail, and potential fraud.

Audit is of the view that the cash disbursement is a serious irregularity and the practice of making large cash payments is a violation of financial prudence.

The management replied that payment was approved for hospitality of foreign delegates participating in Texpo-2024, of which some delegates requested airfare reimbursement in PKR since their tickets were booked through local travel agents. Accordingly, the Airfare Committee arranged cash reimbursement amounting to Rs. 12 million in PKR and USD, as permitted under the SBP's approval letter.

The management's reply is not tenable. The SBP's permission does not exempt TDAP from following standard financial control mechanisms. Cash disbursements of substantial amounts contravene financial discipline and hinder audit verification.

Audit recommends that TDAP immediately discontinue the practice of cash disbursement for airfare and other reimbursements to foreign delegates. All such payments should be processed through traceable banking. Furthermore, management should conduct an internal review to identify control lapses that allowed cash payments and establish strict procedures to prevent recurrence.

23.5.9 Irregular payments in cash by issuing open cheques – Rs. 49.936 million

According to Rule-157 of Federal Treasury Rules "Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed "A/c payee only - not negotiable".

The management of TDAP, Karachi made payment of various expenses amounting to Rs. 49.936 million during the financial year 2024-25, as detailed below:

Nature of expenditure	Amount (PKR)
Rent of residential building	19,615,364
Pay and allowances	11,158,721
Advance for expenditure	7,687,266
Travelling allowance	7,652,892

Payment for services rendered	2,832,000
Medical reimbursement charges	511,838
Entertainment expenses	345,154
Honoraria	133,140
Total	**49,936,375**

Issuance of open cheques enabling direct cash withdrawals exposes public funds to risks of misappropriation, fraud, and misuse, as no verifiable trail of payment to the actual beneficiaries exists.

Audit observed thatthe management issued open cheques instead of making payments through crossed cheques or direct bank transfers into the accounts of the payees. This practice facilitated direct cash withdrawals from TDAP's bank accounts. Audit is of the view that cash withdrawals amounting to Rs. 49.936 million were irregular and in clear violation of financial rules, exposing public funds to the risk of misuse and lack of accountability.

The management stated that issuance of open cheques occurred only in rare and urgent cases, primarily for employees or individuals who did not maintain bank accounts at the time of payment. It was clarified that this practice was adopted to meet immediate operational requirements and not as a routine procedure. However, the management has since discontinued the issuance of open cheques and issued a General Circular, with the approval of the Competent Authority, directing that all future payments be made only through crossed cheques or direct bank transfers to ensure compliance with financial rules.

The management's reply is not acceptable. While the issuance of a circular to discontinue the practice is a positive corrective measure, it does not justify the violation of the Federal Treasury Rules.

Audit recommends that the responsibility be fixed on the officers who authorized or facilitated issuance of open cheques in violation of Rule 157 of the Federal Treasury Rules. The management should ensure that all payments, without exception, are made through crossed cheques or direct bank transfers to maintain a verifiable audit trail.

23.5.10 Irregular purchase of vehicles from GSP account – Rs. 82.606 million

Section 23 of the TDAP Act, 2013 mandates that funds in the "TDAP Fund" are to be utilized for the Authority's functions. These funds, derived from various sources, should be managed with fiscal prudence and in accordance with the specific purpose of each financial stream.

Section 9 of the TDAP Act, 2013 vests the overall management, control, and administration of the Authority's affairs and its finances in the Board. This section requires that all significant decisions, particularly those related to the movement of large sums of money, must be approved by the Board and properly documented in its minutes.

The management procured two Toyota Fortuners and two Toyota Coasters for a total amount of Rs. 82.606 million. The payment for this purchase was made from the TDAP Generalized Sale Proceeds (GSP) account.

Audit observed that the purchase of high-value vehicles was executed from an account specifically designated for GSP. This action constitutes an unauthorized use of funds, as the purpose of this account is not aligned with capital expenditure for vehicle acquisition.

Audit is of the view that the purchase of vehicles from the GSP account is a direct violation of the Authority's financial regulations and the spirit of the TDAP Act, 2013. The purchase, valued at Rs. 82.606 million, is a significant financial transaction that should have been budgeted for and paid from the appropriate head of account. The use of the GSP account for this purpose demonstrates a severe lack of financial discipline and accountability.

The management stated that the procurement of the vehicles was duly approved by the TDAP Board in its 11th meeting held on 12.12.2024. The representative of the Finance Division present in the meeting advised that TDAP may procure vehicles from its own resources or EDF due to the Federal Government’s ban on vehicle procurement. The payment was made from the GSP account on an ad-hoc or bridge-financing basis to expedite procurement for security arrangements for an upcoming international event, and the amount was later reimbursed upon release of EDF funds.

The reply is not tenable as the payment was made from the GSP account, which is not designated for such expenditure. Moreover, no exemption from ban on purchase was provided.

Audit recommends that management produce documentary evidence of Board approval and subsequent recoupment of funds. Responsibility may be fixed for unauthorized diversion of funds, and the Authority should ensure that all future expenditures are incurred strictly from the relevant fund and in accordance with the TDAP Act, 2013.

23.5.11 Unauthorized grant of extra daily allowance for stay in hotel without hotel receipt

As per the office memorandum No F.7 (3) R-10/2023 dated 06-08-2023 of Finance Division (Regulations Wing), Islamabad regarding revision of rates of Daily allowance (DA) on Official Duty "Government servants in BPS-20 and above may stay in hotels and claim room rent charges on production of receipts, subject to a maximum of three DAs for specified stations and 1½ DAs on non-specified stations. Where no hotel accommodation receipt is produced, the rate of accommodation charges will be admissible equivalent to two DAs in specified stations and one DA at non-specified stations. For BS-20 and above, however, the room rent charges are in excess of the maximum ceiling aforementioned, the Government will pay fifty percent of the additional amount".

The employees of Trade Development Authority of Pakistan (TDAP), Karachi claimed three Daily Allowances (DAs) per day without providing hotel receipts. Few instances amongst them are provided in the annexure.

Audit observed that the practice is inconsistent with the above Finance Division's directive, which allows 3 DAs only when supported by hotel receipts. Allowing 3 DAs without receipts constitutes an unauthorized payment.

Audit further noted that the expenditure was charged to both the Federal grants and own resources. This dual charging contravenes the Finance Division's clarification dated 09-10-2020, which explicitly states that all expenditure on allowances must be met from a single resource only, that is, either the Government grant or TDAP's own resources.

The disbursement of allowance also violates the Finance Division's opinion on TDAP's draft service rules given in 3(31) R-14/2016 (OM dated 9th October 2020). This expenditure has been charged to both the regular budget (federal grants) and the Export Market Development Fund (EMDF) budget. Such dual charging violates the fundamental principle, explicitly endorsed by the Finance Division in its comments dated 9th October 2020, that all expenditure on allowances must be met from a single resource.

The management stated that under Clause 21(5)(xxix) of the TDAP Service Regulations, 2021, the Authority is empowered to frame its own rules, including those governing remuneration, allowances, and incentives, with the approval of the Board and the Federal Government. The TDAP Service and Financial Rules, duly vetted by the Law and Justice Division and approved by the Ministry of Commerce through Notification No. 1(1)/2014-Admin-III dated 02-03-2015, are legally valid and operational. The management emphasized that Chapter IX (Travelling) of the Service Regulations governs TDAP's TA/DA payments and therefore overrides the general government instructions cited by Audit.

The management's explanation is not acceptable. The TDAP Service Regulations cannot override or contravene Finance Division's standing instructions, which are binding on all autonomous bodies receiving government funds. Further, the Finance Division's clarification dated 09.10.2020 explicitly prohibits splitting or dual charging of allowances between different funding sources.

Audit recommends that TDAP should stop payment of 3 DAs without hotel receipts immediately, and ensure strict compliance with Finance Division O.M. dated 06-08-2023. The excess DA payments already made should be recovered from the concerned officers under intimation to Audit. Furthermore, TDAP should refrain from charging similar expenditures to multiple funding sources in future to ensure transparency, accountability, and adherence to government financial regulations.

23.5.12 Unauthorized payment of additional allowances

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 9(e) of the Finance Division's OM 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.

During scrutiny of pay and allowance records of the Trade Development Authority of Pakistan (TDAP), Karachi, Audit observed that the employees in both Basic Pay Scale (BPS) and TDAP Pay Scale (TPS) categories were being paid multiple allowances of similar nature from two separate resources, that is, the Federal Government budget and TDAP's own resources. This resulted in duplication of benefits, leading to unauthorized and irregular expenditure.

The details of the overlapping allowances are as follows:

Nature of Allowance	**Paid from Federal Budget**	**Paid from TDAP's Own Resources**
House Rent Allowance	45% of Basic Pay	TDAP HR Allowance @ 65% of Basic Pay as on 01-07-2022
Medical Allowance	Medical Allowance (2010)	TDAP Medical Allowance @ 35% of Basic Pay as on 01-07-2022 (along with Medical Reimbursement)
Entertainment Allowance	Entertainment Allowance (Admissible to entitled officers)	TDAP Entertainment Allowance @ 15% of Running Basic Pay as on 01-07-2022
Adhoc Relief Allowances	ARA 2022, ARA 2023, ARA 2024	TDAP Hard Area / Headquarter Allowance @ 45% of Initial Basic Pay
Utility Allowance	-	TDAP Utility Allowance @ 30% of Running Basic Pay
Executive Allowance	150% of Basic Pay (for specified categories)	-

During the review of pay and allowances of TDAP, Audit was provided with a document claimed to be the official approval and vetting of the Finance Division on TDAP's service rules. However, the Audit is of the view that the Office Memorandum F.3(31) R-14/2016 dated 09.10. 2020 of the Finance Division, titled Draft TDAP Service Rules in accordance with TDAP Act-2013, provided by TDAP

management to Audit, does not constitute official vetting by the Finance Division. However, Finance has officially commented on the service rules and, as per the document, the Finance Division's opinion on pay and allowances is that: "It is clarified that all the expenditure on the proposed allowances would be met from one resource, i.e., either from government grant or from TDAP's own resources."

The management stated that under Clause 21(5)(xxix)(a) of the TDAP Act, 2013, the Authority is empowered to regulate matters related to human resources, including determination of remuneration, allowances, and incentives, with the approval of the TDAP Board. The Service Regulations were duly vetted by the Law and Justice Division and approved by the Federal Government through the Ministry of Commerce vide Notification No. 1(1)/2014-Admin-III dated 2nd March 2015. They further explained that all allowances, including HR, Medical, and Entertainment, were approved by the TDAP Board in its 8th meeting held on 02.04.2021 and are being paid from TDAP's own resources. The Ad-hoc Relief Allowances (2022, 2023, and 2024) were sanctioned in accordance with Finance Division OMs approved by the President of Pakistan. Therefore, management held that no unauthorized payment was made and that all financial benefits are within the legal framework of the TDAP Act and Service Regulations.

The management's reply is not convincing. While the TDAP Act, 2013, authorizes the Authority to regulate its human resource policies, it does not exempt it from compliance with Federal financial control mechanisms. Rule 12(1) of the Rules of Business, 1973, and Para 25 of GFR Vol-I clearly require prior concurrence of the Finance Division for any order involving financial implications.

Audit recommends that TDAP should immediately discontinue payment of duplicated allowances drawn from dual sources and recover irregular payments from the concerned employees under intimation to Audit.

23.5.13 Excess expenditure on participation in an exhibition in Saudi Arabia - USD 96,722.83

Rule 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.

Audit scrutiny revealed an excess expenditure of USD 96,722.83 under the foreign components of the project, incurred without the approval of the "Board". The approved budget as per EDF Form-I was USD 1,820,522, whereas the actual expenditure amounted to USD 1,917,244.83, resulting in irregular spending beyond the sanctioned limit. Approval of the board for the additional amount could not be found.

The management explained that the Single Country Exhibition (SCE) in Saudi Arabia was initially planned for 100 companies, as reflected in the BoQ; however, due to an overwhelming response, over 120 companies participated. This 20% increase affected related costs such as stall construction, B2B arrangements, company handling, and visa processing, resulting in a budget increase of USD 96,722.83 (about 5%), which remains within the 10% variation limit allowed under PPRA Rules.

The justification provided by the management has not been substantiated with supporting documentary evidence nor approval of board has been attached without which the irregularity stands. Therefore, relevant documents may be produced to Audit along with the approval of board so that a proper and informed opinion can be reached during the course of verification.

23.5.14 Wasteful expenditure due to lack of Participation in Intertex Portugal 2025- Euros 31,320

Rule 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.

The management of the Trade Development Authority of Pakistan (TDAP), as per its Annual Business Plan, initiated participation in INTERTEX Portugal 2025 (held from 20–22 May 2025).

An estimated cost of €52,700 was obtained from the Trade and Investment Officer (TIO), Embassy of Pakistan, Madrid. TDAP advertised on 23 February 2025, receiving 15 applications and finalizing 9 exporters for participation.

In March 2025, TDAP, through TIO Madrid, signed a contract with the fair organizer for 9 stalls and subsequently made payment for 6 stalls amounting to

€31,320, after some visa rejections. However, eventually only 3 exporters actually participated, while the rest were refunded their participation fees by TDAP.

Audit observed that TDAP committed funds before confirming the final number of participants and made full payment for 6 stalls despite only 3 participants attending. This reflects poor planning and lack of coordination with the mission and fair organizers. Further, the cost of unutilized stalls, advertisement expenses, and the reduced exporter participation caused wasteful expenditure and reduced the intended impact of Pakistan's trade promotion efforts.

Audit is of the opinion that premature financial commitments and weak coordination resulted in waste of public funds, non-utilization of government resources, and ineffective participation in an international trade event, contrary to the principles of financial propriety under Rule 10 of GFR Vol-I.

The management stated that 9 companies were initially selected, and 6 stalls were finally booked after visa refusals. Payment was made only for these 6 stalls. As per the revised agreement with the fair organizer, fees of exhibitors who did not receive visas will be carried forward to the next edition of INTERTEX Portugal. Therefore, there is no financial loss to the exchequer, as the unutilized stalls will be used in the next fair, resulting in savings for future participation.

The management's reply is not acceptable. Audit maintains that committing and paying for stalls before confirming visa status and final participation was premature and contrary to prudent financial management. The utility of the "carry-forward" arrangement is uncertain until actual participation occurs in the next edition, which remains contingent on future approvals and visa issuance. Moreover, no documentary proof from the organizers regarding the "carry-forward" has been provided to substantiate the management's claim.

Audit recommends that TDAP should obtain written confirmation from the fair organizers regarding the validity and transferability of the paid stalls to the next event and strengthen planning and coordination mechanisms to confirm participation and visa approvals before financial commitments.

23.5.15 Non-Recovery of Prime Expo Centre Land encroached by PIA and Sindh Police

Rule 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 negligence on his part and that he will also be held personally responsible for any loss arising from 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

Audit scrutiny revealed serious irregularities in the management of Karachi Expo Centre land, with two major cases of unauthorized possession remaining unresolved for decades.

In the first case, 3.3 acres of land has been occupied by Pakistan International Airlines (PIA) since 1984 for establishing a planetarium. Despite the Honorable High Court of Sindh disposing of a related petition in 2004 with assurances of relocation, the land remains occupied. EPB (now TDAP) had demanded Rs. 25.077 million as rent up to November 2002, which remains unrecovered, with additional rental dues accruing for over two decades. Audit notes with serious concern that PIA has been using this land for commercial activities such as marriage gardens and bazaars, contrary to the intended purpose.

In the second case, Sindh Police has encroached upon six acres of prime Expo Centre land without authorization. Although high-level meetings resulted in an agreement that Sindh Police would be allocated one acre for a model police station in exchange for vacating the entire six acres, with TDAP even consenting to bear construction costs, the police authorities have not vacated the encroached land, contrary to the agreed decision.

The management, in its reply to both observations, stated that the files are currently with the legal section for examination and sending fresh notices for recovery of rent.

Audit finds the management's reply untenable for the following reasons:

a) The prolonged delay in resolving these land encroachment cases spanning 20-40 years demonstrates serious negligence in protecting government assets worth billions.

b) Withholding records from audit scrutiny on the pretext of legal examination is unjustified.

c) PIA's ongoing privatization process creates imminent risk of permanent loss of TDAP's valuable land asset if not resolved urgently.

d) The management's approach of offering construction costs to regularize Sindh Police's encroachment sets a dangerous precedent and rewards unauthorized occupation.

e) No effective legal strategy has been implemented despite the passage of decades

Audit recommends the following to protect government assets:

a) Immediate legal action must be initiated for vacation of both encroached properties through appropriate judicial forums.

b) A comprehensive recovery plan for outstanding rent amounting to hundreds of millions of rupees should be implemented.

c) The Board should establish a dedicated task force with clear timelines to resolve these long-pending issues.

d) The management must provide quarterly progress reports on the status of land recovery efforts.

e) All relevant records must be immediately provided to audit for comprehensive scrutiny of the historical handling of these cases during verification.

23.5.16 Irregular payment of Adhoc Relief Allowance-2024 to TPS Employees of TDAP – Rs 9.047 Million

As per Finance Division O.M. No. F.4(3)R-4/2011-Revision dated 13th September 2024, the grant of Adhoc Relief Allowance-2024 to employees of autonomous or semi-autonomous bodies is permissible only if they have fully adopted the Federal Government's Basic Pay Scales. Entities with different pay structures may grant ARA-2024 at 25% and 20% of basic pay only after obtaining concurrence from the Finance Division's Standing Committee on the recommendation of their Boards, subject to the organization's financial position.

The management of Trade Development Authority of Pakistan (TDAP), Karachi incurred an expenditure of Rs 9.074 million on account of payment of arrears of Ad-hoc Relief Allowance -2024 for three months from July to September, 2024 to TPS employees of the Trade Development Authority of Pakistan.

Audit observed that the TDAP failed to produce evidence of the Finance Division's prior approval/ concurrence for granting Ad-hoc Relief Allowance-2024 to the TPS employees. Similar approvals for ARA-2022 and ARA-2023 were also not provided for TPS staff. Further, the disbursement of Rs. 9.047 million was made without fulfilling the conditions specified in the applicable Finance Division O.M., particularly in the case of organizations following non-BPS pay scales like TPS.

Audit is of the view that in the absence of documented prior concurrence from the Finance Division, the disbursement of Ad-hoc Relief Allowance - 2024 to the TPS staff is irregular and contrary to the prescribed financial controls. The reliance solely on the TDAP Board's decision is insufficient for legal or financial validation under government rules.

The management stated that the Finance Division's O.M. dated 9th September 2024 clarified that autonomous and semi-autonomous bodies may extend ARA-2024 to non-executive/non-supervisory staff following board approval, after seeking concurrence for executive/supervisory staff. The management further cited the TDAP Board's decision taken in its 8th meeting held on 2nd April 2021, which stipulated that any future increase in Federal Government pay or allowances would be applicable to TPS employees at the same percentage, in order to avoid salary anomalies. Based on this standing board resolution and the guidance of the Finance Division O.M., TDAP granted ARA-2024 to non-executive TPS employees with effect from 1st October 2024 and processed arrears for the period July to September 2024 accordingly. It was further stated that the case for executive staff is currently under process with the Finance Division's Standing Committee.

Audit examined the reply and found it unsatisfactory. The TDAP Board's internal resolution, while reflective of policy intent, does not override the mandatory requirement for prior concurrence from the Finance Division in cases involving financial outflows for employees not on the Federal Government's Basic Pay Scales. The conditions laid out in the Finance Division O.M. are explicit and

binding. The absence of such concurrence renders the payment irregular. Moreover, management's failure to provide prior approvals for ARA-2022 and ARA-2023 to TPS employees further weakens its position and indicates continued non-compliance with applicable rules and procedures.

Audit recommends that TDAP obtain ex-post facto concurrence from the Finance Division for the payment of ARA-2024 to TPS employees and produce relevant approvals for previous years' Adhoc Relief Allowances (2022 and 2023) for audit verification.

23.5.17 Irregularities in Procurement, Accommodation, and Event Management during the Saudi Investment Opportunities Forum- Rs 23.07 million

Under Rule 12(1) of the Public Procurement Rules, 2004, procurements exceeding PKR 500,000 and up to PKR 3,000,000 are required to be advertised on the Public Procurement Regulatory Authority (PPRA) website to ensure transparency and open competition. Furthermore, Rule 9 prohibits the splitting or regrouping of procurement transactions to circumvent procedural thresholds, while Financial Rules (FR) mandate that all travel-related and hospitality expenditures must be supported by duly approved TA/DA bills and eligibility documentation.

Audit scrutiny of the expenditures incurred on the Saudi Investment Opportunities Forum, held in Islamabad from 9th to 11th October 2024, revealed multiple irregularities in procurement, accommodation, and event-related financial management.

Procurement records showed that five separate purchase orders were issued to M/s Waqas International, all within a narrow price range (Rs. 380,952 to Rs. 499,790) and involving near-identical services and quantity—supply of NESCO translation systems, event accessories, SMD screens, and stage equipment demonstrating clear splitting of procurement in violation of PPRA Rule 12(1). Similarly, two separate procurements worth Rs. 220,000 and Rs. 440,000 were made from M/s Stones & Beads Manufacturing for identical items (Aventurine shields with packaging), reflecting deliberate fragmentation of orders to avoid public advertisement and open competition.

Further audit examination of accommodation arrangements disclosed serious lapses in documentation and financial propriety. Invoices from Serena Hotel showed accommodation provided for 126 guests, amounting to Rs. 20.111 million, although the Ministry of Commerce's sanction (dated 1st October 2024) had approved boarding for only 100 delegates. No justification or sanction was available for the excess 26 rooms.

Similarly, additional accommodation was arranged at Marriott Hotel, where invoices carried ambiguous entries such as "TDAP" instead of individual guest names. No supporting guest list or TA/DA documentation was produced to confirm whether these individuals were part of the official delegation or Pakistani officials already drawing government allowances. The lack of room category details (standard vs. suite) further obscured the basis of varying rates charged.

Audit also observed that hotel conference facilities and meals were billed for meetings held on 7th and 8th October 2024, i.e., prior to the official commencement of the event. No records were available showing the participants or purpose of these meetings, nor any approval authorizing the use of luxury hotel premises instead of government facilities. These transactions reflect avoidable expenditure and weak internal approval controls.

Moreover, tax analysis of vendor and hotel invoices revealed under-deduction of applicable withholding taxes, suggesting lapses in compliance with Federal Board of Revenue (FBR) requirements and financial mismanagement in processing vendor payments.

The management in its reply stated that (a) the Ministry of Commerce had informed TDAP on 2nd October 2024—only a few days before the event—leaving insufficient time for a tendering process, therefore, all services were procured on the basis of quotations under PPRA Rule 42(c) (emergency procurement); (b) the officers mentioned in the hotel records stayed in Marriott Hotel and did not claim TA/DA separately; (c) some additional Saudi delegates arrived last-minute, necessitating extra accommodation at Serena Hotel; (d) protocol requirements exempted state guests from attendance records; and (e) advance teams from Saudi Arabia arrived earlier for security coordination meetings with Pakistani officials, for which boardrooms were booked. Management also asserted that tax deductions were made as per rules.

Audit finds the management reply unconvincing. The invocation of Rule 42(c) is not substantiated, as the short notice of one week does not meet the definition of unforeseeable emergency under PPRA rules; the event was scheduled and known in advance to the Ministry and TDAP. Moreover, the justification for accommodating additional delegates lacks documentary sanction or approval from the competent authority, and no guest-wise verification or TA/DA reconciliation was provided to ensure that dual claims were not made. Similarly, the expenditure on meetings prior to the event remains unjustified in absence of purpose-specific records, minutes, or authorization. The issue of incomplete tax deductions also remains unverified.

Audit recommends that (i) responsibility be fixed on officers responsible, (ii) recovery be actualized against unauthorized and excess payments, (iii) a complete reconciliation of accommodation and TA/DA claims be conducted to eliminate double payments, (iv) the matter of tax short-deduction be referred to FBR for verification and recovery.

23.5.18 Irregular tender for supply of rental air-cooled electrical chiller at Karachi Expo Center - Rs 38.750 million

As per Rule 13 of the Public Procurement Rules, 2004, the procuring agency may determine the response time for receipt of bids or proposals keeping in view the complexity, availability, and urgency of procurement. However, under no circumstances shall the response time be less than fifteen days for national competitive bidding and thirty days for international competitive bidding, calculated from the date of first publication of the advertisement in the newspaper or posting on the website, as the case may be.

The management of Trade Development Authority of Pakistan (TDAP), Karachi initiated procurement of air-cooled rental chillers for Karachi Expo Center on 13th June 2024 and published the advertisement on 7th July 2024, fixing 17th July 2024 as the last date for bid submission.

Audit observed that the management allowed only ten days' response time, which was in clear violation of the minimum period prescribed under Rule 13. Consequently, only one party, M/s KK Enterprises, submitted its bid, and the contract was awarded to them on 2nd August 2024. Payments of Rs. 38.750 million were made to the firm up to June 2025.

Audit is of the view that by curtailing the mandatory response period, TDAP management not only violated PPRA rules but also undermined the principles of transparency and open competition. The undue haste effectively restricted wider participation, resulting in a non-competitive single bid situation. This significantly enhanced the risk of non-transparent procurement and deprived the Authority of the opportunity to secure potentially more economical and competitive rates.

The management stated that the tender was processed strictly in accordance with PPRA Rules. The advertisement was uploaded on EPADS and TDAP's official website on 3rd July 2024, well within the prescribed time. The delay in publication in national newspapers occurred due to PID's scheduling, which was beyond TDAP's control. Despite this, no bidder requested an extension or raised any objection, and the process remained open and transparent. Hence, the prescribed reaction time was effectively observed, and the tender was conducted in good faith.

The management's reply is not tenable. The responsibility for ensuring compliance with Rule 13 of PPRA Rules, 2004 rests with the procuring agency, irrespective of delays by PID. The advertisement in national dailies on 7th July 2024 remains the effective date for counting the response time, which was only 10 days instead of the mandatory 15. This procedural lapse directly restricted competition and resulted in a single-bid procurement, defeating the objective of open and fair competition envisaged under the PPRA framework. Therefore, the tendering process stands irregular and non-compliant.

Audit recommends that the irregular procurement of Rs. 38.750 million be regularized from the competent authority after thorough examination of the tendering process.

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