



**AUDIT REPORT
ON
THE ACCOUNTS OF
GOVERNMENT OF BALOCHISTAN
AUDIT YEAR 2021-22**

AUDITOR-GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan, 1973, read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, require the Auditor-General of Pakistan to conduct audit of accounts of receipts and expenditure from the Consolidated Fund and Public Accounts of the Federation and of each Province; and the accounts of any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of various departments and autonomous bodies of the Government of Balochistan (GoB) for the financial year 2020-21 and accounts of some entities of departments pertaining to previous financial years. The Director General of Audit, Balochistan conducted audit during 2021-22 on test check basis with a view to report significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-1 of the Audit Report. The audit observations listed in the Annex-1 shall be pursued with the Principal Accounting Officers at the DAC level and in all cases, where the Principal Accounting Officers do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee (PAC) through the next year's Audit Report.

Thematic Audit – new concept, has been introduced and made part of this report at Chapter 23. It is an attempt to improve organization's performance through critically reviewing its business processes to identify those risks which are hindering it from achieving its intended objectives.

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

The Audit Report has been finalized in the light of discussions in the DAC meetings and written responses of the departments/offices.

The Audit Report is submitted to the Governor Balochistan in pursuance of the Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973, for causing it to be laid before the Provincial Assembly.

Islamabad
Dated: February 18, 2022

-SD-
(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS AND ACRONYMS

AASHTO	American Association of State Highway and Transportation Officials
AG	Accountant General
APPM	Accounting Policies and Procedures Manual
ARI	Agriculture Research Institute
B&R	Buildings and Roads
BIDC	Balochistan Infrastructure Development Cess
BINUQ	Balochistan Institute of Nephrology and Urology, Quetta
BOQ/BoQ	Bill of Quantities
BPPRA	Balochistan Public Procurement Regularity Authority
BPPRs	Balochistan Public Procurement Rules
BRA	Balochistan Revenue Authority
BSTS	Balochistan Sales Tax on Services
Cap.	Capsule
C&W	Communication and Works
Cft.	Cubic Feet
CGA	Controller General of Accounts
CMA(QC)	Controller Military Accounts (Quetta Command)
CMS	Content Management System
CNIC	Computerized National Identity Card
CPWA	Central Public Work Accounts
CPWD	Central Public Works Department
CV	Cash Voucher
Cum.	Cubic Meter
DAC	Departmental Accounts Committee
DAO	District Accounts Office
DD	Deputy Director
DDO	Drawing and Disbursing Officer
Dia	Diameter
DG	Director General
DPO	District Police Officer
DWC	District Water Committee

ERP	Enterprise Resource Planning
FAO	Food and Agriculture Organization
FD	Finance Department
GBPS	Government Boys Public School
GDP	Gross Domestic Product
GFR	General Financial Rule(s)
GI	Galvanized Iron
Gm/mg	Gram/Milligram
GoB/GOB	Government of Balochistan
GPP	Governance and Policy Project
GRASP	Growth for Rural Advancement and Sustainable Progress
HEC	Higher Education Commission
Hq/HQ	Headquarters
Inj.	Injection
IUCN	International Union for Conservation of Nature
JE	Journal Entry
JICA	Japan International Cooperation Agency
Kg./Kg	Kilogram
Km	Kilometer
LUAWMS	Lasbela University of Agriculture, Water and Marine Sciences
M/s	Messer/Messer's
M	Meter
MB	Measurement Book
MFDAC	Memoranda for Departmental Accounts Committee
mm	Millimeter
MSD	Medical Store Depot
NARC	National Agriculture Research Center
NBP	National Bank of Pakistan
NIT	Notice Inviting Tender
NOC	No Objection Certificate
NSR	Non-Schedule Rate
O&M	Operation and Maintenance
OFWM	On Farm Water Management
Oint.	Ointment
OM	Organizational Management Module
P&D	Planning and Development

P/L	Providing and Laying
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PC-I	Planning Commission (Performa I)
PCRWR	Pakistan Council of Research in Water Resources
PD	Project Director
PDMA	Provincial Disaster Management Authority
PhD	Doctor of Philosophy
POL	Petroleum, Oil and Lubricants
PRAL	Pakistan Revenue Automation Limited
PSDP	Public Sector Development Program
PWB	Provincial Water Board
QESCO	Quetta Electric Supply Company
RB	Running Bill
RTA	Regional Transport Authority
Rft	Running Feet
S/R	Supplying and Repairing
SAP	Systems Applications and Products
SBK/SBKWU	Sardar Bahadur Khan Women's University
SBP	State Bank of Pakistan
SDG	Sustainable Development Goals
Sft.	Square Feet
S. No.	Serial Number
SRO	Statutory Regulatory Order
Tab.	Tablet
TO/TOs	Treasury Office(s)
UPVC	Unplasticized Polyvinyl Chloride
UP&DD	Urban Planning and Development Department
Vol./Vol	Volume
WRPD&M	Water Resources Planning, Development and Monitoring
WSS	Water Supply Scheme
WST	Water Supply Tank

EXECUTIVE SUMMARY

The Director General Audit, Balochistan, carries out audit of the Government of Balochistan. Provincial Government conducts its operations under the Rules of Business, 1973 that comprises 40 Principal Accounting Officers (PAOs) for different departments, attached departments, subordinate offices and certain autonomous bodies. Financial provisions of the Constitution describe the Government funds as Provincial Consolidated Fund and Public Account for which the Provincial Assembly authorizes annual Budget Statement in the form of budgetary grants. For audit of the same, DG Audit, Balochistan has a human resource of 58 personnel with 13,456 person-days. This office is mandated to conduct Compliance with Authority Audit, Financial Attest Audit, Thematic Audit and Performance Audit of departments and Projects run by these departments.

a. Scope of Audit

This office is mandated to conduct audit of 3,723 formations working under 40 PAOs/SAEs. In the financial year 2020-21 expenditure of these DDOs / formations was 283.5 billion and receipts from own sources were Rs. 18.369 billion.

Audit coverage for the financial year 2020-21 comprises 219 formations of 28 PAOs/SAEs having a total expenditure of Rs. 108 billion and receipt of Rs. 5.20 billion. The audit coverage for expenditure/receipt is 38%.

This audit report also includes audit observations resulting from the audit of:

Expenditure of Rs. 114.348 billion and receipt of Rs. 2.754 billion for the financial year 2019-20, pertaining to 270 formations of 28 PAOs/SAEs.

In addition to this compliance audit report, Director General Audit, Balochistan, conducted 7 Financial Attest Audits, 8 Performance Audits and 2 Special Audits. Reports of these audits are being published separately.

b. Recoveries at the instance of audit

As a result of audit, a recovery of Rs. 13,497 million was pointed out in this report. Recovery effected from January to December 2021 was Rs. 2,257.224 million that has been verified by audit.

c. Audit Methodology

Desk Audit techniques were applied intensively by DG Audit, Balochistan, in the audit year 2021-22. This was facilitated by access to live SAP/R3 data, intranet, internet facilities, and the availability of permanent files. Desk review helped auditors understand the systems, procedures, environment, and the audited entity before starting field activity. This greatly facilitated the identification of high-risk areas for substantive testing in the field.

d. Audit Impact

- i) Establishment of Internal Audit Unit in the Finance Department, GoB.
- ii) Discontinuation of Balochistan Special Allowance admissible to Pakistan Administrative Service officers along with four return air tickets with family.

e. Comments on Internal Controls and Internal Audit Department

Audit of the departments and subordinate offices conducted during the year indicated that adequate internal controls were missing in most organizations and departments. Recurrence of similar irregularities pointed out by statutory audit year after year is a reflection upon the level of effectiveness of internal controls.

Due to the absence of a proper Internal Control System in the Provincial Government departments and organizations, certain issues have emerged, such as:

- Efforts to enhance government receipts were not effective,
- Stock accounts were either not maintained or maintained improperly,
- Non-recovery of Government taxes and duties,
- Procurement of stores in non-transparent manner,
- Loss to public exchequer due to acts of omission and commission,
- Non-observance of prescribed procedures in the execution of development schemes,

- Poor budgeting and budget execution,
- Instances of payments in the name of DDOs instead of vendors,
- Instances of saving / investment of public money in commercial banks
- Non implementation of Organizational Module and Fixed Assets Module in SAP,
- Instances of violation of contract,
- Instances of non-production of record,

Statutory audit exercises sample based (35%) check on the total transactions. The irregularities pointed out by audit, being not exhaustive, are illustrative in nature. Findings of the audit report are results of test check, showing irregularities amounting to Rs. 18,986.36 million. It is obvious that the total volume of the irregularities would be much higher if an exhaustive audit had been carried out. The executive authorities can learn from the points raised by the audit.

f. The key audit findings of the report:

- Non-production of records - Rs. 872.035 million in 3 instances¹
- Fraudulent drawl of Rs. 0.626 million in 1 instance²
- Loss sustained by the government - Rs. 624.161 million in 9 cases³
- Overpayment - Rs. 277.693 million noted in 27 cases⁴
- Recoverable - Rs. 1,892.223 million noted in 22 cases⁵
- Irregular expenditure - Rs. 1,649.792 million noted in 49 cases⁶

¹Para 10.2.1,10.2.2,7,10.2.14

²Para 2.2.10

³Para 3.6.2,10.2.6,10.2.7,11.2.1,14.2.2,14.2.6,14.2.7,15.2.2,20.2.1

⁴Para 2.2.4,2.2.7,2.2.9,3.2.1,3.2.2,3.4.1,5.2.3,5.2.5,5.2.9,6.2.2,6.2.3, 10.2.10,12.2.1,12.2.2,12.2.3,13.2.4,13.2.5,13.2.6,13.2.7,13.2.8,17.2.6, 18.2.2,18.2.3,18.2.4,21.2.1,21.2.2,21.2.3

⁵Para 2.2.1,3.4.2,4.2.3,5.2.8,5.2.10,6.2.1,6.2.4,7.2.5,8.2.4,10.2.13, 12.2.4,12.2.5,12.2.6,13.2.3,14.2.3,15.2.1,16.2.1,18.2.5,19.2.1,19.2.3, 20.2.1,22.2

⁶Para 2.2.3,2.2.5,2.2.6,2.2.11,5.2.2,3.2.3,3.6.1,3.6.3,4.2.4,4.2.5,6.2.5,6.2.6, 6.2.7,6.2.9,8.2.5,7.2.1,7.2.3,7.2.6,7.2.7,8.2.2,8.2.3,9.2.1,9.2.3,10.2.2, 10.2.3,10.2.4,10.2.11,10.2.12,10.2.15,11.2.3,11.2.4,11.2.5,11.2.6, 13.2.9,13.2.10,14.2.4,14.2.5,15.2.3,16.2.2,17.2.1,17.2.2,17.2.4,17.2.7, 18.2.8,19.2.2,19.2.4,20.2.3,20.2.6,22.1

- vii. Unauthorized expenditure - Rs. 12,055.319 million noted in 16 cases⁷
- viii. Evasion of taxes and duties - Rs. 1,058.270 million noted in 14 cases⁸
- ix. Non-reversal of un-cashed cheques at the year-end - Rs. 2,048 million in one case⁹

g. Recommendations

- i. Non-production of record is a serious irregularity, which hinders audit activity. PAOs need to take disciplinary actions against those officials who are found responsible for the non-production of records to audit.
- ii. PAOs should inquire the matter of embezzlement, take disciplinary action and ensure strong internal controls to avoid recurrence in future.
- iii. Inquiries need to be conducted to fix responsibilities for loss and irregular expenditures.
- iv. Efforts need to be made by the PAOs to recover overpaid amounts.
- v. Prompt recovery of Government dues, wherever applicable, and their credit in the Government treasury should be ensured.
- vi. Works departments need to follow the composite schedule of rates and prescribed procedures.
- vii. Civil Works should only be executed by the Works departments so that overlapping of development activities could be avoided.
- viii. Government dues were not being deducted. Serious efforts need to be made by the PAOs to ensure due recovery.
- ix. PAOs of revenue earning departments need to make serious efforts to collect taxes and duties.
- x. Drawl of public money on abstract bills should be restricted and allowed in cases where it is justified.
- xi. The purpose for which the money is granted should be clearly specified in case of grant-in-aid and no fresh grant should be given without obtaining detailed accounts of the previous grant.
- xii. Public money should not be retained in commercial bank accounts without justification and without permission from the Finance Department.

⁷Para 2.2.8,4.2.1,5.2.4,5.2.6,6.2.8,7.2.2,7.2.4,8.2.1,10.2.6,13.2.1,16.2.3, 17.2.3,18.2.7,20.2.5,20.2.7,21.2.4

⁸Para 2.2.6,3.2.4,3.6.4,4.2.2,5.2.7,5.2.11,9.2.2,10.2.8,11.2.2,13.2.2,17.2.6, 18.2.6,20.2.3,21.2.5

⁹Para 1.2.4

- xiii. The PAOs should establish a mechanism of management controls with built-in checks and balances to prevent unauthorized practices and utilization of public assets.
- xiv. All the PAOs are required to adhere to the provisions of GFR 10, Vol-I pertaining to standards of financial propriety.
- xv. Proper budgeting and financial management as required under the rules should be complied with.
- xvi. PAOs should direct their attached departments and field offices to respond to the Audit Inspection Reports well in time and ensure convening of DAC meetings on time and implement decisions taken in the meetings.
- xvii. PAOs need to comply with the Balochistan Public Procurement Rules (BPPRs) strictly.

Sectoral Analysis

Balochistan is the largest province of Pakistan in area and smallest in terms of population. These distinct features offer both challenges and opportunities for development. On one side, Balochistan bears a high incidence of multidimensional poverty, on the other, the province houses abundant natural resources, which could drive prosperity. However, the province has not been able to optimally capitalize its potential, owing to a myriad of issues.

The 7th National Finance Commission (NFC) allocated a 9.09 % share to Balochistan from the federal divisible pool and a sum of Rs. 253.230 billion was received in the financial year 2020-21.

During the financial year 2020-21, an amount of Rs. 43.763 billion remained unspent, which stood at 11.31% of the revised budget estimates. Inability to spend 11.31% of the allocated budget is a question mark on the government's planning, ability and priority in terms of spending. Furthermore, the government spending on development activities remained 29% of the total expenditure, which was quite low.

(Sector wise allocation of Development Budget for 2020-21 is at Table A)

The GoB's development Final Budget Grant was 104.645 billion, and the expenditure incurred was Rs. 98.684 billion during the financial year 2020-21. The total number of PSDPs schemes was 7,064 (ongoing schemes; 3,265, new schemes; 3,799). Out of 7064 schemes, 265 schemes remained unexecuted (ongoing schemes; 143, new schemes; 122). Furthermore, 287 Ongoing Schemes were not considered in the PSDP and a token sum / less than 1% budget was allocated in the Original PSDP 2020-21. These ongoing schemes were near completion. No development scheme for Environment Sector was executed during financial year 2020-21.

In the PSDP 2020-21, out of a total of 7,064 schemes 1,747 (26%) schemes pertained to the Public Health Engineering sector wherein maximum

of the schemes related to water supply/Tube wells. Allocation of 26% schemes to Water Supply Schemes will further contribute towards depletion of water reservoirs/groundwater levels, which are already very low.

In the sector “other schemes”, an expenditure of Rs. 2,092.677 million was incurred on 122 new schemes. In this sector, the development works were executed by the Commissioners/Deputy Commissioners despite the fact that specialized Public Works Department is already executing work projects / schemes.

Out of 28 sectors of PSDP, there were 15 sectors with less than 1% allocation of the overall PSDP. Whereas, the PSDP sector “Other Schemes” alone had an allocation of 2.121% of the PSDP being the 11th highest allocated sector.

The main revenue sectors of the Government are Agriculture, Mines and Minerals and Fisheries but fewer resources were allocated to them. In Water sector, the government has launched construction of different dams but the release of funds to these projects was slow. Balochistan has a long coastal belt and beautiful landscape but Culture and Tourism sector was not given priority and only Rs. 1,014 million were spent which is almost 1% of the total PSDP. The Industries sector also remained neglected whereas, there is a potential of industrial development especially in the already existing industries (In Quetta and Lasbela) and China Pakistan Economic Corridor (CPEC) and Afghan Transit Trade. Youth entrepreneurship programs did not make a part of the PSDP despite the fact that such programs could help reduce poverty in the province.

¹Expenditure of GoB

(Rs. in million)

Head of Account	Expenditure 2020-21	% of total expenditure
Employees Related Expenses	130,615	38%
Operating Expenses	37,846	11%
Employees’ Retirement Benefits	39,184	11%
Grants Subsidies and Write Off Loans	31,164	9%
Transfers (Scholarships and cash awards)	1,510	0%

¹ Financial Statements of the GoB, 2020-21

Head of Account	Expenditure 2020-21	% of total expenditure
Interest Payment	3,342	1%
Physical Assets	19,402	6%
Civil Works	70,980	21%
Principal Repayments of Loans	5,632	2%
Investment	3,578	1%
Total	343,253	100%

1. Pension expenditure:

The size of pension expenditure is growing exponentially every year. Pension expenditure in 2020-21 was Rs. 39,184 million² as compared to Rs. 32,468 million in 2019-20.

2. GPF expenditure:

The payments of GPF for 2020-21 were Rs. 5,247 million³ which was 71% of the total GPF receipts of Rs. 7,399 million, while for 2019-20, the GPF payments were Rs. 2,646 million which was 38% of the total GPF receipts. Total GPF receipts of 2020-21 were Rs. 7,399 million that was 5% more than the receipts of 2019-20 i.e., Rs. 7,014 million. Periodically, the FD, GoB seeks the receipts/subscriptions of GPF from AG, Balochistan and later on, the same amount is withdrawn and invested for returns.

3. Foreign debt:

The foreign debt balance for 2020-21 was Rs. 39,835 million which stood reduced from the closing balance of 2019-20 amounting to Rs. 43,519 million⁴. Amount paid against Repayment of Principal Foreign Debt for 2020-21 was Rs. 5,627 million which was Rs. 7,737 million during 2019-20.

4. Revenue receipts:

Net revenue receipts of GoB for 2020-21 was Rs. 336,082 million out of which Rs. 253,230 million⁵ was received from the Federal Government as taxation share, which constituted 75% of total revenue. This amount of taxation

² Financial Statements of the GoB, 2020-21

³ Finance Accounts, GoB, 2020-21

⁴ Financial Statements of GoB, 2020-21

⁵ Financial statements of GoB, 2020-21

transfer from the Federal Government is 10% less than the share of 2019-20, Rs. 29,389 million.

The GoB's own tax collection for 2020-21 was Rs. 18,369 million⁶ which was 12% higher than last year's collection of Rs. 16,448 million. Own tax collection increased because of Indirect Tax i.e., Balochistan Sales Tax on Services summing to Rs. 12,972 million as compared to last year's collection of Rs. 10,656 million. Receipts under Motor Vehicle Act, Stamp Duties, Provincial Excise and Capital Value Tax on Immovable Property amounting to Rs. 2,289 million as compared to the previous year collection of Rs. 1,875 million (Rs. 3,108 million on account of Property tax, Land Revenue, Tax on profession and others).

Analysis of High Risk areas

During execution of audit of GoB, it was observed that the risks areas which were identified during the planning phase led to irregularities. The reason behind occurrence of same irregularities as pointed out in audit observations year after year, is that these are not taken seriously by the PAOs and compliance is not ensured, and internal control mechanism is weak.

For the smooth execution of audit, management of the DG Audit, Balochistan put efforts to make production of the record possible, but despite the same in some instances, the field audit teams were not provided with the auditable records. This led not only to non-achievement of the planned target of audit but also hindered constitutional obligation of DAGP. The audit teams execute audit within planned person-days leaving no room for delay in production or non-production of auditable record. The PAOs and DDOs need to devise plan for ensuring completion and compilation of the auditable record complete in all respects, at the end of the financial year.

Expenditure of pay and allowances without budgetary coverage was a noted feature during the audit. Retention of public money by the government offices was also observed. Besides, improper reconciliation of receipts and expenditure statements with the accounting offices, led to accounting issues.

⁶ Financial statements of GoB, 2020-21

Below is the detail of the high-risk areas identified during the execution of the audit, which would certainly improve financial governance if noted for compliance.

A. HR-related expenses:

- (i) Payment of pay and allowances beyond admissibility.
- (ii) Drawl of pay and allowances above the sanctioned strength.
- (iii) Non implementation of Organizational Module leading to excess payments in pay and allowances.
- (iv) Non surrendering of unspent / unrequired amounts resulting in lapse of budget.

B. Operating expenses:

- (i) Irregular payments on account of repair and maintenance of vehicles and POL charges and non-maintenance of log books.
- (ii) Split up of expenditure to avoid open competition through bidding.
- (iii) Non deduction of necessary government taxes and procurement from unregistered firms.
- (iv) Non maintenance of important stock record.
- (v) Non maintenance of fixed assets record.

C. Development expenses:

- (i) Less allocation of funds.
- (ii) Instances of less / non deduction of government taxes.
- (iii) Instances of advance payments.
- (iv) Payment beyond PC-I provisions.
- (v) Execution of works without PC-II, III, IV, V and technical sanctions.

D. Revenue receipts:

- (i) Non achievement of revenue targets.
- (ii) Obsolete / traditional methods of revenue receipt collection.

Table A

Sector wise allocation of Development Budget as per Original PSDP and comparison with revised/releases of PSDP, 2020-21 and actual payments in the financial year 2020-21

(Rs. in million)

S. No	Sector	Original	Final	Expenditure	Original		Final		Expenditure		Total %
1	Agriculture Sector	4,306	3,886	3,819.105	New	20	New	15	New	14	3.870%
					Ongoing	475	Ongoing	478	Ongoing	462	
2	Communication Sector	27,593	27,665	26,210.114	New	426	New	371	New	368	26.560%
					Ongoing	258	Ongoing	223	Ongoing	220	
3	Culture Sector	626	301	297.936	New	13	New	16	New	14	0.302%
					Ongoing	9	Ongoing	7	Ongoing	7	
4	Education Sector	9,109	7,988.2	7,747.473	New	342	New	289	New	283	7.851%
					Ongoing	508	Ongoing	517	Ongoing	487	
5	Environment Sector	200	2.000	0.000	New	1	New	0	New	0	0.000%
					Ongoing	1	Ongoing	1	Ongoing	0	
6	Federal Funded Project	38,146	23,876.1	23,614.195	New	463	New	467	New	410	23.929%
					Ongoing	446	Ongoing	446	Ongoing	433	
7	Fisheries	627	178.3	177.768	New	27	New	10	New	10	0.180%
					Ongoing	10	Ongoing	7	Ongoing	7	
8	Food Sector	383	213	212.516	New	7	New	6	New	6	0.215%
					Ongoing	1	Ongoing	1	Ongoing	1	
9	Foreign Aid	12,437	2,461.520	0.650	New	20	New	3	New	0	0.001%
					Ongoing	14	Ongoing	14	Ongoing	14	
10	Forestry	822	336.5	286.082	New	1	New	1	New	1	0.290%
					Ongoing	74	Ongoing	67	Ongoing	63	
11	Health Sector	7,250	4,172.32	3,982.150	New	146	New	133	New	123	4.035%

					Ongoing	112	Ongoing	98	Ongoing	92	
12	Industries & Commerce Sector	524	904.2	902.260	New	5	New	3	New	3	0.914%
					Ongoing	20	Ongoing	22	Ongoing	21	
13	Information Technology Sector	1,170	342.3	337.744	New	4	New	4	New	3	0.342%
					Ongoing	15	Ongoing	10	Ongoing	10	
14	Irrigation Sector	7,927	6,673	6,616.105	New	303	New	289	New	287	6.704%
					Ongoing	331	Ongoing	334	Ongoing	328	
15	Livestock	1,108	808	753.922	New	40	New	39	New	37	0.764%
					Ongoing	93	Ongoing	86	Ongoing	79	
16	Local Govt & Rural Development Sector	3,880	3,023	2,920.449	New	540	New	531	New	510	2.959%
					Ongoing	119	Ongoing	113	Ongoing	104	
17	Manpower Sector	61	88	87.128	New	0	New	0	New	0	0.088%
					Ongoing	4	Ongoing	5	Ongoing	5	
18	Mines & Minerals	537	144.5	120.745	New	4	New	2	New	2	0.122%
					Ongoing	32	Ongoing	27	Ongoing	22	
19	Others Schemes	12,057	2,450.3	2,092.677	New	4	New	0	New	0	2.121%
					Ongoing	129	Ongoing	126	Ongoing	122	
20	P.H.E. Sector	9,610	7,412	7,351.348	New	1553	New	1432	New	1421	7.449%
					Ongoing	273	Ongoing	332	Ongoing	326	
21		6,286	5,026.453	4,876.000	New	89	New	73	New	71	4.941%

	Physical Planning & Housing Sector				Ongoing	166	Ongoing	155	Ongoing	135	
22	Population Welfare	20	20	19.890	New	0	New	0	New	0	0.020%
					Ongoing	3	Ongoing	3	Ongoing	2	
23	Power Sector	2,518	1,515	1,503.765	New	99	New	53	New	53	1.524%
					Ongoing	13	Ongoing	8	Ongoing	8	
24	Social Welfare	1,249	566	553.267	New	59	New	38	New	37	0.561%
					Ongoing	19	Ongoing	13	Ongoing	13	
25	Sports Sector	5,356	2,506	2,287.834	New	19	New	17	New	17	2.318%
					Ongoing	156	Ongoing	117	Ongoing	112	
26	Tourism Sector	550	807	716.169	New	4	New	4	New	4	0.726%
					Ongoing	7	Ongoing	11	Ongoing	9	
27	Urban Planning & Development Sector	1,659	973	937.275	New	1	New	1	New	1	0.950%
					Ongoing	28	Ongoing	26	Ongoing	23	
28	Women Development	420	307	259.431	New	4	New	2	New	2	0.263%
					Ongoing	23	Ongoing	18	Ongoing	17	
Total		156,430.141	104,645.693	98,683.998	Total	7533	Total	7064	Total	6799	100.00%
					New	4194	New	3799	New	3677	
					Ongoing	3339	Ongoing	3265	Ongoing	3122	

Chapter 1

Public financial management issues observed in certification audit of Accountant General, Balochistan, Quetta

1.1 Findings and Recommendations on Budgeting

1.1.1 Savings not surrendered - Rs. 46,447 million

According to Para 95 of GFR Vol.-I, “All anticipated savings should be surrendered to Government immediately when they are foreseen without waiting till the end of the year, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time and no savings should be held in reserve for possible future excess.”

According to Para 15(1) of Balochistan PFM Act 2020, All Departments, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the FD by 15th May each year all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.

During certification audit of the Accounts of GoB for the financial year 2020-21, it revealed that a huge sum of Rs. 46,447 million could not be utilized by the concerned departments for the intended purposes and stood lapsed at the close of financial year as detailed in Annexure 1.1.

Management did not forecast its actual requirement before the close of financial year which resulted in lapse of budget.

Accountant General replied that the control of expenditure (saving, excess) comes within the purview of authority administering a grant in terms of G.F.R para-88. Accordingly, this office has already taken up the matter with concerned Principal Accounting Officers of GoB under intimation to Secretary FD, Balochistan, for reasons and to ensure timely surrender of the same in future, but response is still awaited on their part.

Finance Department, GoB replied that the FD continuously issues instructions to the departments regarding Excess/Savings and Supplementary grants. However, despite the above, the departments show minimal response resulting in lapse of a huge amount on the one hand, while on the other hand a large amount of supplementary budget is presented to the Government and the Provincial Assembly for their approval. The matter will be taken up with the departments again

In the DAC meetings held on November 11 and 12, 2021, Forum decided that DG Audit will take up the matter with the concerned PAOs in their respective reports.

Audit recommends that besides compliance of DAC decision by the Audit, the matter needs to be regularized by the competent authority.

1.1.2 Expenditure without budgetary allocation in Pay and Allowances - Rs. 6.701 million

According to Para 20(1) of BFM Act 2020, “No authority shall incur or commit any expenditure or enter into any liability involving expenditure from the Provincial Consolidated Fund and Public Account of the Province until the same has been sanctioned by a competent authority duly empowered and the expenditure has been provided for the financial year through - (a) schedule of authorized expenditure; or (b) supplementary grant and technical supplementary grant as per Article 124 of the Constitution; or (c) re-appropriation.

According to the Article 158 of Audit Code “Audit is responsible for watching firstly that the total expenditure under a grant or appropriation does not exceed the amount of that grant or appropriation as specified in authenticated schedule of authorized expenditure and secondly that the total expenditure on each of the sub heads fixed as units of appropriation under a grant or appropriation does not exceed the allotment thereof as modified by orders of re-appropriation passed by competent authority from time to time.”

During certification audit of the Accounts of GoB for the financial year 2020-21, it was observed that an expenditure of Rs. 6.701 million was incurred by different departments without any budgetary allocation under the relevant head of account, as detailed in Annexure 1.2.

The same irregularity was also observed in the previous year when expenditure of Rs. 1,052 million was incurred without any budgetary allocation under the relevant head of accounts.

Excess payments indicate weak budgeting and financial control.

Accountant General replied that the matter has been under correspondence with the FD, GoB and also communicated to the concerned departments for regularization of expenditure but there was only one department which had taken up the matter with FD and responses from rest of the departments are still awaited.

In the DAC meetings held on November 11 and 12, 2021, it was decided by the Forum that the matter of regularization be expedited under intimation to audit.

Audit recommends that reconciliation / reports may be intimated to audit and effort be made to streamline the budgeting process besides, expenditure be regularized.

1.1.3 Non-reporting of unused cash balances by PAOs to the Finance Department

According to Chapter V of the BFA, 2020 “The FD, with the approval of the Government, shall notify policy and rule under this Act to prescribe an effective cash management system for all public entities and special purpose fund leading to Single Accounts. Section 28 (2) (h) requires that “All the PAOs to provide the information deemed necessary for effective operation of the cash management and treasury single account system. This may include the unused cash balances of any entity operating under the administrative control of that principal accounting officer.”

During Certification Audit of the Accounts of GoB for the financial year 2020-21, it was revealed that the FD, GoB did not formulate/notify a policy regarding Treasury Single Account and management of unspent cash balances lying in commercial bank accounts despite implementation of Balochistan Finance Act, 2020.

Non-reporting of unused cash balance transpired weak internal control and violation of BFM Act, 2020.

Accountant General replied that the Para pertained to FD.

Finance Department, GoB replied that the FD has already taken up the matter with the State Bank of Pakistan and is in the process of developing regulations/policy for closing of all commercial bank accounts and depositing un-used balances in the Treasury Single Account. However, this department is also waiting for the guidelines of the Finance Division Islamabad, which developed the Treasury Single Account (TSA) Rules 2020 but for want of certain technical and operational issues has not implemented so far.

In the DAC meetings held on November 11 and 12, 2021, it was decided that FD will share the details of government money in commercial Bank Accounts to audit for further scrutiny during regularity audits of the concerned DDOs.

In compliance of DAC decision, Audit will scrutinize this matter on submission of Data from FD.

1.1.4 Development expenditure in excess of budget - Rs. 3,864 million

According to Para 24 of Balochistan PFM Act 2020, Excess expenditure. - (1) 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. (2) Excess expenditure shall not become a charge against the Provincial Consolidated Fund except when - (i) The Provincial Assembly approves an additional amount equivalent to overspending as a direct charge

against the Provincial Consolidated Fund as voted or charged expenditure; or
(ii) to take disciplinary proceedings against the principal accounting officer.

According to the Article 158 of Audit Code “audit is responsible for watching firstly that the total expenditure under a grant or appropriation does not exceed the amount of that grant or appropriation as specified in authenticated schedule of authorized expenditure and secondly that the total expenditure on each of the sub heads fixed as units of appropriation under a grant or appropriation does not exceed the allotment thereof as modified by orders of re-appropriation passed by competent authority from time to time.”

During certification audit of the Accounts of GoB for the financial year 2020-21, it was observed that an expenditure of Rs. 3,864 million was incurred in excess of the revised budget estimates, as summarized below:

(Rs. in million)

Page No.	No. and name of the Grant/Appropriation		Original Grant /Appropriation	Final Grant/ Appropriation	Actual Expenditure	Excess
1422	BC12214	Public Health Services	9,641.165	7,449.930	7,452.050	2.120
1423	BC12218	Health	7,250.153	4,172.320	4,317.000	144.680
1426	BC12222	Social welfare	1,094.530	512.138	613.231	101.093
1429	BC12232	Irrigation	7,790.433	6,612.041	9,141.733	2,529.692
	BC12241	Secondary Education	3,852.426	3,435.872	4,513.475	1,077.603
1434	BC12250	Information Technology	1,169.784,	333.312	337.744	4.432
	BC12298	Other schemes	12,249.105	2,513.267	2,517.834	4.567
Grand Total			43,047.596	25,028.880	28,893.066	3,864.186

Source: Appropriation Accounts of GoB for the financial year 2020-21.

Excess payments indicate poor budgeting and weak financial control.

Accountant General replied that there are variations between SAP budget and Budget book under Development budget grants, releases were incorporated in the SAP system without inclusion in the Budget Book, in this

regard, this office shared the said discrepancies with FD but no response was received.

Finance Department, GoB replied that the FD releases the budget in the SAP system according to the advices received from the P&DD Balochistan after approval of the Schedule of Authorized Expenditure. These releases are then managed through project system developed under the SAP system, namely the YPPROJECT. Therefore, it is not possible that in the wake of expenditure control check on development expenditure a payment may cross the allocated or released budget. However, there is a possibility that due to some technical error pay & allowances may have been charged against a development grant, which was observed in the past as well.

In the DAC meetings held on November 11 and 12, 2021, it was decided that FD, GoB will look into the matter and apprise audit about the outcome of its findings. Moreover, the excess expenditure will be regularized through excess budget statement by the FD.

Audit recommends that excess expenditure needs to be regularized.

1.1.5 Non-development excess expenditure beyond budget allocation - Rs. 2,393 million

According to Para 24 of Balochistan PFM Act 2020, Excess expenditure - (1) 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. (2) Excess expenditure shall not become a charge against the Provincial Consolidated Fund.

During course of Certification Audit for the financial year 2020-21, while applying CAATs, it revealed that an amount of Rs. 2,393 million was incurred beyond the allocated budget. It was noticed that the expenditure in Pay and Allowances as well as in Operating Expenses and Purchase of Assets heads were in excess of the budget allocated, details are attached as Annexure 1.3.

The excess expenditure was incurred due to non-application of budget check in SAP.

Accountant General replied that no budget checks are imposed on pay and allowances and sufficient budget is not available according to the due expenditure in concerned heads.

In the DAC meeting held on November 11 and 12, 2021, management clarified that the over drawl occurred under the heads of pay and allowances on which budget check in not available/applied.

However, no justification regarding excess in other heads of account, excluding Employee Related Expenses, was provided to audit till finalization of this report.

The matter is reported for justification besides regularization of expenditure from FD, GoB.

1.2 Findings and Recommendations on Accounting

1.2.1 Irregular huge development expenditure during June 2021 - Rs. 41,171 million

As per GFR 96, Vol.-I, “It is contrary to the interest of the state that money should be spent hastily or in an ill-considered manner merely because it is available or that lapse of grant could be avoided.”

During the course of Certification Audit for the financial year 2020-21, it was observed that a substantial amount of Rs. 41,171 million equal to 42% of total annual expenditure was shown spent under various grants during the month of June 2021. Incurrence of expenditure at the close of financial year not only raised doubt on its authenticity but also created a risk of advance payments to the firms / contractors.

(Rs. in million)

Particulars	Total expenditure incurred during financial year 2020-21	Expenditure incurred in June 2021	Percentage %
Development expenditure	98,699	41,171	42 %

Source: Monthly Civil Accounts June, 2021.

Audit is of the view that the expenditure for whole of the financial year was required to be incurred proportionately and timely in the light of Government instructions from time to time.

Substantial/unjustified rush of expenditure towards the close of financial year was an irregularity & violation of rule.

Accountant General replied that FD has released the budget at the end of the financial year against which department incurred expenditure in the end of financial year. From this financial year the FD has started release of non-development budget on quarterly basis. This office is closely in contact with the all stakeholders including FD Balochistan to release the development budget quarterly/proportionately enabling the administrative department to spend the same during the whole financial year in a balanced manner.

Finance Department, GoB replied that FD gradually releases the amount of development expenditure keeping in view the request received from the Planning and Development Department and the finances available with Government.

Since the province has to depend almost totally on the Federal Transfers, therefore, it cannot release a lump-sum amount on quarterly or periodical basis, however, still it released more than 40 billion during the first quarter of the ongoing financial year, against which expenditure ratio is only 12%. Similar pattern was followed during the previous FY of 2020-21 which can be traced back in the SAP system.

It is the responsibility of the Administrative Departments to expend the amount efficiently and should also be made accountable for the same.

In the DAC meetings held on November 11 and 12, 2021, Forum decided that DG Audit will take up the matter with the concerned PAOs in their respective reports.

In compliance of DAC decision audit will take up the matter in regularity audit.

1.2.2 Non-settlement of outstanding balance of unclaimed money account - Rs. 7,224 million

According to Para 4.2.13.3 of APPM, after the validity period has expired, the amount must be transferred into an “unclaimed money account” within the Public Account. Such unclaimed amount will be cleared after three years and transferred to the Consolidated Fund.

According to Para 4.3.3.8, 9 of APPM, at the close of the financial year, all outstanding commitments made during that year are duly scrutinised by the AG/MoF and provision made in the next year’s appropriation (through supplementary budget process, as set out in Chapter 3 of APPM) to allow for the reinstatement of valid commitments in the next financial year. Commitments which are not renewed are cancelled.

During Certification Audit of the Accounts of GoB for the financial year 2020-21, it was observed that the Finance Account for the financial year 2020-21 showed an unadjusted balance of Rs. 7,224.146 million under the following object head:

(Rs. in million)

Object Element	Opening balance 01.07.2020	Receipt during the financial year	Payment During the financial year	Balance as on 30.06.2021
G11291- Unclaimed Money Account	7,421.110	112.858	309.822	7,224.146

Source: Finance Accounts of the GoB for the financial year 2020-21.

Non-clearance of unclaimed money account in time resulted in outstanding balances at the year end.

Accountant General replied that they had transferred the amount through JE to unclaimed money account at the extent of District Quetta and requested DG Treasuries & Accounts to provide detail of uncashed cheques of the financial year 2020-21 and amount cashed during financial year 2020-21 of uncashed cheques of the year 2019-20, but no response was received due to which the clearing heads have not yet been cleared.

In the DAC meetings held on November 11 and 12, 2021, it was decided by the Forum that the issue will be taken up with FD at an appropriate level under intimation to audit.

No progress was intimated to audit till finalization of this report.

Audit recommends that balances outstanding at the year-end may be settled before preparation of annual accounts.

1.2.3 Non reversal of un-cashed cheques at the year-end - Rs. 2,048 million

According to Para 4.2.13.3 of the APPM, after the validity period of cheque has expired, the amount must be transferred into an “unclaimed money account” within the Public Account. Such unclaimed amount will be cleared after three years and transferred to the Consolidated Fund. Further as per S.R.O (1)2010 of Finance Division dated March 31, 2010 regarding amendment in Rule 162 of Treasury Rules, cheques shall be payable at any time within three months of issue but not beyond the 30th June.

During certification audit of the Accounts of GoB for the financial year 2020-21, it was observed that the Finance Account for the financial year 2020-21 shows an un-adjusted balance of Rs. 2,048 million under the following object heads.

(Rs. in million)

Object element	Receipt during the financial year	Payment during the financial year	Balance as on 30.06.2021
G01147-Cheque Payment Clearing A/c (Non Food A/c)	(125,755)	125,094	-661
G01191 Assignment Accounts Cheques	(22,681)	22,241	-440
G01196-Foreign Aid Assignment Account	(3,157)	2,351	-806
G01194-Works Cheques	(55,781)	55,640	-141
Total	207,374	205,326	-2,048

Source: Finance Accounts of the GoB for the financial year 2020-21.

Non clearance of unclaimed cheques in time resulted in outstanding balances at the year end.

Accountant General replied that FD extends the validity period every year by relaxing Treasury Rule 162 & 170(A)-Sub rule (10) due to which cheques that remain uncashed at the end of year cannot be reversed.

This office transferred such amounts through JE to unclaimed money account to the extent of District Quetta and requested DG Treasuries & Accounts to provide detail of uncashed cheques for the financial year 2020-21 and amount cashed during financial year 2020-21 of uncashed cheques of the financial year 2019-20, but no response was received due to which the clearing heads have not yet been cleared.

Finance Department, replied that the difference on the part of districts other than Quetta seems to be due to uncashed cheques, validated & reflected later. Detail of some district is attached for reference, whereas reply from other districts was not received. FD after reconciling the amount of unposted paid cheques will convey a JE to AGB.

In the DAC meetings held on November 11 and 12, 2021, it was decided that the difference in account head G01147 was high which needs to be probed

by DG (Treasuries and Accounts) as already decided. Regarding other heads, the AG Balochistan accepted audit viewpoint.

Audit recommends that balances outstanding at the year-end may be cleared before preparation of annual accounts.

1.2.4 Long outstanding loans and advances appearing in the Finance Account - Rs. 711.754 million

According to Para 246 of the GFR, Vol-I, “In respect of Revenue and other advances, for the detailed control, accounting and supervision of which departmental officers are responsible, it is the duty of the departmental authorities concerned, as soon as any such advance is ascertained to be irrecoverable, to take necessary steps to get it written off the accounts under the sanction of competent authority, and to advise the AG, in order that he may make the necessary adjustment in the accounts.”

During Certification Audit of the Accounts of GoB for the financial year 2020-21, it was revealed that the account under the head F02113 was shown in minus Rs. 711.754 million, as detailed below:

(Rs. in million)

Account Code	Particulars	Opening Balance 01.07.20	Payments during the financial year	Receipt during the financial year	Closing Balance 30.06.21
F02113	Accounts with Government Servants	-430.980	1.140	281.914	-711.754

Source: Finance Accounts 2020-21.

Non-maintenance of broadsheets of advances caused the misreporting.

The matter is being reported every year and in the last two DAC meetings of financial year 2018-19 and 2019-20, it was informed that transaction trail was not available and the matter had been taken up with the

FABS Directorate, Islamabad. However, after a lapse of 2 consecutive financial years no progress has been furnished by AG.

Accountant General replied that the matter has again been taken up with the FABS Directorate, Islamabad.

In the DAC meetings held on November 11 and 12, 2021, DG Audit informed that due to wrong mapping of Payroll wage types the amount is increasing every year. Therefore, the Forum once again decided that the matter may be taken up with the FABS Directorate, Islamabad.

Audit recommends that loans and advances shown in minus in the accounts need to be investigated for corrective action. Besides the matter with FABS Directorate needs to be expedited under intimation to audit.

1.2.5 Non reconciliation of cash balance resulting variation between cash and book balance - Rs. 661 million

According to Para 6.3.5.1 of APPM, Every DAO shall prepare a monthly reconciliation statement for expenditures and receipts. The respective Accountant General shall prepare a consolidated monthly reconciliation statement for each government bank account, as set out in direction 6.3.5.2.

According to Para 6.5.3.7 of the APPM, the Accountant General shall consolidate the information received from the DAOs and prepares an ‘AG Consolidated Monthly Report’ (Form 6E) of total balances of expenditures and receipts. Further according to Para 6.5.3.8 of APPM, the delegated officer shall prepare an AG Monthly Reconciliation Statement on the basis of the AG Consolidated Monthly Report, as outlined in Section 6.3.5.2, for each Government bank account.” This will help in removing the differences between the book and the bank.

During certification audit of the accounts of GoB for the financial year 2020-21, it was observed that Cash Balance Sections in AG/DAOs/TOs did not prepare Consolidated Monthly Report of expenditure and receipt for each bank

account which resulted in variation between the closing balance of the Accounts and balance appearing in the records of the SBP-HQ as on June 30, 2021. The same is detailed below:

(Rs. in million)

Description	Balance as per 'Financial Statements'	Balance as per 'SBP-HQ'	Variation
Account 1,2 (30.6.2021)	50,004	37,308	12,696

*source: IPSAS Financial Statements and Finance Accounts

Non-maintenance of essential record and reconciliation of account's balances between the AG/DAOs and SBP/NBP resulted in variation between Financial Statements and accounts maintained by the SBP.

Accountant General replied that object head G01147- Cheque Clearing Account (Non-food Account) NBP, which is rupees Rs. 4,131.327 million during the financial year 2020-21 and it was found that the amount pertains to the various treasury offices of Balochistan who have not posted the paid cheques in the SAP system, which resulted in the difference. However, this office is working out for the resolution of the differences of remaining balances pertaining to previous years.

Finance Department, GoB replied that district wise reconciliation statement, including that of Quetta, may kindly be shared with this department to determine where exactly the difference has arisen.

In the DAC meetings held on November 11 and 12, 2021, it was decided that DG (Treasuries and Accounts) will provide detail of paid cheques which have not been posted in the relevant head of Accounts. It was intimated by the AG that variations pointed out by the audit are an accumulated balances accrued in the last 4 years. So far as year 2020-21 is concerned, total variation between the Book and Bank balance is Rs. 3,470 million which has already been investigated and the variation occurred due to non-posting of paid cheques by the TO's which has been communicated to the FD, GoB.

Later on, the FD, GoB provided detail of paid cheques of Rs. 3,470 million against the amount of Rs. 4,131 million to AG Balochistan which were not posted in the SAP by TO's. However, the remaining amount of Rs. 661 million will be rectified after receipt of responses from the concerned DAOs/TOs. Consequently, a JE of Rs. Rs. 3,470 million was passed by the AG.

Audit recommends that all essential record should be maintained and reconciliation be carried out to remove the remaining differences between the book and bank. Further, it is also suggested that variations of previous years may also be worked out to remove the discrepancies in the accounts.

Chapter 2

2.1 Agriculture and Cooperatives Department

2.1.1 Introduction

The basic function of Agriculture and Cooperatives Department is to introduce new varieties of seeds of agricultural products to achieve maximum yield and improvement of farms through development of infrastructure i.e., watercourses, trickle irrigation system and storage water tanks etc. Moreover, to assist farmers by providing advisory services in plant protection and agriculture farming through their field staff is a core duty of the department.

2.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 13,410.581 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 12,596.370 million were incurred, as summarized below:

(Rs. in million)

2020-21					
Grant No.	Type of grant	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
BC 21026	Agriculture Non-Development	9,377.541	8,632.984	(-)744.557	7.94
BC 21031	Cooperatives Non-Development	143.855	124.192	(-)19.663	13.67
Total Non-Development		9,521.396	8,757.176	(-)764.220	8.03
BC 042103	Development	3,889.185	3,839.193	(-)49.992	1.29
Grand total (Non-Development + Development)		13,410.581	12,596.370	(-)814.211	6.07

The department did not surrender the saving of Rs. 814.211 million against non-development and development, which indicated improper budgeting and financial mismanagement.

2.1.3 Audit profile of Agriculture and Cooperatives Department

(Rs. in million)

S. No.	Description	Total numbers	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	284	43	6,429.046	-
2	Assignment accounts	2	2	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

2.1.4 Classified summary of Audit Observations

Audit observation amounting to Rs. 326.589 million were raised in this report during the current audit of Agriculture and Cooperatives Department. This amount also includes recoveries of Rs. 177.993 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Irregularities	188.380
2	Unauthorized expenditure	2.216
3	Tax and duties	84.12
4	Overpayment	51.873
5	Recoverable	93.873

2.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	1984-1985	2	-	2	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
2	1987-1988	22	-	22	0
3	1988-1989	7	-	7	0
4	1989-1990	3	-	3	0
5	1991-1992	39	-	39	0
6	1992-1993	26	-	26	0
7	1993-1994	37	-	37	0
8	1994-1995	8	-	8	0
9	1995-1996	24	-	24	0
10	1996-1997	51	2	49	3.92%
11	1997-1998	12	-	12	0
12	1999-2000	10	2	833	20%
13	2001-2002	6	-	6	0
14	2002-2003	25	-	25	0
15	2004-2005	7	-	7	0
16	2005-2006	10	10	0	100%
17	2008-2009	10	-	10	0
18	2009-2010	3	-	3	0
19	2010-2011	8	-	8	0
20	2011-2012	4	-	4	0
21	2012-2013	11	-	11	0
22	2013-2014	11	-	11	0
23	2014-2015	16	-	16	0
24	2015-2016	8	-	8	0
25	2016-2017	9	-	9	0
26	2017-2018	8	8	0	100%
27	2018-2019	13	13	0	100%
28	2019-2020	8	0	8	0
29	2020-2021	3	0	3	0
Total		401	21	366	5.236%

Most of the Audit Reports have not yet been discussed by the PAC.

2.2 AUDIT PARAS

2.2.1 Less recovery of mobilization advance - Rs. 92.671 million

According to the Finance Department, GoB Notification No. FD(RI-2/MA/92/1392-1492 dated April 30, 1992, “Mobilization advances up to ten percent of the tendered amount in respect of work costing Rs. 30.000 million and above with the prior concurrence of the Finance Department and an irrevocable bank guarantee was to be obtained from the contractor. The amount of the advance should be recovered in five equal installments commencing from the first running bills of the contractor”.

Project Director, Development of Kachhi Canal Command Area Phase I, Dera Bugti (Part A), Balochistan, Quetta paid mobilization advances of Rs. 106.848 million @10% of the estimated cost during June, 2016. The outstanding amount should have been recovered upto 5th running bill or upto June, 2019 but the management recovered a sum of Rs. 14.177 million instead of Rs. 106.848 million resulting in less recovery of Rs. 92.677 million, as detailed below:

(Rs. in million)

S. No.	Name of contractors	Date of payment	Mobilization advance paid	Gross work done amount	Mobilization advance to be deducted	Mobilization advance deducted	Outstanding mobilization advance
1	M/s Al-Sunny Construction Company	June, 2016	14	59.309	14	2.900	11.100
2	M/s Arz Mohammad	June, 2016	21.250	51.147	21.250	1.325	19.925
3	M/s Balochistan Enterprises	June, 2016	18.750	54.952	18.750	1.700	17.050
4	M/s Haji Ali Mohammad & Sons	June, 2016	22.848	55.288	22.848	4.506	18.342
5	M/s Mueez Khan & Brothers	June, 2016	30	97.509	30	3.746	26.254
Total			106.848	318.205	106.848	14.177	92.671

Non-recovery of prescribed rates of mobilization advance resulted in an undue financial aid to the contractors.

The matter was reported to the department on February 09, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, DAC directed the management to recover the amount from the contractors immediately.

No progress was intimated till finalization of this report.

Audit recommends that necessary recoveries be made from the concerned contractors.

2.2.2 Non-realization of governmental taxes - Rs. 84.120 million

According to BRA Order No. BRA/A&F/2016/059 dated August 23, 2016, BRA imposed 15% BST under Tariff classification 9819.3000 on rent a car or automobile rental services provided or rendered by suppliers. Further, as per Notification No.PAB/Legis; V (11)/2019 dated July 25, 2019, “Notwithstanding the rate of 15% fixed in column 3 (rate of tax), the following reduced rate of 6%, will be applicable, for all services specified at tariff heading 9814.2000, contractor of roads and building, bridges etc. and tariff heading 9815.5000 engineering consultant.” Further, according to General Sales Tax (GST) Act, 1990 amended vide Finance Act, 2014-15, GST was enhanced from 16% to 17%, levied on gross amount from the bills of the contractors/suppliers.” Moreover, according to Clause B of Sub Section (i) and Clause A of Sub Section (i) of Section 153 of Income Tax Ordinance, 2001 amended from time to time, rate of withholding tax for services is 10% and supply of Goods is 4.5%. Further, Rule (i) of Tenth schedule of Income tax Ordinance, 2001 states “If a person is not appearing in active taxpayer’s list then the applicable tax rate is increased by 100%.

The following offices of Agriculture and Cooperatives Department, Balochistan, made payments to the contractors/consultants during the financial

year 2019-20 without deducting due government taxes resulting in revenue loss of Rs. 84.120 million as detail in Annexure – 2.1.

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formations	Taxes recoverable
Recoverable BSTS				
1	1,4	2020-21	PD, Up- Gradation of Agriculture College into University	3.930
2	5	2018-19	Agriculture Model Farm, Quetta	0.048
3	2	2018-19	DG, Agriculture Research, Balochistan	0.072
4	2	2018-19	PD, Kachi Canal Command Area	30.157
5	2	2019-20	DG, OFWM, Balochistan	43.454
A				77.661
Recoverable GST				
6	3	2019-20	DG, Agriculture Research, Balochistan	0.125
7	4	2018-19	Agriculture Model Farm, Quetta	0.076
8	12	2018-19	DD, OFWM, Barkhan	2.011
9	4	2018-20	Agriculture Engineer, Sibi	0.096
B				2.308
Recoverable Income Tax				
10	1,4	2018-20	Principal Agriculture College, Quetta	0.400
11	3	2018-19	PD, Kachi Canal	3.751
C				4.151
Total: A+B+C				84.120

Non-realization of governmental taxes caused revenue loss to the Government.

The matter was reported to the department in October, 2020, February, April and July 2021, but no reply was received.

In the DAC meeting held on January 03, 2022, DAC directed the DG Agriculture Research Balochistan, Deputy Director Agriculture Model Form Quetta and Director General OFWM, Quetta to make the recovery from the concerned contractors immediately. However, PD Up-gradation of Agriculture

College into Agriculture University Quetta and sub offices of OFWM Balochistan did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends that necessary recoveries be made from the concerned contractors under intimation to audit.

2.2.3 Irregular payment to the contractors on account of supply of pipes – Rs. 51.855 million

As per Reference No. 27.1.3.2 of CSR 2018 Specifications Vol. III, “PVC housing pipe shall conform to following BS-3505/1968 standards and all these pipes shall be free from dents, injuries and scars. Further, maximum working pressure and dimensions of these pipes as per BS standards:

(Rs. in million)

Nominal size (inches)	Water diameter		Wall thickness for (B) class	
	Minimum	Maximum	Minimum	Maximum
3”	88.700	89.100	2.900	3.400
4”	114.100	114.500	3.400	4.000

The Director General, OFWM and his subordinate offices incurred an expenditure of Rs. 51.855 million on purchase of PVC / UPVC pipes of 2” to 4” dia class B and C from different firms during the financial year 2019-20. The management was required to conduct laboratory tests to ensure that above-mentioned standards were met but no such test was conducted, as detailed below:

(Rs. in million)

S. No.	Name of formations	Amount
1	DG OFWM, Quetta	1.405
2	DD, OFWM, Awaran	18.895
3	DD, OFWM, Barkhan	18.809
4	DD, OFWM, Quetta	12.746
Total		51.855

Non conduct of laboratory tests to ascertain the quality of pipes was irregular.

The matter was reported to the department on July 15, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, the respective offices did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends that the responsibility be fixed against the person(s) at fault.

2.2.4 Overpayment by allowing incorrect item of work - Rs. 43.543 million

According to Para 16 and 220 of CPWA Code “The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct.”

The Director General, OFWM during the financial year 2019-20 awarded the work “Excavation of trenches for water supply pipe lines including cost of back filling” paid under SI No. 3-70/a-ii of CSR, 2018. The same quantity was backfilled by allowing separate item of work @ Rs. 3.81 Per Cft under SI No. 3-14/c “Re-handling of earth work upto lead of 100 feet”. Thus allowing separate payment for Re-handling of existing earth resulted in an overpayment of Rs. 43.543 million, as detailed in Annexure – 2.2.

Payment of inadmissible item of work resulted in an overpayment.

The matter was reported to the department on July 07, 2021, but no reply was received.

In the DAC meeting held on January 03, 2022, the Director General, OFWM did not attend the meeting.

No progress was intimated till finalization of report.

Audit recommends that necessary recovery be made from the contractor under intimation to audit.

2.2.5 Irregular payment to the contractors on account of supply of pipes - Rs. 30.612 million

According to P&D Department Notification dated September 16, 2013, “PVC/HDPE pipes will be purchased by department on market rate basis from the approved manufacturing firms and will be supplied to the contractors.”

Director General, OFWM, Quetta, made payments of Rs. 30.612 million during the financial year 2019-20 on purchase of PVC/HDPE pipes. Management was required to purchase the pipes from the manufacturers and further supply to the contractors for installation, but the purchases were made through contractors, as detailed in Annexure – 2.3.

(Rs. in million)		
S. No.	Name of offices	Amount
1	Deputy Director, ONFW, Kalat	26.284
2	Deputy Director, ONFW, Gwadar	2.026
3	Deputy Director, ONFW, Surab	2.302
Total		30.612

Purchases by the contractors instead of DG OFWM were irregular.

The matter was reported to the department on July 15, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, the said offices did not attend the meeting.

Audit recommends that responsibility be fixed against person(s) at fault.

2.2.6 Non accountal of solar/electrical items - Rs. 12.616 million

According to Para 113 and 121 of CPWD Code, “all material relating to works should be entered by Sub Divisional Officer in stock register which must be duly verified by the officer in charge. The Divisional officer is responsible that proper arrangement is made through his division for the custody of stores and for their protection from deterioration and theft etc.”

Director General, OFWM, Quetta and its sub-offices during the financial year 2019-20, purchased valuable solar/electrical items amounting to Rs. 12.616 million for different schemes without conducting physical verification of the goods and making entry in stock registers, as detailed below:

(Rs. in million)

S. No.	Name of offices	Amount	AIR Para No.
1	DG ONFW, Quetta	1.253	09
2	Deputy Director, ONFW, Chaghi	1.136	
3	Deputy Director, ONFW, Kachi	2.909	
4	Deputy Director, ONFW, Kharan	1.598	
5	Deputy Director, ONFW, Punjgur	2.274	
6	Deputy Director, ONFW, Turbat	1.848	
7	Deputy Director, ONFW, Washuk	1.598	
Total		12.616	

Non-accountal of stock may result in theft, misuse and misappropriation of assets.

The matter was reported to the department on July 15, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, the said offices did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends that PAO may constitute a committee to physically verify the quantity and quality of all purchases/schemes and submit it's findings.

2.2.7 Overpayment due to allowing higher rate - Rs. 7.025 million

As per Para 221 of CPWA Code, "The Sub Divisional Officer before signing the bill should compare the quantities and rates in the bill with these recorded in measurement book and check arithmetically."

Deputy Director, OFWM, Turbat awarded the work “construction of water courses on command areas” during the financial year 2019-20. The contractor was paid for an item of work “Making earthen embankment and compaction with earth taken from approved borrow pits” @ Rs. 163.250 Per Cum under SI No. 21-6(c) + 21-9. The said item of work is specifically provided for construction of road embankment. Therefore, correct rate for construction of water courses was to be paid under SI No. 3-5b(i) @ Rs. 126.750, which resulted in an overpayment of Rs. 7.025 million, as detailed in Annexure – 2.4.

Payment by allowing incorrect item of work resulted in an undue financial benefit to the contractor.

The matter was reported to the department on July 15, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, the Deputy Director, OFWM, Turbat did not attend the meeting.

Audit recommends that recovery be made from the contractor under intimation to the audit.

2.2.8 Unauthorized payment due to incorrect higher rates - Rs. 2.216 million

“The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct”, according to Para 16 and 220 of CPWA Code.”

Following subordinate offices of the DG, OFWM awarded the work “Construction of Water Storage Tanks of various sizes” during the financial year 2019-20, under the Project “National Program for improvement of water courses and water storage tanks Phase II”.

Contractors were paid an item of work under SI. No. 5-5/b and 5-5/c, Providing and laying 1:4:8 and 1:3:6 plain machine mixed cement concrete in foundation for flooring. However, correct item of work for flooring was SI No. 14-2/b-iii, which resulted in an overpayment of Rs. 2.216 million as detailed in Annexure – 2.5.

(Rs. in million)

S. No.	Name of offices	Amount recoverable
1	DD, OFWM, Barkhan	1.162
2	DD, OFWM, Quetta	0.742
3	DD, OFWM, Sohbat Pur	0.312
Total		2.216

Payment of incorrect item of work resulted in an undue financial benefit to the contractors.

The matter was reported to the department on July 15, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, said offices did not attend the meeting.

Audit recommends that recovery be affected from the concerned contractors.

2.2.9 Overpayment due to wrong calculation - Rs. 1.305 million

According to CPWA Code, Para 16 and 221, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

Director General/Project In-Charge, Sabakzai Dam Command Area Development Project at Killa Saifullah and Zhob Districts, Quetta awarded the work “Construction of main and branch water Courses on Right/Left Bank Canals Package II under Project ID Z2008.0016/PSDP-16 for 2015-16”.

The contractor was overpaid for an item of work, “Development of land by land-leveling through tractor hours” for 2,130 Hours instead of 995 hours @ Rs. 1,150/ Per Hour on non-schedule rates by making wrong entries in the MB, resulting in an overpayment of 1.305 million as detailed below:

(Rs. in million)

Hours paid	Hours Payable	Excess Hours Paid	Rate Paid (Rs.)	Amount
2,130	995	1,135	1,150	1.305

Payment of extra hours extended undue financial benefit to the contractor.

The matter was reported to the department on February 09, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, DAC directed the management to recover the amount from the contractor.

No progress was intimated till finalization of this report.

Audit recommends that necessary recovery be made from the contractor under intimation to audit.

2.2.10 Fraudulent drawl of pay - Rs. 0.626 million

According to Rule 19 of the Balochistan Agriculture Department (Research Wing) B-16 and above Service Rules 2017 issued vide Government of Balochistan Services and General Administration Department's Notification No.SO-R-II (1)5/2017-S&GAD/2489-2538 Dated 24th April 2017, the following Criteria for recruitment of the post of Research Officer B-17 was fixed.

S. No.	Nomenclature and Basic Pay Scale of the Post	Minimum Qualification for Initial Recruitment	Method of Recruitment
1	Research Officer (B-17)	Master's Degree or equivalent at least in second division in the relevant subject in Agriculture from a recognized University.	a) 10% by promotion from amongst the member of the service holding the post of Field Assistant BPS-06/-11), Field Supervisor BPS-11 and Field Inspector BPS-11 possessing the Degree of BSc. (Honors) Agriculture from HEC recognized University having at least three years' service after acquiring the required degree. b) 90% by initial recruitment.

Secretary Agriculture and Cooperative Department vide Notification No. SOA-III (2-2)/Agric:/Res:/78-84 Dated 3rd January 2017 promoted Mr. Rizwan Aqeel Laboratory Assistant (BPS-9) as Acting Research Officer B-17 and posted him as Research Officer Killa Abdullah who joined the post of Research Officer, Killa Abdullah and got his pay activated in BPS-17. As the said promotion was unauthorized/illegal and against the above rules, a number of employees approached Balochistan Service Tribunal which demoted him to his actual post. Despite demotion and transfer from Killa Abdullah he drew his pay against the post of Research Officer Killa Abdullah with the connivance/negligence of Director Research Killa Abdullah till December 2020. Directorate of Agriculture Research (Cereal Crops) ARI Sariab Quetta activated his pay in BPS-09 during the month of March 2021 without making recovery of overpaid amount Rs. 0.626 million, as detailed in Annexure – 2.6.

Fraudulent promotion of Lab Assistant to Research Officer resulted in an overpayment.

The matter was reported to the department on December 17, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, the department informed that the notification of promotion of Mr. Rizwan Aqeel was fake and the matter along with other 22 such cases were under inquiry in CMIT. It came to the notice of DAC that number of such cases were much higher than 22. The DAC decided that all the Directors and DGs shall carryout an exercise in their offices and subordinate offices to check the sanctioned strength against the working strength to point out other such cases of fake/ bogus/ drawl of fraudulent pay, as well as lower post officials working on acting charge without due process. Furthermore, the DAC directed the concerned DG Agriculture (Research) to initiate a departmental inquiry in this specific case to point out the person(s) at fault for non-stoppage/fraudulent drawl of pay by the official concerned for such a long period after his relieving from Killa Abdullah. Findings of these reports shall be shared with audit within a period of one month positively.

No progress was intimated till finalization of this report.

Audit recommends that the findings of departmental and CMIT inquiries be shared with the audit, besides making necessary recoveries under intimation to audit.

2.2.11 Non-obtaining of performance security - Rs. 54.114 million

As per Clause 32.1 of the standard form of bidding documents read with Clause 10.1 of Special Conditions of contract agreement, “The successful bidder shall furnish to the employer a performance security equals to the 10% of the contract price within a period of 28 days after the receipt of Letter of Acceptance.”

The following offices of Director General, OFWM, awarded contracts of development schemes to various contractors amounting to Rs. 541.143 million during the financial year 2019-20 without obtaining 10% performance security amounting to Rs. 54.114 million, as detailed in Annexure – 2.7.

(Rs. in million)

DG, OFWM, Balochistan			
S. No.	Name of Offices	Amount of Contract	Performance Security @ 10%
1	DD,OFWM, Awaran	79.018	7.902
2	DD,OFWM, Chagahi	30.280	3.028
3	DD,OFWM, Gwadar	31.975	3.198
4	DD,OFWM, Kharan	46.511	4.650
5	DD,OFWM, Lasbaella	120.715	12.071
6	DD,OFWM, Noshki	57.480	5.748
7	DD,OFWM, Panjgur	107.894	10.789
8	DD,OFWM, Surab	25.248	2.525
9	DD,OFWM, Washuk	42.022	4.203
Total		541.143	54.114

Award of contracts without obtaining Security Deposit was irregular.

The matter was reported to the department on July 15, 2021 but no reply was received.

In the DAC meeting held on January 03, 2022, the respective offices did not attend the meeting.

Audit recommends that security deposit may be obtained from the concerned contractors.

Chapter 3

3 Autonomous Bodies

3.1 Balochistan Development Authority (BDA)

3.1.1 Introduction

The BDA was established in 1974 under Balochistan Act X of 1974, with a view to promote economic and industrial development in Balochistan. Prime functions of the Authority is to execute the development projects and schemes pertaining to land and water development, power, agriculture, industries and economic uplift of relatively under developed areas as notified by the Government.

3.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 1,766.826 million were allocated to the Authority during 2020-21. Against the said allocation, an expenditure of Rs. 1,766.826 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non Development	730.232	730.232	0	0
Development	1,036.594	1,036.594	0	0
Total	1,766.826	1,766.826	0	0

3.1.3 Audit profile of BDA

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	-	-	-	-
2	Assignment Accounts	-	-	-	-

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	1	1	1,766.826	-
5	Foreign Aided Project (FAP)	-	-	-	-

3.1.4 Classified summary of Audit Observations

Audit observations amounting to Rs. 86.473 million were raised in this report during the current audit of BDA. This amount also includes recoveries of Rs. 20.369 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Irregular payment	20
2	Overpayment	46.077
3	Tax	20.369

3.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2000-2001	91	-	91	-
2	2005-2006	5	5	0	-
3	2007-2008	30	30	0	-
4	2009-2010	5	-	5	-
5	2010-2011	30	-	30	-
6	2011-2012	30	-	30	-
7	2012-2013	13	-	13	-

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
8	2013-2014	9	-	9	-
9	2014-2015	8	-	8	-
10	2016-2017	12	12	0	-
11	2018-2019	6	6	0	-
12	2019-2020	7	-	7	-
13	2020-2021	7	-	7	-
Total		253	53	200	21

Most of the Audit Reports have not yet been discussed by the PAC.

3.2 AUDIT PARAS

3.2.1 Overpayment due to allowing higher rate for soil investigation - Rs. 23.874 million

According to Paras 16 and 221 of CPWA Code, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

Balochistan Development Authority, Quetta awarded the work “Construction of Bridges/Remaining Work of Zhob Mir Ali Khel – Khajuri Kach Road from 0.000 to 91.000 Km to a contractor.

BDA paid an amount of Rs. 23.874 million during the financial year 2019-20, to a contractor for an item of work, “Soil investigation” for 12 bridges on NSR basis. The said item of work was paid @ Rs. 0.130 million for construction of bridge at S. No. 1 and for the remaining 11 bridges, the same item of work was paid @ 1.985 million per Bridge, resulting in an overpayment of Rs. 23.874 million, as detailed in Annexure - 3.2.1.

Allowing higher than the admissible rate for similar nature of job was unjustified and resulted in an overpayment.

The matter was reported to the department on June 28, 2021, but no reply was received.

In the DAC meeting held on December 16, 2021, the department contended that all rates paid were according to actual quoted rates in tender of each bridge. DAC directed to provide engineer survey estimates, tender documents and all other relevant documents to audit for verification.

No record was produced till finalization of this report.

Audit recommends that difference in payment be justified besides provision of relevant record or recovery of overpaid amount from the concerned contractor.

3.2.2 Overpayment due to allowing inadmissible item - Rs. 22.203 million

As per Para 221 of CPWA Code, “The Sub Divisional Officer before signing the bill should compare the quantities and rates in the bill with these recorded in measurement book and check arithmetically.”

Balochistan Development Authority, Quetta awarded the work “Construction of Blacktop Road N-70 Tang check post via Naraidagg to NA-70 Channali at district Loralai” to a contractor.

Security deposit in respect of the said work was released on the grounds that the work had been completed on June 29, 2020. Embankment, sub-base and stacking of stone ballast was executed on entire length of 24.25 Km road. While stone ballast and premix carpeting was laid over 10 Km length only. Payment of earth work, sub-base and stacking of stone ballast beyond 10 Km was inadmissible resulting in an overpayment of Rs. 22.203 million during the financial year 2019-20. The authority was required to execute and complete the work within approved cost and physical phasing of the work. Closing of the accounts of the incomplete scheme raised serious questions on working of the authority as detailed below:

(Rs. in million)

S. No.	Item of Work	Quantity paid for 24.25 Km length Cum	Quantity payable for 10 Km length Cum	Inadmissible quantity paid Cum	Rate paid (Rs.)	Amount
1	21-6/a+21-9	169,062	69,716	99,346	152.500	15.15
2	21-19/ii	13,313.250	5,490	7823.250	210.100	1.644
3	21-23/b	8875.500	3,660	5215.500	212.300	1.107
4	21-15/e	20,414	8,418	11,996	321.350	3.855
Sub total						21.756
Deduct premium @ 0.5% on S. No. 1						(0.075)
Add premium @ 7.90% above items on Serial No. 2 to 4						0.522
Total						22.203

Payment against inadmissible item of work was unjustified and caused loss to the government.

The matter was reported to the department on June 28, 2021 but no reply was received.

The DAC meeting was held on December 16, 2021, the department replied that total approved length of the road was 24.25 Km and the contractor completed the earthwork and base/sub-base of the road as per specification. While, due to budgetary constraints stone metal was laid only on 10 Km of road section and the rest was stacked on site and over the constructed base course black top was executed upto 10 Km section. However, audit did not agree with opinion of the department and was of the view that embankment and sub base of complete length of road is inadmissible if bitumen carpeting is to be done for only 10 Km for already completed project. DAC after discussion directed to justify the overpayment, otherwise person(s) responsible for such a lapse may be probed under intimation to audit.

No progress was intimated till finalization of this report.

Audit recommends for provision of justification, budget position (status / progress of scheme as per PSDP 2019-20) and progress report besides, third party validation of the said scheme under intimation to audit.

3.2.3 Irregular payment and non-recovery of secured advance on purchase of bitumen without manufacturer invoice - Rs. 20 million

According to the Para 228 of CPWA Code, “Advances to contractors are as a rule prohibited, and every endeavor should be made to maintain a system under which no payments are made except for work actually done. Divisional officers may sanction advances upto an amount not exceeding 75 percent of the value against the non-perishable materials brought at site. The recovery of the secured advance shall be affected from the monthly payments on actual consumption basis.”

Balochistan Development Authority, Quetta awarded the work “Construction of Blacktop Road from Link Road Nawa Killi to Main NHA Road, Quetta (Group I, RD-0+000 to 3+575)” to a contractor and paid a secured advance of Rs. 20 million during the financial year 2019-20 against 243 tons bitumen at the rate of Rs. 92,240 Per ton. No invoice for purchase of bitumen from the manufacturer was available on the record. Moreover, secured advance was not recovered and no progress in work was seen after June, 2018.

Payment of secured advance without any immediate requirement, non-recovery of secured advance and purchase of bitumen without obtaining manufacturer invoice was irregular.

The matter was reported to the department on June 28, 2021 but no reply was received.

In the DAC meeting held on December 16, 2021, the department replied that invoice for purchase of Bitumen from the contractor will be produced to audit for verification. Furthermore, adjustments for recovery of advance will be made in next running bill. DAC directed to produce the relevant documents to audit for verification besides making recovery.

No progress was intimated till finalization of this report.

Audit recommends for provision of all relevant record besides making recovery of the advance under intimation to audit.

3.2.4 Non-realization of BSTS from contractors - Rs. 20.396 million

According to Section 3 of BSTS Act, 2015 and amendments in Balochistan Act No. VI of 2015 notified by Balochistan Provincial Assembly Secretariat vide No. PAB/Legis:V(11)/2019 dated 25.07.2019 and Finance Department corrigendum No. FD.SO.(MPR)1-46/BST/2020/3714-48 dated 04.05.2020, “BSTS @ 6% was applicable from July 01, 2019 on construction services under tariff heading 9814.2000 where payment was made from Balochistan Provincial Consolidated Fund.”

Balochistan Development Authority, Quetta incurred an expenditure of Rs. 339.879 million during the financial year 2019-20, without deduction of BSTS @ 6% amounting to Rs. 20.396 million, as detailed in Annexure – 3.2.2.

Non-realization of BSTS caused loss to the government.

The matter was reported to the department on June 28, 2021 but no reply was received.

The DAC meeting was held on December 16, 2021, the department accepted the stance of audit and replied that recovery has been affected from the contractors, however, project listed at S. No. 3, 7 and 8 of the Para were initiated during the financial year 2010-11 before the implementation of BRA Act therefore, exempted from BSTS. Audit was of the view that BSTS is applicable on all payments made after the date of enactment of the BRA Act, 2015. DAC after discussion directed that complete recovery be affected and the already recovered amount be got verified by audit.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors under intimation to audit.

3.3 Gwadar Industrial Estate Development Authority

3.3.1 Introduction

The GoB is developing an Industrial Estate in Gwadar to meet the demand for industrial plots in the port city, which is expected to have substantial potential for industrial investment in view of the opportunity offered by the Establishment of Deep Sea Port and construction of major highways linking Gwadar with Karachi, Quetta, Iran and Central Asian Countries.

3.3.2 Comments on Budget and Accounts (Variance Analysis)

Development funds amounting to Rs 1,502.365 million were allocated to the Authority during the financial year 2020-21, against the said allocation, an expenditure of Rs. 571.826 million was incurred, as summarized below:

Type of grant	2020-21			
	Final Grant	Actual expenditure	Excess/ (Saving)	%
Development	1,502.365	571.826	930.539	61

3.3.3 Audit Profile of GIEDA

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial years 2020-21	Revenue/ Receipts audited financial years 2020-21
1	Formations	-	-	-	-
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	1	1	571.826	483.242
5	Foreign Aided Project (FAP)	-	-	-	-

3.3.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 3,544.408 million were raised in this report. This amount also includes recoveries of Rs. 15.015 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Recoveries	3,514.99
2	Overpayment	29.418

3.3.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2011-2012	1	-	1	0
2	2013-2014	7	-	7	0
3	2014-2015	4	-	4	0
4	2020-2021	2	-	2	0
Total		14	-	14	0

Note: Most of the audit reports have not been discussed by PAC.

3.4 AUDIT PARAS

3.4.1 Overpayment due to non-utilization of available earth - Rs. 29.418 million

According to Para 11(1) of section 17(1) of the book of specifications, (Part – 11 of CSR-1998) if “Cutting and filling are being done simultaneously all suitable material obtained from excavation shall be used in filling of embankment. For this purpose additional rate of Rs 17.910 has been provided in CSR-1998.”

Gwader Industrial Estate Development Authority, awarded different works to various Government Contractors during the financial year 2020-21. The contractors were paid for an item of work, "Preparation of sub-grade over bottom of excavation. Cutting and filling in embankment was carried out simultaneously. As per record entries 319.914 million cum surplus soil of all kinds was available at site of work which should have been used in making embankment. On the contrary, the embankment was shown constructed in all kinds of soil with the new earth taken from the borrow pits which were excavated within 30 meter distance of road alignment, which was not admissible and resulted in an overpayment of Rs. 29.418 million, as detailed in Annexure - 3.4.1.

Non-utilization of available earth resulted in an undue payment to the contractors.

The matter was reported to the authority in December, 2021 but no reply was received.

In DAC meeting held on January 17, 2022, the authority accepted the overpayment and informed that a sum of Rs. 19.971 million has been recovered from the concerned contractors of Packages 2, 3 and 4 and recovery in respect of Package 1 will be made from the next running bill of the contractor. DAC directed that the remaining amount be recovered from the contractor.

Audit recommends that recovery of the remaining amount may be made from the concerned contractor.

3.4.2 Non realization of outstanding installments of industrial and commercial plots - Rs 3,514.999 million

According to Clause No. III (b) of terms and conditions of Lease Agreement framed by Gwadar Industrial Estate (GIE), the cost of 1 Acre plot was fixed at Rs.1.500 million. After down payment of Rs.0.100 million the remaining amount was required to be paid in 8 equal quarterly installments of Rs. 0.175 million each. Further, according to Clause No. III (b) of the terms and conditions of Lease Agreement framed by GIE, the cost of 400 square yards plot was fixed @ Rs.0.300 million. After down payment of Rs. 0.100 million,

the remaining amount was required to be paid in 4 equal quarterly installments of Rs.0.047 million each.

Gwadar Industrial Estate Development Authority allotted various plots in commercial and industrial categories. An amount of Rs. 3,514.999 million was still outstanding from owners / investors of Industrial and Commercial plots, as detailed below:

(Rs. in million)

Status	No. of plots	Total Amount	Total Amount Recovered	Amount Outstanding
Industrial	738	4342.400	941.834	3,400.566
Commercial	1,788	159.119	44.686	114.433
Total				3,514.999

Non recovery of cost of land from the allottees caused loss to the government / authority.

The matter was reported to the authority in December, 2021 but no reply was received.

In the DAC meeting held on January 17, 2022 the management informed that actual amount of Industries / commercial plots came to Rs. 3784 million. A sum of Rs. 2078.185 million had been recovered from 2005 to June 2021. A balance of Rs. 1706 million was outstanding and the authority was trying its best to recover the amount from the concerned. Audit was of the view that as per terms and conditions of the lease agreement the cost should have been recovered in 5 years. DAC directed to accelerate the process of recovery from the defaulters.

Non progress was intimated till finalization of this report.

Audit recommends that recovery of outstanding dues from the concerned owners / allottees be made.

3.5 Sardar Bahadur Khan Women's University, Quetta

3.5.1 Introduction

Sardar Bahadur Khan Women's University, Quetta was established in 2002. Aim of the university is promotion and dissemination of knowledge in areas of emerging science and technology besides providing instructions, training, research, demonstration and service in such branches of learning as the University may determine.

3.5.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 743.986 million were allocated to Sardar Bahadur Khan Women's University, Quetta during the financial year 2019-20. Against the said allocation, an expenditure of Rs. 408.443 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2019-20			
	Final grant	Actual expenditure	Excess / (Saving)	%
Grant No. BC21016 Non-development	743.986	408.443	(335.543)	6.7
Total	743.986	408.443	(335.543)	6.7%

3.5.3 Audit Profile of Sardar Bahadur Khan Women's University, Quetta

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2017-18	Revenue/ Receipts audited financial year 2017-18
1	Formations	-	-	-	-
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	1	1	943.071	-
5	Foreign Aided Project (FAP)	-	-	-	-

3.5.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 107.331 million were raised in this report during the current audit of Sardar Bahadur Khan Women's University, Quetta. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S. No.	Classification	Amount
1	Loss	35.57
2	Tax	2.59
3	Irregular	69.171

3.5.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2008-2009	2	-	2	-
2	2012-2013	1	-	1	-
3	2013-2014	2	-	2	-
4	2014-2015	2	-	2	-
5	2015-2016	3	-	3	-
6	2017-2018	2	2	-	100%
7	2020-2021	2	-	2	-
Total		14	2	12	16%

Most of the Audit Reports have not yet been discussed by the PAC.

3.6 AUDIT PARAS

3.6.1 Non-utilization of ERP; Oracle Financials and Campus Management Solution - Rs. 38.744 million

According to Contract Agreement between SBKWU and M/S i3 Pathfinder Solutions (PVT.) Ltd., the ERP will be made functional w.e.f. November 11, 2017 and CMS will be made functional w.e.f. August 01, 2018.

The Sardar Bahadur Khan Women's University, Quetta incurred an expenditure of Rs. 38.774 million during the financial years 2017-19 for purchase of ERP and CMS. These systems were meant to be made functional by November 11, 2017 and August 01, 2018 respectively but it was observed that these remained non-functional after a lapse of considerable time.

Non-functional systems rendered the expenditure wasteful.

The matter was reported to the University on June 09, 2021 but no reply was received.

In the DAC meeting held on November 30, 2021, the forum was informed that the matter is under inquiry. It was decided that finding of the inquiry will be shared with audit. It was further decided that both ERP and CMS may be made functional without further delay.

No progress was intimated till finalization of this report

Audit recommends that findings of inquiry may be shared with audit and this software may be made functional without further delay.

3.6.2 Loss due to non-utilization of surplus funds - Rs. 35.570 million

According to Para 11 of GFR 13, Vol.-I, "Each head of department is responsible for enforcing financial order and strict economy and is responsible for observance of all relevant financial rules and regulations."

The Sardar Bahadur Khan Women's University, Quetta had surplus amount of Rs. 592.837 million during the financial year 2018-19 but the amount was not invested in the saving account. The same amount @ 6% interest would have earned Rs. 35.570 million as detailed in Annexure – 3.6.1

Non-utilization of surplus funds caused loss to the University.

The matter was reported to the University on June 09, 2021 but no reply was received.

In the DAC meeting held on November 30, 2021, the management informed that there was no loss as pointed out by the audit. All the funds were timely invested. DAC did not agree with the departmental stance and asked the management to substantiate their claim of no loss with evidence.

No record was produced to audit till finalization of this report.

Audit recommends that either evidence/record be produced to audit or the matter be inquired and responsibility be fixed on the person(s) at fault.

3.6.3 Irregular payment from/to SBK Lab School account - Rs 30.427 million

According to 29 (2) of SBKWU Financial Statute, 2013, “No expenditure shall be made from the fund of the University unless a bill for its payment has been pre-audited by the University Auditors or the Resident Auditor of the Local Fund Audit Department as the case may be in conformity with these rules/statutes.”

The Sardar Bahadur Khan Women’s University, Quetta made a payment amounting to Rs. 24.137 million during the financial year 2018-19 from the bank account of SBK Lab School, and a payment amounting to Rs. 6.290 million was made from Bank Account of SBKU to SBK Lab School without pre-audit by the Resident Auditor of the university. Out of the total amount of Rs. 6.290 million, an amount Rs. 5.00 million was given as a loan to SBK Lab School without provision of rule in SBKWU Financial Statutes, 2013. Neither reasons of payments were known nor records were produced to audit.

Payments without pre-audit were irregular.

The matter was reported to the University on June 09, 2021 but no reply was received.

In the DAC meeting held on November 30, 2021, DAC directed the management to initiate proper inquiry as per decision of the Senate under intimation to audit.

No progress was intimated till finalization of this report.

Audit recommends that findings of inquiry may be shared with audit.

3.6.4 Non-deduction of BSTS from construction contractor - Rs. 2.590 million

According to Section 3 of BSTS Act, 2015 read with finance Act July 2019, "The GoB levied BSTS @ 6% on provision of services rendered by engineering consultants, contractors of building (including water supply, Gas supply and Sanitary works), Road and Bridges, electrical and mechanical works (including air conditioning), including turn-key projects and similar other works."

The Sardar Bahadur Khan Women's University, Quetta incurred expenditures of Rs. 43.167 million on account of construction work during financial year 2018-19 but BSTS @ 6% amounting to Rs. 2.590 million was not deducted as detailed below:

(Rs. in million)

S. No.	Payee	Running Bill	Gross Amount	BST
1	Chiltan Engineering	3rd	12.928	0.776
2	Chiltan Engineering	4th	18.113	1.087
3	Chiltan Engineering	5th	4.555	0.273
4	Chiltan Engineering	6th	7.571	0.454
Total				2.590

Non-deduction of BSTS caused a revenue loss to the Government.

The matter was reported to the University on June 09, 2021 but no reply was received.

In the DAC meeting held on November 30, 2021, Forum was informed that educational institutes are seeking exemption from BSTS. DAC decided that the taxes were liable to be deducted. Therefore, recovery be affected at the earliest.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the Contractor at the earliest.

3.6.5 Non-conducting of internal audit

According to Para 13 of GFR, Vol.-I, "It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores; to get inspected the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions; and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report.

The Vice Chancellor, Sardar Bahadur Khan Women's University, Quetta has not conducted internal audit of his department during the financial year 2018-20. It is the utmost responsibility of the controlling officer, to ensure internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non conduct of internal audit was serious violation of rules.

The matter was reported to the University on June 09, 2021 but no reply was received.

In the DAC meeting held on November 30, 2021, the management informed that internal audit would be conducted and the report will be shared with audit. DAC directed that internal audit report be provided to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 4

4.1 Board of Revenue (BoR)

4.1.1 Introduction

The major functions of the Revenue Department include administration of land, land taxation, land revenue, preparation, updation and maintenance of record pertaining to land ownership. It is the highest revenue court and custodian of rights in land of all right holders. Revenue Department exercises general superintendence and control over revenue courts in the province.

The compulsory land acquisition in public interest under Land Revenue Act, territorial adjustments and disputes are also decided by this department. Stamps, judicial and non-judicial papers are also supplied by the Revenue Department.

The Revenue department plays a very vital role in providing relief to affectees of flood, earthquake and other natural disasters.

The agriculture income tax and Abiana are also assessed and collected by this department.

4.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-development funds amounting to Rs. 3,94.771 million were allocated to the department during the financial year 2020-21. Against the said allocation, an expenditure of Rs. 3,438.578 million was incurred by the department, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual Expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21055	3,941.771	3,438.578	(-)503.193	12.77

Department did not surrender the saving of Rs. 503.193 million against non-development, which indicated improper budgeting and financial mismanagement.

4.1.3 Audit profile of BoR, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	44	11	4,057.271	
2	Assignment Accounts	1	1	499.977	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

4.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 9,785.671 million were raised in this report during the current audit of BoR. This amount also includes recoveries of Rs. 108.405 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Unauthorized	9,640.888
2	Irregular	45
3	Recoverable	99.783

4.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2012-2013	16	-	16	0
2	2013-2014	13	-	13	0
3	2014-2015	15	-	15	0
4	2015-2016	11	-	11	0
5	2016-2017	22	-	22	0
6	2017-2018	16	16	0	100%
7	2018-2019	32	32	0	100%
8	2019-2020	13	0	13	0
9	2020-2021	6	0	6	0
Total		144	48	96	33%

Most of the Audit Reports have not yet been discussed by the PAC.

4.2 AUDIT PARAS

4.2.1 Unauthorized retention of public money - Rs. 9,640.888 million

According to Rule 290 of TRs Vol.-I, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant."

In the following offices of Board of Revenue Department, public money amounting to Rs. 9,640.888 million was lying in bank accounts during financial years 2017-20 without any justification as detailed in Annexure 4.1.

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formation	Amount
1	01	2017-19	Deputy Commissioner, Dera Bugti	51.508
2	02	2019-20	Deputy Commissioner, Killa Abdullah	42.229
3	01	2019-20	Deputy Commissioner, Gwadar	410.800
4	04	2019-20	Deputy Commissioner, Sherani	30.152

S. No.	AIR Para No.	Period	Name of formation	Amount
5	05	2019-20	Deputy Commissioner, Khuzdar	24.152
6	01	2019-20	Deputy Commissioner, Kech at Turbat	123.255
7	01	2019-20	Deputy Commissioner, Quetta	8,958.792
Total				9,640.888

Retention of public money in bank accounts was unauthorized.

The matter was reported to the department in January, July, August, September, November 2020 and April 2021 but no reply was received.

In the DAC meeting held on December 16, 2021, the Committee directed that undisbursed amount be disbursed immediately, otherwise surrendered. DC Quetta and DC Kech at Turbat did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends that public money may be deposited into government treasury forthwith under intimation to audit.

4.2.2 Non / Less deduction of government taxes - Rs. 59.394 million

According to BRA Order No. BRA/A&F/2016/059 dated August 23, 2016, BRA imposed 15% BST under Tariff classification 9819.3000 on rent a car or automobile rental services provided or rendered by suppliers. Further, as per Notification No.PAB/Legis; V (11)/2019 dated July 25, 2019, "The Balochistan Finance Bill No. 11 of 2019 having been passed by the Provincial Assembly of Balochistan on 27th June,2019 and assented to by the Governor Balochistan, on 23rd July, 2019 is hereby published as an Act of the Balochistan Provincial Assembly, "The Balochistan Finance Act (Act No. v of 2019)." Explanation. - Notwithstanding the rate of 15% fixed in column 3 (rate of tax), the following reduced rate of 6%, will be applicable, for all services specified at tariff heading 9814.2000, contractor of roads and building, bridges etc. and tariff heading 9815.5000 engineering consultant." Further, according to General

Sales Tax (GST) Act, 1990 amended vide Finance Act, 2014-15, GST was enhanced from 16% to 17%, levied on gross amount from the bills of the contractors/suppliers.” Moreover, according to Article 4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994, “Stamp duty @ 0.25% should be recovered/obtained in the shape of stamp duty on non-judicial stamp papers from contractors on the total cost of the contract at the time of award of the work.”

In the following offices of Board of Revenue, payments were made to the contractors/suppliers for various works during the financial years 2017-18 to 2019-20. The DDOs were required to deduct governmental taxes i.e., BSTS @ 15% on services and 6% on civil works contracts, GST on supply items and stamp duty @ 0.25% in the shape of non-judicial stamp papers of the contract value. This resulted in non / less realization of governmental taxes amounting to Rs. 59.394 million, as detailed in Annexure 4.2.

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formation	BSTS	GST	Stamp Duty
1	04	2017-19	Deputy Commissioner, Dera Bugti	0.578	0	0
2	07	2019-20	Deputy Commissioner, Killa Abdullah	0.271	0	0
3	02	2019-20	Commissioner, Mekran Division	3.510	0	0
4	06	2019-20		0	0	3.676
5	07	2019-20		47.806	0	0
6	05	2019-20	Deputy Commissioner, Jhal Magsi	0.288	0	0
7	02		Commissioner Quetta Division	0.199	0	0
8	1	2019-20	Deputy Commissioner Kachhi	0.469	0	0
9	09	2019-20	Deputy Commissioner, Quetta	0.866	0	0
10	10	2019-20		0	1.731	0
Total				53.987	1.731	3.676
G. Total				59.394		

Non / less realization of government dues resulted in loss to the government.

The matter was reported to the department in July, August, September 2020 and February 2021 but no reply was received.

In the DAC meeting held on December 16, 2021, it was decided by the Committee that recovery of all government dues be made from the concerned and deposited into government treasury. DC Quetta did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends that all government taxes may be recovered and deposited in government treasury under intimation to audit.

4.2.3 Less/non-realization of outstanding Ushar - Rs. 40.389 million

According to Sub Rule 2 of Rule 17 of Usher (Assessment and Collection) Rule -1994, "If the Usher demanded is not paid within fifteen days after the period specified, it shall be recovered as arrears of land revenue under section 113 to 115 of Land Revenue Act."

The following offices of the Board of Revenue did not recover Rs. 40.389 million on account of Ushar according to the prescribed rates from Khatedars during financial year 2019-20, which resulted in less realization, as detailed in Annexure 4.3.

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formation	Amount
1	01	2019-20	Deputy Commissioner, Jaffarabad	20.610
2	01	2019-20	Deputy Commissioner, Sohbatpur	3.317
3	01	2019-20	Deputy Commissioner, Naseerabad	16.462
Total				40.389

Less/non realization of Ushar resulted in loss to the government.

The matter was reported to the department in August, September 2020 and February 2021 but no reply was received.

In the DAC meeting held on December 16, 2021, DC Jaffarabad intimated that 100% recovery of Ushar is not possible due to less availability of water. The forum did not accept the reply. DAC directed that either relaxation

of non-achievement of revenue targets be obtained from the competent authority or the outstanding amount be realized. DC Sohbatpur briefed that the amount of Usher is almost recovered. An amount of Rs. 1.477 million is still to be recovered. DAC directed to recover the outstanding amounts and get them verified from audit. DC Naseerabad did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends that the amount of Ushar be recovered and deposited in government treasury.

4.2.4 Non-surrender of Chief Minister's discretionary grant - Rs. 45 million

According to Finance Department Letter No. FD/US-I(B)2(1)2017-18/8772-90 dated May 03, 2018, in compliance with High Court Judgment, all Deputy Commissioners were requested to freeze further distribution of discretionary grant at the level, where it is present even if the grants were released prior to the date of judgment (May 02, 2018) by Finance Department.

Office of the Deputy Commissioner, Quetta did not surrender Rs. 45 million received on account of Chief Minister's discretionary grant for the financial year 2019-20. The said amount should have been surrendered soon after the judgment of high court dated May 02, 2018.

Non-surrender of funds was irregular.

The matter was reported to the department on June 08, 2021 but no reply was received.

In the DAC meeting held on December 16, 2021, Deputy Commissioner Quetta did not attend the meeting.

No further progress was intimated till finalization of this report.

Audit recommends that the amount retained under the head of discretionary grant be surrendered at the earliest under intimation to audit.

4.2.5 Non-provision of land revenue data

According to Para-14 (i) of the Auditor-General's (Functions, Powers & Terms and Conditions of Service) Ordinance-2001, "Every Officer, Government Department / Office is responsible to provide all documents demanded by the Audit and that no such information or any books or other documents to which Audit has a statutory right of access may be withheld from the Audit and any officer / Department violating these rules shall be treated under misconduct and disciplinary proceedings shall be initiated under E&D rules".

Deputy Commissioner, Quetta, was requested for the land revenue receipt and registry record for the financial year 2019-20. A sample of 96 transactions was requisitioned which was not provided.

Non-production of the said record made the receipt and registry record unaudited.

The matter was reported to the department on June 08, 2021 but no reply was received.

In the DAC meeting held on December 16, 2021, Deputy Commissioner Quetta did not attend the meeting.

Audit recommends that the matter be inquired and responsibility be fixed on the person(s) at fault. Besides, the said record be produced to audit for scrutiny.

Chapter 5

5.1 Communication, Works, Physical Planning and Housing Department (CWPP&HD)

5.1.1 Introduction

Construction, maintenance and repair of roads, bridges, tunnels, ropeways and buildings are the main functions of the department. It also renders services in the field of engineering training for the Departmental Engineers, Public Health Works pertaining to Government buildings and Government residential estates.

5.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 31,269.981 million were allocated to the department during the financial year 2020-21. Against the said allocation, an expenditure of Rs. 28,821.151 million was incurred, as summarized below:

(Rs. in million)

Grant No.	Type of grant	2020-21			
		Final grant	Actual expenditure	Excess/ (Saving)	Percentage
13	Non-Development Grant No. BC21013	10,431.933	8,162.352	2,270	21.76
120	Development Grant No. BC12213 Function No. 045202	20,838.048	20,658.800	(-)179.248	0.86
Grand Total (Non-Development + Development)		31,269.981	28,821.151	(-)2,448.830	7.83

The department did not surrender the saving of Rs. 2,448.830 million against non-development and development grants, which indicated improper budgeting and financial mismanagement.

5.1.3 Audit profile of Communication, Works, Physical Planning and Housing Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	146	3	19,700.012	-
2	Assignment Accounts	3	1	260.969	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	2,888.771	-

5.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 476.422 million were raised in this report during the current audit of Communication, Works, Physical Planning and Housing Department. This amount also includes recoveries of Rs. 363.274 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Unauthorized	38.955
2	Overpayments	26.76
3	Tax and duties	336.514
4	Recoverable	347.552

5.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	1984-85	42	-	42	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
2	1988-89	22	-	22	0
3	1989-90	137	-	137	0
4	1990-91	62	-	62	0
5	1991-92	86	-	86	0
6	1992-93	36	-	36	0
7	1993-94	20	-	20	0
8	1994-95	32	-	32	0
9	1995-96	48	-	48	0
10	1996-97	48	-	48	0
11	1997-98	39	22	17	56%
12	1998-99	34	10	24	29%
13	2000-2001	44	42	2	95%
14	2001-2002	41	16	25	39%
15	2002-2003	65	-	65	0
16	2003-2004	15	-	15	0
17	2004-2005	28	-	28	0
18	2005-2006	38	23	15	60%
19	2006-2007	20	-	20	0
20	2007-2008	14	-	14	0
21	2008-2009	24	-	24	0
22	2009-2010	23	-	23	0
23	2010-2011	30	-	30	0
24	2011-2012	29	-	29	0
25	2012-2013	18	-	18	0
26	2013-2014	17	-	17	0
27	2014-2015	21	-	21	0
28	2015-2016	13	-	13	0
29	2016-2017	16	16	16	100%
30	2017-2018	20	20	0	100%
31	2018-2019	17	17	0	100%
32	2019-2020	16	-	16	0
33	2020-2021	19	-	19	0
Total		1134	166	984	14.63%

Most of the Audit Reports have not yet been discussed by the PAC.

5.2 AUDIT PARAS (CWPP&H, Building)

5.2.1 Non deduction of governmental taxes - Rs. 119.995 million

According to FD, GoB Clarification issued vide Letter No. FD.SO(MPR)1-46BST/20203714-48 dated 04.05.2020, under Section 35 (1) of BSTS Act, 2015, “Every withholding agent is advised, that while making payments to service providers, deduct and withhold 100% of the tax which is charged @ 6% to construction services under tariff heading 9814.2000.” Further, according to Section 153 of Income Tax Ordinance, 2001, “Every DDO is responsible to make the deduction of income tax at @ 7.5% while making payment to the contractors for execution of contract.” And as per Section 22 A of Schedule I to Stamp Act, 1899, as amended vide Balochistan Finance Act, 1994, “0.25% of the contract value is required to be realized from the contractor as stamp duty, while entering into contract for execution of any works or to procure stores and materials.”

The following Building Divisions of CWPP&HD, during the financial year 2019-20, made payments of Rs. 5,557.566 million to the contractors/consultants for execution of civil works without deduction of government taxes amounting to Rs. 119.995 million, as detailed in Annexure 5.1.

(Rs. in million)

S. No.	Name of offices	AIR Para No.	BSTS	Income Tax	Stamp Duty
1	Executive Engineer, B&R	1	9.087	0	0
2	Division (Building), Lasbela	7	0	0	0.831
3	Executive Engineer, B&R Division (Building), Punjgur	1	7.742	0	0
4	Executive Engineer, B&R Division (Building), Awaran	3	0.859	0	0
5	Executive Engineer, B&R Division (Building), Sherani	1	0.395	0	0
6	Executive Engineer, B&R Division (Building), Washuk	6	1.523	0	0

S. No.	Name of offices	AIR Para No.	BSTS	Income Tax	Stamp Duty
7	Executive Engineer, B&R Division (Building), Killa Saifullah	1	0.927	0	0
8	Executive Engineer, B&R Division (Building), Quetta	2	4.756	0	0
9		7		0	0.323
10	Executive Engineer, B&R Division (Building), Jafferabad	5	0.403	0	0
11		4	0	0	0.441
12	Executive Engineer, B&R Division (Building), Sohbatpur	3	0	0	0.357
13		4	0.103	0	0
14	Executive Engineer, B&R Division (Building), Jhal Magsi	3	0.625	0	0
15	Executive Engineer, B&R Division (Building), Dera Bugti	1	12.373	0	0
16		3	0	2.251	0
17		4	0	0	0.216
18	Executive Engineer, B&R Division (Building), Ziarat	2	6.998	0	0
19		14	0	4.720	0
20	Executive Engineer, B&R Division (Building), Kohlu	15	6.228	0	0
21	Executive Engineer, Maintenance Division II, Quetta	1	2.596	0	0
22	Executive Engineer, B&R Division (Building), Loralai	3	1.566	0	0
23		4	0	0	1.151
24	Executive Engineer, B&R Division (Building), Musakhel	2	0.635		0
25		3	0	0	0.269
26	Executive Engineer, B&R Division (Building), Harnai	3	0	0	0.377
27	Executive Engineer, B&R Division (Building), Barkhan	4	7.004	0	0
28	Executive Engineer, Maintenance Division III, Quetta	1	39.629	0	0
29		7	0	0	3.719
30	Executive Engineer, B&R Division (Building), Chaghi	5	1.891	0	0
Total			105.340	6.971	7.684
Grant Total			119.995		

Non-realization of BSTS, income tax and stamp duty caused revenue loss to the Government.

The matter was reported to the department in November, 2020 and November, 2021 but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that 3% BSTS was deducted from the bills of the contractors. DAC directed the department to recover the remaining amount and get it verified from audit office. While in case of Income tax and stamp duty the department contented that some districts were exempted from deduction of taxes/duties. DAC directed that applicable taxes be recovered, and where exemption is claimed Exemption Certificates, local certificates, CNICs and Permanent Residence Certificates be provided to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that the necessary recoveries be affected.

5.2.2 Unjustified advance payments - Rs. 54.367 million

According to Para 4.59 of B&R Code, “Disbursing Officers should refrain from incurring hasty and ill-considered expenditure at the end of the year with the mere object of spending their grants. They must realize that it is contrary to the public interest to expend money in a hurry, mainly for the reason that it is at their disposal, and that it is far more in the public interest to surrender money that cannot be profitably utilized in order that it may be diverted to other works which would otherwise have to lie over for want of funds. They should therefore surrender freely all money which cannot be expended advantageously and as far as possible include provisions for lapsed grants in the estimates of ordinary expenditure for the next year. Expenditure during June be so regulated that it will on no account exceed double the average monthly expenditure for the previous 11 months of the year.”

The following Building Divisions of CWPP&HD made payments of Rs. 54.367 million to the contractors during the financial year 2019-20 immediately after award of contracts, as detailed in in Annexure 5.2.

(Rs. in million)

S. No.	Name of Divisions	AIR Para No.	Amount
1	Executive Engineer, B&R Division (Building), Awaran	05	8.359
2	Executive Engineer, B&R Division (Building), Kohlu	07	32.985
3	Executive Engineer, B&R Division (Building), Sibi	03	13.023
Total			54.367

Payment in advance without actual work done was unjustified.

The matter was reported to the department in November, 2020 but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that the payments were made as per measurements recorded in MBs and contractors' bills. Audit was of the view that it was not practicable to complete the construction work in such a short span of time; on an average works were completed and payment was made within 15 to 25 days of award of contract. In case of Kohlu the work order and cheque for full payment were paid on the same day. DAC directed the department to justify the payment otherwise inquiry be initiated against the person(s) at fault.

No progress was intimated till finalization of this report.

Audit recommends that the matter may be inquired and physical verification of the works may be carried out by the Director Development, P&D Department.

5.2.3 Overpayment due to allowing excess quantities - Rs. 12.581 million

According to Para, 16 and 221, CPWA Code, "The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor."

The following Building Divisions of CWPP&HD overpaid an amount of Rs. 12.581 million during the financial years 2019-21 to various contractors on account of excess quantities of different items of work resulting in an overpayment of Rs. 12.581 million, as detailed in Annexure 5.3:

(Rs. in million)

S. No.	Name of offices	Financial year	AIR Para No.	Amount
1	Executive Engineer, B&R Division (Building), Punjgur	2019-20	04	0.577
2	Executive Engineer, B&R Division (Building), Killa Saifullah	2019-20	06	0.562
3	Executive Engineer, B&R Division (Building), Jafferabad	2019-20	03	1.727
4	Executive Engineer, B&R Division (Building), Duki	2019-20	3,5	5.854
5	Executive Engineer, B&R Division (Building), Harnai	2019-20	04	0.879
6	Executive Engineer, B&R Division (Building), Khuzdar	2020-21	02	2.982
Total				12.581

Payment by allowing excess quantities resulted in undue financial benefit to the contractors.

The matter was reported to the department in November, 2020 and November, 2021 but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that recovery will be made from the contractors in the next running bills. DAC directed the management to recover the amounts and evidence be provided to audit.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors under intimation to audit.

5.2.4 Unauthorized/overpayments to the contractors – Rs. 10.974 million

According to Paras 16 and 221 of CPWA Code, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

The following Buildings Divisions of CWPP&HD overpaid an amount of Rs. 10.974 million during the financial years 2019-21 on account of different items of works, as detailed in Annexure 5.4.

(Rs. in million)

S. No.	Name of Divisions	AIR Para No.	Financial year	Amount
1	Executive Engineer, B&R Division (Building), Sohbatpur	2	2019-20	0.158
2	Executive Engineer, B&R Division (Building), Ziarat	4	2019-20	0.094
3	Executive Engineer, Maintenance Division III, Quetta	2	2019-20	0.738
4	Executive Engineer, B&R Division (Building), Awaran	6	2019-20	0.744
5	Executive Engineer, B&R Division (Building), Chaghi	3	2019-20	0.104
6	Executive Engineer, Maintenance Division III, Quetta	1,3,5	2020-21	1.976
7	Executive Engineer, B&R Division (Building), Khuzdar	5,7	2020-21	7.160
Total				10.974

Overpayment gave extra financial benefit to the contractors and caused loss to the government.

The matter was reported to the department in November, 2020 and November, 2021 but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that overpaid amounts will be recovered from the next running bills of the contractors. The DAC directed the management to recover the amount from the concerned contractors.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors.

5.2.5 Overpayment due to inadmissible/wrong calculation of premium - Rs. 10.807 million

According to the Notification issued by the GoB, vide letter No. P&D - RO/C&T(32)1/2018-19/7299 dated July 16, 2018 “The rates of the items mentioned in the CSR, 2018 are applicable.” The Government has not allowed/announced any premium on the said CSR, 2018. Further, according to P&D Department, GoB Notification No. P&D.ROCT(1)129/2013/3624 dated September 16, 2013, the District wise premium rates on Balochistan CSR, 1998 are as under:

S. No.	Name of Districts	Earthwork	Civil work	Steel reinforcement
1	Khuzdar (City)	25% above	105% above	205% above
2	Loralai Town	25% above	105% above	205% above
3	Quetta	20% above	100% above	200% above

The following Building Divisions of CWPP&HD awarded various works to different contractors during the financial year 2019-20. The management paid an amount of Rs. 10.807 million on account of inadmissible/wrong calculated premium, as detailed in Annexure 5.5.

(Rs. in million)

S. No.	Name of offices	AIR Para No.	Amount
Inadmissible Premium			
1	Executive Engineer, B&R Division (Building), Washuk	01	2.097
2	Executive Engineer, B&R Division (Building), Quetta	01	0.166
3	Executive Engineer, B&R Division (Building), Jafferabad	01	2.042
4	Executive Engineer, B&R Division (Building), Jhal Magsi	01	1.334
5	Executive Engineer, B&R Division (Building), Naseerabad	02	0.825
6	Executive Engineer, B&R Division (Building), Chaghi	04	0.450
Sub Total			6.914
Wrong Calculation of Premium			
1	Executive Engineer, B&R Division (Building), Khuzdar	01	1.414
2	Executive Engineer, B&R Division (Building), Loralai	01	0.177
3	Executive Engineer, B&R Division (Building), Quetta	05	0.336
4	Executive Engineer, Maintenance Division III, Quetta	04	1.966
Sub Total			3.893
Grand Total			10.807

Payment of inadmissible/incorrect rate of premium gave extra financial benefit to the contractors and caused loss to the government.

The matter was reported to the divisions in November, 2020 but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that overpaid amount will be recovered in the next running bill of the contractors. DAC directed the management to recover the amount from the concerned contractors.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors.

5.2.6 Unauthorized payments to irrelevant contractors - Rs. 1.221 million

According to the Para 39 and 40 (a) of CPWA Code, “It is an important function of the Divisional Officer to keep a constant watch over the progress of expenditure, as he is ultimately responsible for keeping the expenditure within the allotments for the division. He should accordingly keep himself informed of such circumstances as may affect the progress of expenditure, in order to take early steps for obtaining extra funds or surrendering probable savings, as may be necessary.”

Executive Engineer, B&R Division (Building), Kohlu made payments of Rs. 1.222 million during the financial year 2019-20 to the contractors instead of the contractors to whom the works were awarded. Further, the work orders and payments were almost on the same dates, as detailed below:

(Rs. in million)

Cheque No. and Date	Scheme	Work awarded to	Cheque issued to	Amount
551445/ 30.06.2020	Provision of drinking water and toilets in GBPS, Babu Faiz, Kohlu	M/s Progressive Construction Co., Government Contractor	Ms Kohi Construction, Government Contractor	0.567

Cheque No. and Date	Scheme	Work awarded to	Cheque issued to	Amount
		Work Order No. 171-175 /Cb Dated 29-06-20		
551429/ 29.06.2020	Provision of drinking water and toilets in GGPS, Shar Jan Marri, Kohlu	Ms Shah Hussain, Government Contractor, Work Order No. 92-96/cb Dated 29-06-20	Ms Progressive Construction, Government Contractor	0.654
Total				1.221

Payment to irrelevant contractors was unauthorized.

The matter was reported to the department in November, 2020 but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that payments were made to the same contractors to whom work orders were issued. The forum did not agree with the reply of the management and directed to justify the payment and produce relevant record to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that responsibility be fixed on the concerned officials under intimation to audit.

(CWPP&H - Roads)

5.2.7 Less recovery of mobilization/secured advance - Rs. 300.966 million

According to the FD, GoB Notification No. FD(RI-2/MA/92/1392-1492 dated April 30, 1992, "Mobilization advances up to ten percent of the tendered amount in respect of work costing Rs. 30 million and above with the prior concurrence of the FD and an irrevocable bank guarantee is to be obtained from the contractor. The amount of the advance should be recovered in five equal installments commencing from the first running bill of the contractor." According to the Para 228 of CPWA Code, "Advances to contractors are as a

rule prohibited, and every endeavor should be made to maintain a system under which no payments are made except for work actually done. Divisional officers may sanction advances upto an amount not exceeding 75 percent of the value against the non-perishable materials brought at site. The recovery of the secured advance shall be affected from the monthly payments on actual consumption basis.”

In the following offices of Road Divisions of CWPP&HD, mobilization and secured advances of Rs. 300.966 million was less recovered from different contractors during the financial years 2019-20 and 2020-21, as detailed in Annexure 5.6.

(Rs. in million)

S. No.	AIR Para No.	Financial year	Name of Divisions	Amount
1	3	2019-20	Executive Engineer (Road), B&R, Harnai	14.000
2	2/1	2019-20 and 2020-21	PD, Dargai Shabozai to Taunsa Sharif Project, Quetta	31.438
3	¼	2019-20 and 2020-21	PD, Dargai Shabozai to Taunsa Sharif Project, Quetta	255.528
Total				300.966

Less recovery of mobilization/secured advance provided extra financial benefit to the contractors.

The matter was reported to the department in February and June, 2021 but no reply was received.

In the DAC meeting held on December 24, 27 & 28, 2021, B&R Harnai replied that Mobilization advance will be recovered from the upcoming bill of the contractors. PD, Dargai Shabozai to Taunsa Sharif Project replied that mobilization / secured amount of Rs. 147.795 million has been recovered and remaining amount of Rs. 139.161million will be recovered from upcoming bill of the contractor. DAC directed that the amount of mobilization and secured advances should be recovered from the contractors and original record be produced to audit for verification.

No further progress was intimated to audit till finalization of this report.

Audit recommends that the recovery be affected from the concerned contractors.

5.2.8 Non/less deduction of governmental taxes - Rs. 216.519 million

According to Section 3 of BSTS Act, 2015, “The GoB levied Sales Tax @ 6% on provision of services rendered by engineering consultants, Contractors of buildings (Including water supply, gas supply and sanitary works, roads and bridges, electrical and mechanical works including air conditioning), and similar other works.” Further, according to Section 153 of Income Tax Ordinance, 2001, “Every DDO is responsible to make the deduction of income tax at @ 7.5% while making payment to the contractors for execution of contract.” And as per Section 22 A of Schedule I to Stamp Act, 1899, as amended vide Balochistan Finance Act, 1994, “0.25% of the contract value is required to be realized from the contractor as stamp duty, while entering into contract for execution of any works or to procure stores and materials.”

The following Road Divisions of CWPP&HD made payments to the contractors during the financial years 2019-20 and 2020-21 without deduction of government taxes amounting to Rs. 216.519 million as detailed in Annexure 5.7.

(Rs.in million)

S. No.	AIR Para No.	Financial year	Name of Divisions	BSTS	Income Tax	Stamp Duty
1	1	2020-21	Executive Engineer, B&R (Roads) K. Abdullah	0.738	-	-
2	2	2019-20	Executive Engineer, (Roads), B&R, Jhal Magsi	3.249	-	-
3	6	2019-20	Executive Engineer, (Roads), B&R, Jaffarabad	3.314	-	-
4	5	2019-20	Executive Engineer, (Roads), B&R, Sohbatpur	0.671	-	-
5	8	2019-20	Executive Engineer, (Roads), B&R, Turbat	16.716	-	-
6	1	2019-20	Executive Engineer, (Roads), B&R, K. Abdullah	21.034	-	-
7	1	2019-20	Executive Engineer, (Roads), B&R, K. Saifullah	4.749	-	-
8	1	2019-20	Executive Engineer, (Roads), B&R, Chaghi	8.922	-	-

S. No.	AIR Para No.	Financial year	Name of Divisions	BSTS	Income Tax	Stamp Duty
9	6	2019-20	Executive Engineer, (Roads), B&R, Kohlu	2.907	-	-
10	13			13.360	-	-
11	5	2019-20	Executive Engineer, (Roads), B&R, Awaran	1.597	-	-
12	3	2019-20	Executive Engineer, (Road), B&R, Harnai	-	0.763	-
13	6	2019-20	Executive Engineer, (Roads), B&R, Washuk	2.156	-	-
14	8			-	-	0.514
15	2	2019-20	Executive Engineer, (Roads), B&R, Musakhel	2.064	-	-
16	1	2019-20	Executive Engineer, (Roads), B&R, Ziarat	9.319	-	-
17	1	2019-20	Executive Engineer, (Roads), B&R, Shaheed Sikandarabad	3.118	-	-
18	3	2019-20	Executive Engineer, (Roads), B&R, Barkhan	18.999	-	-
19	**3	2019-20	Executive Engineer, (Roads), B&R, Panjgur	15.403	-	-
20	1	2019-20	Executive Engineer, (Roads), B&R, Lasbela	-	0.483	-
21	2			32.509	-	-
22	11			-	-	1.706
23	12			-	0.424	-
24	1	2019-20	Executive Engineer, (Roads), B&R, Sibi	1.898	-	-
25	1	2019-20	Executive Engineer, (Roads), B&R, Pishin	8.904	-	-
26	3	2020-21	PD, Dargai Shabozai to Taunsa Sharif Project	40.402	-	-
27	3	2020-21	Executive Engineer, B&R (Roads) Quetta	-	-	0.600
Total				212.029	1.67	2.82
Grant Total				216.519		

Non-deduction of government taxes resulted in a revenue loss to the government.

The matter was reported to the department in October, November, December, 2020, January, May and November 2021, but no reply was received.

In the DAC meeting held on December 24, 27 and 28, 2021, the department replied that 3% BSTS was deducted from the bills of the contractors. DAC directed the department to recover the remaining amount and get it verified from audit office. While in case of Income tax and stamp duty the department contented that some districts were exempted from deduction of taxes/duties. DAC directed that applicable taxes be recovered, and where exemption is claimed Exemption Certificates, local certificates, CNICs and Permanent Residence Certificates be provided to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that the necessary recoveries be affected.

5.2.9 Non-deduction of cost of tack / prime coat - Rs. 46.586 million

As per Specification of Roads and Highways of Handbook of Civil Engineering, “The prime coat is the initial application of a binder to an abstract high way surface prior to premix carpeting, whereas, tack coat is the initial application of a binder to an existing surface to ensure thorough bond between the new construction and the existing surface and tack coat and prime coat are not given together”.

The following Road Divisions of CWPP&HD, made payment to the contractors during the financial years 2019-20 and 2020-21 on account of premix carpeting in various roads without deducting prime / tack coat as both items were not allowed together resulting in an overpayment of Rs. 46.586 million, as detailed in Annexure 5.8.

(Rs. in million)

S. No.	AIR Para No.	Financial year	Name of Divisions	Amount
1	6	2020-21	Executive Engineer B&R (Roads) Sohbatpur	37.987
2	3	2019-20	Executive Engineer (Roads), B&R, Chaghi	1.375
3	5	2019-20	Executive Engineer (Road), B&R, Harnai	1.192
4	2	2019-20	Executive Engineer (Roads), B&R, Ziarat	1.298

S. No.	AIR Para No.	Financial year	Name of Divisions	Amount
5	7	2019-20	Executive Engineer (Roads), B&R, Lasbela	2.207
6	7	2019-20	Executive Engineer (Roads), B&R, Ziarat	2.527
Total				46.586

Non-deduction of cost of tack / prime coat from premix carpeting resulted in an overpayment to the contractors and caused loss to the government.

The matter was reported to the department in December, 2020, February, June and December, 2021 but no reply was received.

In the DAC meeting held on December 24, 27 & 28, 2021, Department accepted the recovery and assured that the overpaid amount will be deducted from the security deposits / upcoming running bills of the contractors. DAC directed to affect the recovery at the earliest from the contractors.

No further progress was intimated to audit till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors.

5.2.10 Overpayment due to allowing excess quantities - Rs. 3.369 million

As per B&R Code 2.86 and CPWD Code 56, "The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If subsequent to the grant of technical sanction, material structural alterations are contemplated, the orders of the original sanctioning authority should be obtained even though no additional expenditure is involved by the alterations."

The following Road Divisions of CWPP&HD made payments to the contractors for different items of work by allowing excess quantities than provided in approved PC-Is during the financial year 2019-20 resulting in an overpayment of Rs. 3.369 million, as detailed in Annexure 5.9:

(Rs. in million)

S. No.	AIR Para No.	Financial year	Name of Divisions	Amount
1	4	2019-20	Executive Engineer (Roads), B&R, Dera Bugti	2.410
2	10	2019-20	Executive Engineer (Roads), B&R, Pishin	0.763
3	2	2019-20	Executive Engineer (Roads), B&R, Turbat	0.196
Total				3.369

Payment beyond PC-I provisions resulted in an undue favor to the contractors.

The matter was reported to the department in December, 2020 and August, 2021 but no reply was received.

In the DAC meeting held on December 24, 27 & 28, 2021, the offices replied that actual recoverable amount was Rs.1.825 million which was found satisfactory. DAC directed that overpayment amount may be deducted from concerned contractors.

No progress was intimated till finalization of this report.

Audit recommends that the recovery be affected from the concerned contractors.

Chapter 6

6.1 Education Department

6.1.1 Introduction

The Education Department is responsible to provide quality education from primary to graduation level and overall management of educational institutions from primary schools to degree colleges. Besides, it also administers technical and vocational institutions in Balochistan.

6.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 15,845.272 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 14,129.315 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21 Higher Education			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21016	11,293.972	9,679.547	(-)1,614.425	14.29
Development Grant No.BC12216 Function No.093120	155	154.885	(-).115	0.07
Development Grant No.BC12216 Function No.093101	4,143.217	4,042.771	(-)100.446	2.42
Development Grant No.BC12216 Function No.092101	253.083	252.111	(-).972	0.38
Total Development	4,551.300	4,449.768	(-)101.532	2.23
Grand Total Non-Development & Development	15,845.272	14,129.315	(-)1,715.957	10.83

There is a significant saving of Rs. 1,015.392 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

Secondary Education

Development and non-development funds amounting to Rs. 49,961.066 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 44,530.343 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21 (Secondary Education)			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21041	46,525.194	40,016.868	(-)6,508.325	13.99
Development Grant No.BC12241 Function No.092101	2,642.268	2,514.298	(-)127.970	4.84
Development Grant No.BC12241 Function No.091102	793.604	1,999.177	(+)1,205.573	151.91
Total Development	3,435.872	4,513.475	(+)1,077.603	31.36
Grand Total Non-Development & Development	49,961.066	44,530.343	(-)5,430.722	10.87

There is a significant saving of Rs. 5,430.722 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

6.1.3 Audit profile of Education Department

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ receipts audited financial year 2020-21
1	Formations	1,711	19	4,594.795	-
2	Assignment Accounts	3	2	2,075.160	-
3	Special Drawing Accounts	-	-	-	-

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/receipts audited financial year 2020-21
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

6.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 169.77 million were raised in this report during the current audit of Education Department. This amount also includes recoveries of Rs. 79.793 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Irregular expenditure	81.332
2	Overpayment	8.645
3	Recoverable	79.793

6.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	1984-85	3	-	3	0
2	1988-89	60	-	60	0
3	1989-90	11	-	11	0
4	1990-91	6	-	6	0
5	1991-92	17	-	17	0
6	1992-93	33	-	33	0
7	1993-94	29	-	29	0
8	1994-95	6	-	6	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
9	1995-96	19	-	19	0
10	1996-97	41	-	41	0
11	1997-98	22	13	9	59%
12	1998-99	13	7	6	54%
13	1999-2000	19	9	10	47%
14	2001-2002	14	-	14	0
15	2004-2005	15	-	15	0
16	2005-2006	9	-	9	0
17	2007-2008	2	-	2	0
18	2008-2009	6	-	6	0
19	2009-2010	8	-	8	0
20	2010-2011	8	-	8	0
21	2011-2012	10	-	10	0
22	2012-2013	24	-	24	0
23	2013-2014	23	-	23	0
24	2014-2015	16	-	16	0
25	2016-2017	9	9	0	100%
26	2017-2018	19	19	0	100%
27	2018-2019	15	15	0	100%
28	2019-2020	6	-	6	0
29	2020-2021	6	-	6	0
Total		469	72	397	15.35%

Most of the Audit Reports have not yet been discussed by PAC.

6.2 AUDIT PARAS (Higher Education)

6.2.1 Less recovery of mobilization advance - Rs. 77.818 million

According to the FD, GoB Notification No. FD(RI-2/MA/92/1392-1492 dated April 30, 1992, "Mobilization advances up to ten percent of the tendered amount in respect of work costing Rs. 30 million and above with the prior concurrence of the FD and an irrevocable bank guarantee is to be obtained from

the contractor. The amount of the advance should be recovered in five equal installments commencing from the first running bill of the contractor.”

PD, Construction of Cadet Colleges Balochistan, Quetta, paid mobilization advance of Rs. 244.797 million to different contractors during the financial years 2018-19 and 2019-20 with the approval of the FD, GoB @ 10% of estimated cost. Management was required to make recovery of the mobilization advance in five equal installments which they failed to recover resulting in less recovery of Rs. 77.818 million, as detailed in Annexure – 6.1.

(Rs. in million)

S. No.	AIR Para No.	Contractor	Mobilization advance recoverable	Amount recovered	Balance amount recoverable
1	02	M/S Farhad Construction Co.	104.272	78.06	26.21
2	05	M/S Syed Abdullah and Company and M/s Farhad Construction Company (JV)	140.525	88.917	51.608
Total			244.797	166.977	77.818

Less recovery of mobilization advance resulted in undue favor to the contractors.

The matter was reported to the department on July 13, 2020 but no reply was received.

In the DAC meeting held on October 28, 2021, the committee directed to recover the remaining amount of mobilization advance at the earliest.

No progress was intimated to audit till finalization of this report.

Audit recommends that the recovery be affected from the concerned contractors under intimation to audit.

6.2.2 Overpayment due to allowing higher rate and wrong calculation of quantities Rs. 5.226 million

According to Para 16 and 220 of CPWA Code, “The Divisional and sub Divisional officers have to satisfy themselves before signing the bill the quantities and rate recorded in the MB are correct and calculation have been checked arithmetically.

PD, Construction of Cadet Colleges in Balochistan, Quetta awarded the work “Establishment of Shaheed Sikandar Zehri, Cadet College, Awaran during the financial year 2019-20. An amount of Rs. 5.226 million was overpaid to the contractor due to allowing inadmissible, incorrect higher rates and wrong calculation of quantities as detailed in Annexure – 6.2.

(Rs. in millions)

S. No.	Name of Contractor	Item of work	Air Para No.	Amount
1	M/s Syed Abdullah and Company and M/s Farhad Construction Company (JV)	Providing, fabricating and laying mild steel reinforcement in foundation, plinth and ground floor” under SI No. 5-40/a+h+i	07	1.336
2		P/L 1:3:6 in situ cement concrete in foundation walls up to 225 mm (9”) in thickness” under SI No. 5-7/d + 5-42/d	08	2.636
3		Filling, watering and ramming earth under floors with new earth excavated from outside, lead up to 30 m and lift up to 1.500 m (Including excavation)” under SI No. 3-15/b	09	1.254
Total				5.226

Allowing higher/inadmissible rates and wrong calculation of quantities resulted in an overpayment to the contractor.

The matter was reported to the department in October, 2018 but no reply was received.

In the DAC meeting held on October 28, 2021, the department accepted recovery of Rs. 2.590 million whereas, in respect of remaining amount the department accepted partial recovery. DAC directed that all recoverable amount be deducted at the earliest and evidence be provided where according to department there occurred no overpayment.

No further progress was intimated to audit till finalization of this report.

Audit recommends that all recoverable amount be deducted at the earliest besides, providing evidence where no overpayment has occurred.

6.2.3 Overpayment due to allowing higher rates - Rs. 3.419 million

According to 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 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.” Besides, as per 145 of GFR, Vol.-I, “Purchases must be made in the most economical manner in accordance with the definite requirement of the public service.”

The Director Education (Colleges), Quetta procured Desktop-PCs and printers amounting to Rs. 3.419 million during financial year 2019-20. On comparison of the rates paid with the prevalent market rates, it revealed that the items were purchased on exorbitantly higher rates resulting in excess payment of Rs. 3.419 million as detailed below:

(Rs. in million)

S. No.	Particular	Rate paid	Market rate	Difference	Quantity	Overpaid amount
1	Desktop i7 8 th Generation	159,500	108,000	51,500	25	1.287
2	Desktop i3 9 th Generation	128,500	80,000	48,500	43	2.085
3	Heavy duty printer	65,000	42,000	23,000	2	0.046
Total						3,419

Procurement on exorbitant rates caused loss to the Government.

The matter was reported to the department in October, 2018 but no reply was received.

In the DAC meeting held on October 28, 2021, The forum was informed that purchases were made after market survey. Audit did not accept the reply because procurement was made during June 2020 without rate analysis and when audit compared the rates of procured items with the prevailing market rates on the date of DAC meeting, it was found that those were on the higher side. DAC decided that matter may be inquired by the concerned administrative Secretary to find out the facts and fix the responsibility on persons at fault under intimation to audit.

No progress was intimated to audit till finalization of this report.

Audit recommends that matter may be inquired by the concerned administrative Secretary to find out the facts and fix responsibility on persons at fault under intimation to audit.

6.2.4 Recovery of electricity charges of residential colony - Rs. 1.975 million

According to Para 23 of GFR, Vol.-I, “Every government officer will be held personally responsible for any loss sustained by the government due to fraud or negligence on his part. The controlling officer must take immediate action for enforcement of such responsibility.”

The Principal, Balochistan Residential College, Turbat paid an amount of Rs. 1.975 million during the financial years 2018-19 to 2019-20 on account of electricity charges of residential colony of teaching and non-teaching staff of college, as detailed below:

(Rs. in million)

S. No.	Consumer number	Date	Amount
01	24-48611-0758200-U	09.2018	0.565
02		10.2018	0.244
03		11.2018	0.272
04		12.2018	0.118
05		01.2019	0.219

S. No.	Consumer number	Date	Amount
06		03.2019	0.230
07		01.2019	0.323
Total			1.975

Payment of electricity from the public funds on behalf of residential colony was unauthorized.

The matter was reported to the department in December 2020 but no reply was received.

In the DAC meeting held on October 28, 2021, the forum was informed that recoveries were made from the salaries of concerned staff. DAC directed for provision of evidence of recoveries made.

No progress was intimated till finalization of this report.

Audit recommends evidence of recoveries may be provided to audit for verification.

6.2.5 Execution of development schemes without obtaining completion reports - Rs. 1,097 million

According to Para 2.115 of B&R Code, "A detailed completion Report or a Completion Statements as necessary must be prepared on the completion of works for all works chargeable to Capital regardless of the actual expenditure being equal to or more or less than the sanctioned amount."

The Secretary, Colleges, Higher and Technical Education, Balochistan during the financial year 2018-19 executed different development schemes without preparation of completion report, as detailed below:

(Rs. in million)

S. No.	Name of work	Cost
1	Construction of Building for Girls College, Muslim Bagh and Killa Siafullah	178.020
2	Construction of Building for Girls College, Khuda Badan, Panjgur	55.837
3	Khan Saheed Educational Enclave, Spiny Road	602.186

S. No.	Name of work	Cost
4	Construction of BRC, Kharan	186.168
5	Construction of Labs at GBD Colleges, Pishin, Loralai, Quetta, Lasbela, Kharan	75.194
Total		1097.405

Non obtaining of completion certificates was violation of rules.

The matter was reported to the department in August 2020 but no reply was received.

In the DAC meeting held on October 28, 2021, the forum was informed that executing agency was Communication, works, physical planning and housing department. DAC directed the management concerned to produce the record to audit for verification: PC-I, TS, MB and Completion Certificates.

No progress was intimated till finalization of this report.

Audit recommends that the administrative department take responsibility and have active participation and involvement throughout the execution of the project as per rules. Furthermore, PC-I, TS, MB and Completion Certificates be provided to audit for scrutiny.

AUDIT PARAS (Secondary Education)

6.2.6 Illegal retention of public money - Rs. 64.793 million

According to Rule 290 of TRs Vol.-I, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budge grant. "And according to Finance Department (Regulation Wing) Notification No. SO (B&A)1-1/Misc./S&GAD/2008-09/520-52 re-circulated on August 23, 2008, "No account in the Commercial Bank can be opened for public money, without the prior permission of the Finance Department."

The Director Education (Schools), Balochistan, retained public money amounting to Rs. 64.793 million during the financial year 2019-20 in the Bank

account No. 4002783471 in NBP, Jinah road branch, Quetta without cogent reason and prior approval of the Finance Department, GoB.

Retention of government money in the bank account without approval of FD, GoB was irregular.

The matter was reported to the department on August 01, 2021 but no reply was received.

In DAC meeting held on November 09, 2021, the forum was apprised that Rs. 9 million were retained for study tour, 15 million for middle, primary school students (Rs. 5 million per year) and Rs. 34.22 pertained to UNICEF funds.

DAC was of the view that retention of Rs. 15 million of middle and primary school scholarships for three years was un-justified. Moreover, details of expenditures of Rs. 9 million pertaining to study tour, Rs.34.22 million of UNICEF funds, and Rs. 6.573 million were not rendered. DAC directed that justification for retaining of public money may be given or the amount in question be deposited in government account.

No progress was intimated till finalization of this report.

Audit recommends that approval of FD, GoB, and justification of public money retained in the bank account may be provided to audit, or the amount in question may be deposited in government account.

6.2.7 Irregular cash payment to the firms through DDO - Rs.16.539 million

According to Para 4.2.2.9 of APPM, "Cheque payment should be released to the payee or be personally collected by the payee or his authorized agent."

Various offices of Secondary Education Department, GoB withdrew an amount of Rs.16.539 million during the financial years 2014-15 to 2019-20 in the name of DDO instead of payment to the respective vendors under different heads of account as detailed in Annexure 6.3.

Cash payment to the vendors was irregular.

The matter was reported to the department in July, August, September, 2020 and January 2021 but no reply was received.

In the DAC meeting held on November 09, 2021, the Director of Education Schools, Balochistan informed that a payment of Rs. 11.728 million was made to MACSON for pre-fabricated schools. It was further revealed that payment was made without calling open tenders. DAC directed that justification for cash payments, acknowledgements along with detail of deduction of due government taxes may be provided to audit.

No progress was intimated till finalization of this report.

Audit recommends for provision of justification, acknowledgements along with detail of deduction of due government taxes.

6.2.8 Unauthorized Enrolment in excess of sanctioned strength in different cadres

According to Rule 90 of Audit Manual, "A scale Audit Register in Form 22 will be maintained in offices for the purpose of verification that appointment are made in any grade or class of Government servants in excess of the sanctioned scale and that no post is abolished or held in abeyance, except to the extent authorized, without the orders of the competent authority."

Various Schools of the Secondary Education Department, GoB enrolled excess employees than the sanctioned posts in the budget book in different cadres. Number of posts in different cadres were different from those in the budget book, departmental record and in SAP, as detailed in Annexure 6.4.

Enrolment in excess of sanctioned strength was unauthorized.

The matter was reported to the department in July, August, October and November, 2020 but no reply was received.

In DAC meeting held on November 09, 2021, the forum was informed that posts are being reconciled with Finance Department, Government of Balochistan and results will be intimated to audit. It was decided that findings be shared with Audit. Moreover, using Computer Assisted Audit Techniques (CAATs), audit found out that in 161 instances there were 1,405 staff posted in excess of sanctioned strength, in 156 instances there were shortage of 18,042 staff and in 141 instances there were 762 staff posted where there were no sanctioned posts in that specific cadre or designation. DAC directed for necessary reconciliation of posts at the earliest.

No progress was intimated till finalization of this report.

Audit recommends for necessary reconciliation of the posts between the department, budget book / FD, GoB and SAP system. Further, implementation of OM Module may be expedited.

6.2.9 Non conducting of internal audit

According to GFR 13, Vol.-I, “It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores. To get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions, and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report.”

The Secretary, GoB, Secondary Education Department has not conducted internal audit of his department during the financial years 2014-15 to 2018-19, it is utmost responsibility of the controlling officer, to ensure internal controls are in place and detect fraud, irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non-conducting of internal audit depicted weak financial management.

The matter was reported to the department in August, September and November, 2020 but no reply was received.

In DAC meeting held on November 09.2021, DAC directed the department that internal audit be conducted at the earliest and the report be produced to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 7

7.1 Energy Department

7.1.1 Introduction

The core operational activities of the Department are:

- Monitoring/collection of hydro meteorological data
- Preliminary enforcement of electricity Act and Rules
- Inspection of electric installations and settlement of WAPDA dues pertaining to different Departments
- Village electrification through WAPDA
- Meeting the shortage of energy through new projects
- Utilization of cheap means of energy like solar energy and wind energy etc.,

7.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development & development funds amounting to Rs. 8,364.833 million were allocated to the Energy Department during the financial year 2020-21. Against the said allocation, an expenditure of Rs. 8,070.635 million was incurred, as summarized below:

(Rs. in million)

Type of Grant	2020-21			
	Final Grant	Expenditure	Excess/(Saving)	Percentage
Non-Development Grant No.BC21049	6,849.356	6,566.870	(-)282.486	4.12
Development Grant No. BC12249 Function No.043602	1,515.477	1,503.765	(-)11.712	0.77
Grand Total Non-Development & Development	8,364.833	8,070.635	(-)294.198	3.52

7.1.3 Audit profile of Excise and Taxation Department, Balochistan
(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	15	2	6,390.45	
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

7.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 32,523.676 million were raised in this report during the current audit of Excise and Taxation Department. This amount also includes recoveries of Rs. 18,986 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Unauthorized	263.028
2	Irregular Expenditure	13,274.600
3	Recoverable	18,986

7.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2018-2019	6	6	0	100%
2	2019-2020	4	-	4	0
Total		10	6	4	60%

7.2 AUDIT PARAS

7.2.1 Unjustified payment of electricity arrears of GoB departments to QESCO without reconciliation - Rs. 3,459.310 million

Finance Department, GoB vide Notification No. F.D(SO-VIII)(I)/2013-14/ 1139-85 dated December 12, 2013 strictly directed all administrative departments/ autonomous bodies/Local bodies to ensure timely and regular payment of monthly reconciled electricity dues through their concerned DDOs/Offices.” Further, in a Secretaries Committee meeting headed by Chief Secretary dated 19.04.2021, the chair directed for immediate reconciliation of QESCO dues in a manner that

1. The Energy Department shall issue a schedule of meetings with all administrative departments for reconciliation of QESCO dues. Final report will be submitted to the Chief Secretary
2. All administrative departments shall be responsible to ensure installation of electric meters against all Government Department Connections and replacement of defective meters with healthy meters.
3. All the administrative departments shall ensure reconciliation of QESCO dues in respect of their respective sub-ordinate offices/attached department.

Secretary, Energy Department, GoB paid an amount of Rs. 3,459.310 million, on hand written bills, to CEO, QESCO on account of liabilities against 8083 connections of Provincial Government departments during the financial year 2020-21, without reconciliation. System of reconciliation of figures between QESCO and Energy Department does not exist.

Payment without reconciliation, on hand written bills by Secretary Energy on behalf of other departments despite release of electricity budget to each department was unjustified.

The matter was reported to the department on December 16, 2021, but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends that system of reconciliation be devised, systemic billing be practiced, meters be installed for all departments and practice of payment through Energy Department for all departments be discontinued.

7.2.2 Unauthorized retention of public money - Rs. 200.00 million

As per Treasury Rules 290, “No money shall be drawn from Treasury unless it is required for immediate disbursement. It is not permissible to draw money from the account in anticipation of demand or to prevent the lapse of budget grant.”

Secretary Energy Department, Government of Balochistan during the financial years 2018-20, transferred an amount of Rs. 200 million to the Manager of Energy Company Ltd. for conducting research on alternate energy i.e., hydel, solar, and wind energy. The said amount remained unutilized till the currency of audit.

Retention of public money without achieving purpose for which the money was granted was unauthorized.

The matter was reported to the department on August 24, 2021 but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends that the utilization of the retained amount may be ensured or the amount may be deposited into government account.

7.2.3 Non-adjustment of abstract drawl - Rs. 175.338 million

As per Treasury Rules 309-310, “the departments are required to submit the detailed account against the abstract bills within time specified in sanction or on June 30, the closing date of financial year.”

Secretary Energy Department, Government of Balochistan, Quetta made an advance payment to CEO QESCO amounting to Rs. 175.338 million for operational charges of 04 small power houses during 2020-21, but detailed account was not rendered, as detailed below:

(Rs. in million)

Cheque No.	Date	Amount	Particulars
1589163	29.09.2020	43.853	Outstanding deficit of 2 small power houses i.e., Awaran and Kalamat for Nov 19 to Jan 2020
1596676	04.11.2020	42.363	Outstanding deficit of 2 small power houses i.e., Awaran and Kalamat for Feb 2020 to April 2020
1958539	25.03.2021	40.829	Outstanding deficit of 2 small power houses i.e., Awaran and Kalamat for May 2020 to July 2020
1788640	17.06.2021	48.294	Outstanding deficit of 2 small power houses i.e., Awaran and Kalamat for Sep 2020 to Dec 2020
Total		175.338	

Non-adjustment of abstract drawls was violation of rules.

The matter was reported to the department on December 16, 2021, but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends that adjustment account of abstract drawls be provided to audit for scrutiny.

7.2.4 Unauthorized retention of unspent amount by QESCO - Rs. 63.028 million

According to Section 12 of the Balochistan Public Finance Management (BPFM) Act, 2020, “(1) All Departments, their attached departments and subordinate offices and autonomous organizations shall surrender to the Finance Department by 15 May each year all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them. Further, in case of autonomous organizations, surrender of any savings from their grant-in-aid are subject to provisions of their respective enactments”.

The DG, Energy Department (South), Quetta failed to recover an unspent/saving balance of Rs. 63.028 million on account of Village Electrification out of Provincial PSDP from QESCO during the financial year 2019-20. Unspent balances were kept by the QESCO in the commercial bank accounts.

Retention of public money in private accounts by QESCO was unauthorized.

The matter was reported to the department on March 30, 2021 but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends that all unspent amount may be transferred to Provincial Account 1 under intimation to audit.

7.2.5 Less realization of targeted income - Rs. 18,986 million

As per GFR 26, “It is the duty of departmental officers to see that all sums due to government are regularly and promptly assessed, realized and duly credited into Public Account”.

The Secretary, Energy Department, Government of Balochistan, Quetta in the financial year 2020-21, realized a sum of Rs. 14.400 million on account of Fee, License, and Electric Duty against targeted income of Rs. 19,000 million resulting in less realization of receipt amounting to Rs. 18,986 million, as detailed below:

(Rs. in million)		
Targeted Revenue	Actual Revenue Realized	Difference
19,000	14.400	18,986

Less realization of receipt caused loss to the government.

The matter was reported to the department on December 16, 2021, but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends for provision of justification for non-realization of revenue.

7.2.6 Irregular payment of subsidy on agricultural tube wells - Rs.9,640 million

As per Notification of Government of Pakistan, Ministry of Water and Power Coordination, Policy and Finance Wing No. ECC 5/37/1989-PF dated July 2, 2015, “the number of tube wells would be frozen to the level of 29,566”. Further, Special District Monitoring Committees at the level of respective Districts/ Divisions comprising of District Administration, QESCO / KE officials and Zamindars Action Committee will be constituted. The committee will ensure:

- i. Billing is made through meters i.e., as per actual usage.
- ii. Timely payments of monthly bills along-with previous outstanding (*if any*) by the agricultural and domestic consumers.
- iii. The capacity of the motors for agricultural tube wells shall be noted if more than prescribed limit of 30 HP.
- iv. The misuse of agricultural tube wells shall be strictly monitored by the local administration and any abnormal billing shall be immediately checked to stop misuse of agricultural connections for domestic or commercial use or any attempt by the QESCO officials to hide their losses or theft of electricity by overbilling agricultural connections.

Secretary Government of Balochistan, Energy Department made payments amounting to Rs. 9,640 million during the financial years 2018-21 to QESCO and KE on account of subsidy of agricultural tube wells, as detailed below:

(Rs. in million)

Object		Cheque No.	Date	Vendor Name	Amount
A05105	Tube Wells	1494611	29.06.2021	K- Electric	540
		1494612	29.06.2021	Chief Executive	2,000
		1463918	27.12.2018	Officer,	600
		1551117	25.03.2019	QESCO	500
		1521386	21.06.2019	K- Electric	1,000
		1521402	21.06.2019	Chief Executive	2,000
		1526396	22.06.2020	Officer,	2,500
		1526395	22.06.2020	QESCO	500
Total					9,640

The following serious irregularities were noticed:

- i. Lump sum payment was made to QESCO instead of actual consumption of the electricity.
- ii. In some cases, QESCO submitted handwritten bills due to which audit was unable to verify billing history, consumption of electricity, current and previous meter readings.
- iii. No "Special District Monitoring Committee" was constituted as required under the notification at reference.
- iv. Detailed record of the Agricultural tube wells was unavailable.
- v. Payments were made without involving the District Administration.

Payment in disregard of government rules was a serious irregularity.

The matter was reported to the department in August and December, 2021, but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends that an inquiry may be conducted at the highest level to fix responsibility under intimation to audit. Audit also recommends that a committee may be constituted by the Energy Department to complete the record as required under the rules and provide the same to audit for scrutiny.

7.2.7 Non conducting of internal audit

According to GFR 13, Vol.-I, "It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores. To get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions, and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report."

The Secretary Energy Department, Government of Balochistan, Quetta has not conducted internal audit of his department during the financial year 2020-21. It is the utmost responsibility of the controlling officer, to ensure

internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non conduct of internal audit depicted weak financial management.

The matter was reported to the department in December 16, 2021, but no reply was received.

The PAO was repeatedly requested to convene the DAC meeting, which was not held till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 8

8.1 Finance Department

8.1.1 Introduction

This Department aims at the provision of sound financial base by enforcing financial discipline and cherishing an environment supportive for realization of prosperous and self-reliant Balochistan. This department is the custodian of provincial finances.

8.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 1,769.472 million were allocated to the Finance Department during the financial year 2020-21. Against the said allocation, an expenditure of Rs. 1,388.327 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final Grant	Actual expenditure	Excess/ (Saving)	%
Non-Development Grant No.BC21056	1,769.472	1,388.327	(-)381.145	21.54
Total Non-Development	1,769.472	1,388.327	(-)381.145	21.54

There was a saving of Rs. 381.145 million on non-development side, which indicated inefficiency of the management.

8.1.3 Audit profile of Finance Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	47	4	51.017	-
2	Assignment accounts	1	-	-	-

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

8.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 15,809.304 million were raised in this report during the current audit of Finance Department. This amount also includes recoveries of Rs. 2.79 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Recoverable	2.79
2	Irregularities	1,215.38
3	Unauthorized expenditure	14,591.13

8.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2020-2021	5	-	5	0
Total		5	0	5	0%

Most of the Audit Reports have not yet been discussed by PAC.

8.2 AUDIT PARAS

8.2.1 Unauthorized grant to Local Councils without approval of LCGC - Rs. 14,591.13 million

As per Para 120, Chapter XII of Balochistan Local Government Act, 2010 “The government shall constitute a Local Councils Grant Committee headed by the Minister Finance with Secretaries of the Finance, Local Government and Planning and Development Department as members for the award of a grant to Local Councils.”

The Secretary, GoB, Finance Department released an amount of Rs. 14,591.13 million to of different Local councils throughout Balochistan via Secretary, Local Government, and Rural Development, Balochistan, Quetta during the financial year 2019-20, without recommendation or decision of Local Councils Grant Committee (LCGC), furthermore, the details of withdrawal were not provided to audit for verification. As detailed below:

(Rs. in million)

S. No.	Heads	Amount
1	Salary	5,795.37
2	Pension	1,046.85
3	Contingency	5,068.50
4	Purchase of plant and machinery 29.04.20 (Covid-19)	2620.4
5	Hiring of daily wage employees (COVID-19)	36.75
6	Other expenditure spray, etc. (COVIC-19)	18
7	Medical claim	1.65
8	Death compensation	4.61
Grand total		14,591.13

Non-observance of Government orders resulted in unauthorized payment.

The matter was reported to the department in January, 2021 but no reply was received.

The DAC meeting was held on October 21, 2021. Management replied that the payments were made after approval from the Local Council and under

the endorsement of the worthy Chief Minister. DAC directed the management to produce the relevant record to audit for verification.

No progress was intimated till the finalization of this report.

Audit recommends that approval of Local Councils Grant Committee (LCGC) for the grants be produced to audit.

8.2.2 Unjustified payments during lockdown due to Covid-19 - Rs. 1210.441 million

GoB, vide Home and Tribal Affairs Department Order No. SO(Judl:)8(31)2020/545-630 dated March 23, 2020, “imposed a complete ban on movement of people by all means and closed the public and private offices including educational institutions”.

The Finance Department, Government of Balochistan released an amount of 993.697 million to different DDOs during the financial year 2019-20. Moreover, the following offices of the Finance department made payment to different DDOs amounting to Rs. 216.744 million during the financial year 2019-20 on account of POL, fair, exhibition, entertainment, celebration of Pakistan Day, etc. during lockdown/pandemic as detailed below:

(Rs. in million)

S. No.	Office Name	AIR No.	Amount	Year
1	The Secretary, GoB, Finance Department	13	993.697	2018-20
1	District Account Office, Sibi	10	30.51	2019-20
2	District Account Office, Zhob	2	1.446	2019-20
3	District Account Office, Kachi	4	2.651	2019-20
4	District Account Office, Musa Khail	22	0.741	2019-20
5	District Account Office, Chaghi	6	77.546	2019-20
6	District Account Office, Khuzdar	1	2.738	2019-20
7	District Account Office, Dera Bughti	6	41	2019-20
8	District Account Office, Kohlu	2	6.484	2019-20
9	District Account Office, Awaran	8	16.812	2019-20
10	District Account Office, Uthal	7	36.816	2019-20
Total			1,210.441	

Payment during the lock down was not justified.

The matter was reported to the department in August, December, 2020 and January, March 2021 but no reply was received.

In the DAC meeting held on October 21, 2021, Finance Department, GoB replied that the expenditure was incurred by different PAOs, thus they were responsible for their expenditure. DAC forum decided that the Internal Audit Unit of Finance Department, GoB will probe the matter and report will be shared with the audit. Regarding payments by DAOs, it was decided that the concerned DAOs will investigate the payments and submit their findings to audit. DAO Uthal during record verification could not justify the payments therefore, it was decided that responsibility may be fixed on the person(s) at fault after conducting proper inquiry.

No progress was intimated till the finalization of this report.

Audit recommends that inquiry findings may be shared with the audit.

8.2.3 Non-imposition of penalty due to delay in completion of work – Rs.4.943 million

As per Clause-2 of the general conditions of contract, “The time allowed for carrying out the work as entered in the tender shall be strictly observed by the contractor and shall be reckoned from the date on which the order to commence work is given to the contractor. In the event of the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day on the amount of estimated cost of the whole work or maximum 10% of the estimated cost”.

Managing Director Balochistan Public Procurement Regularity Authority Quetta failed to recover/impose the penalty of Rs. 4.943 million from the contractor during the financial year 2017-18. The contractor failed to complete the work within the stipulated period, and did not apply for time extension as detailed below:

(Rs. in million)					
Name of contractor	Scheme	Work Order Date	Time Limit	Work Order Cost	Penalty Amount
M/s Ultra Soft System Quetta	Development & Deployment of ERP Solution	15.03.2017	14.03.2018	49.439	4.943

Non-imposition of penalty resulted in a loss to the government in the form of time and cost overrun.

The matter was reported to the department on August 07, 2020 but no reply was received.

The DAC meeting was held on March 11 and 12, 2021. Management agreed with the stance of the audit. DAC directed the management to recover the amount of penalty from the contractor.

No progress was intimated till the finalization of this report.

Audit recommends that the amount of penalty may be recovered from the contractor under intimation to audit.

8.2.4 Recovery of monetization allowance - Rs. 2.790 million

According to Rules/Policy for Monetization, 2011, Rule-i) "Monetization of the transport facility will be compulsory for all Civil Servants in BS-20 to 22 with effect from the date of enforcement." Further, as per Rule-vii) "No officer of BS-20 to BS-22 will be entitled and authorized to use Project vehicles or the Departmental Operational/General Duty vehicles for any kind of duty."

The Chairperson, BRA, Quetta failed to recover Rs. 2.790 million during the financial years 2017-19 on account of monetization allowance from the following officers of the authority who have been allotted vehicles.

(Rs. in million)

S. No.	Name	Designation	Period	Monthly rate	Amount overpaid
1	Mr. Misri Khan Ladhani	Chairperson	September, 2017 to June, 2019	0.096	2.110
2	Mr. Mohammad Hassan	Member IT	March to June, 2019	0.077	0.310
3	Mr. Asad Khan Luni	Commissioner	14 th March to June, 2019	0.054	0.193
4	Mr. Atta Mohammad Nasar	Additional Commissioner	14 th March- June, 2019	0.050	0.177
Total				0.277	2.790

Non-deduction of Monetization Allowance caused loss to the government.

The matter was reported to the department on July 20, 2020 but no reply was received.

The DAC meeting was held on March 11 and 12, 2021. Management replied that the monetization allowance has been discontinued, but DAC directed to recover the overpaid amount from concerned without further delay.

No progress was intimated till the finalization of this report.

Audit recommends that recovery of the overpaid amount may be affected from the concerned officers.

8.2.5 Non conducting of internal audit

According to GFR 13, Vol.-I, “It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores. To get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions, and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report.”

The Secretary, GoB, Finance Department has not conducted internal audit of his department during the financial year 2018-20. It is the utmost responsibility of the controlling officer, to ensure internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non-conduct of internal audit depicted weak financial management.

The matter was reported to the department in January, 2021 but no reply was received.

In DAC meeting held on October 21, 2021, DAC directed the department that internal audit be conducted at the earliest and the report be produced to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 9

9.1 Forest and Wildlife Department

9.1.1 Introduction:

The core operational activities of the department are:

- Forest ecosystem conservation and management, including a forestation and reforestation activities
- Rangeland development, management and regulation on sustainable use basis
- Wildlife, biodiversity conservation and protected area management and regulation
- Watershed conservation and management
- Soil conservation and desertification control
- Extension and promotion of conservation initiatives
- Regulation of forest & wildlife produce (timber, non-timber forest products, fuel wood and wildlife products)
- Forest recreational parks, zoological and botanical gardens
- Promotion of eco-tourism, extension services, research coordination and execution
- Implementation, monitoring and feedback on international conventions pertaining to forest ecosystem, rangeland, watershed, wildlife, biodiversity, soil conservation, and desertification

9.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 1,585.773 million were allocated to the Department during 2020-21. Against the said allocation, an expenditure of Rs. 1,291.106 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	%
Non- Development	1,249.309	1,005.024	(-)244.285	19.55
Development	336.464	286.082	(-)50.382	14.97
Grand total (Non-Development + Development)	1,585.773	1,291.106	(-)294.667	18.58

There is a saving of Rs. 294.667 million on development and non-development side which indicates inefficiency of the management.

9.1.3 Audit profile of Forest Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	84	-	-	-
2	Assignment Accounts	1			
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

9.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 25.366 million were raised in this report during the current audit of Health Department. This amount also includes recoveries of Rs. 6.114 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Tax and duties	6.114
2	Irregularities	19.252

9.1.3 Brief comments on the status of compliance with PAC directives

S. No	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2012-2013	5	-	5	0
2	2017-2018	6	6	-	100%
Total		11	6	5	55%

Note: Most of the audit reports were not discussed due to non-formation of PAC in Balochistan.

9.2 AUDIT PARAS

9.2.1 Irregular drawl of cheques in the name of DDOs - Rs. 19.252 million

According to Clause 4.2.9.9, of APPM, "Cheque payments should be released to the payee or personally collected by the payee or his authorized agent."

The following offices of Forest and Wildlife Department, made payment of Rs. 19.252 million during the financial years 2015-16 to 2020-21, through DDO instead of payment in vendors' account, as detailed below:

(Rs. in million)

S. No.	Name of office	AIR Para No.	Financial years	Amount
1	Divisional Forest Officer, Kalat	1	2019-20	0.280
2	Divisional Forest Officer, Kharan	2	2019-20	2.999
3	Deputy Conservator of Forest, Quetta City	3	2016-19	3.923

S. No.	Name of office	AIR Para No.	Financial years	Amount
4	Divisional Forest Officer, Killa Abdullah	1	2017-21	0.640
5	Divisional Forest Officer, Khuzdar	3	2019-20	0.375
6	Deputy Conservator of Forest, Quetta	1	2016-18	1.051
7	Secretary, Forest and Wildlife Department	4	2013-20	5.385
8	Secretary, Forest and Wildlife Department	1	2013-14	4.599
Total				19.252

Withdrawal of money through DDO instead of payment to the concerned vendors was irregular.

The matter was reported to the department in, June, August, September, December, 2021 but no reply was received.

In the DAC meeting held on November 15, 2021 and January 05, 2022, DAC in respect of offices at S. No. 1 to 5 decided that inquiry may be conducted under intimation to audit. However, regarding S. No. 6 & 7 Audit was informed that payments were made to daily wages labors as per delegation of financial power Rule Section 9.98 forest and wildlife, and a muster roll was being maintained for daily wages laborers. DAC forum was of the view that in absence of payments through bank it could not be verified if the payment were being made to the genuine employees. Moreover, the department was asked to apprise the audit about prevailing internal control mechanism that ensured payments to the genuine laborers. In respect of the offices mentioned at S. No. 8 & 9, DAC directed the management to produce the detail record of DDO payments to audit along with acknowledgement receipt and detail of deduction of all government taxes.

No progress was intimated till finalization of this report.

Audit recommends for provision of relevant record and findings of inquiry to audit.

9.2.2 Non/less deduction of Governmental taxes - Rs. 6.114 million

According to The BSTS Act, 2015, The GoB levied Sales Tax at 15% and 6% on provision of services. Further, according to section 153 of Income Tax Ordinance, 2001, as amended from time to time, “Every DDO is responsible to make the deduction of income tax at prescribed rate, while making payments.”

The following offices of Forest and Wildlife Department during the financial years 2015-21 made payments to the contractors on account of different works. However, BSTS and income tax were not deducted/less deducted from the contractors resulting in a revenue loss of Rs. 6.114 million as detailed below:

(Rs. in million)

S. No.	Name of offices	Financial year	AIR Para No.	Amount
BSTS				
1	Divisional Forest Officer, Jhal Magsi at Gandawah	2019-20	1	0.537
2	Divisional Forest Officer, Turbat	2019-20	3	0.387
3	Divisional Forest Officer, Harnai	2019-20	2	0.507
4	Divisional Forest Officer, Khuzdar	2019-20	1	0.435
5	Deputy Conservator Forest, Ziarat	2018-19	4	0.157
6	Divisional Forest Officer, Sibi	2019-20	2	0.223
7	Divisional Forest Officer, Kachi at Dhadar	2019-20	1	0.894
8	Divisional Forest Officer, Chagi	2019-20	1	0.143
9	Divisional Forest Officer, Kharan	2019-20	3	0.160
10	Divisional Forest Officer, Killa Abdullah	2015-21	2	0.389
Income tax				
1	Divisional Forest Officer, Jhal Magsi at Gandawah	2019-20	2	0.346
2	Divisional Forest Officer, Sibi	2019-20	3	0.267
3	Divisional Forest Officer, Kachi at Dhadar	2019-20	2	1.185
4	Divisional Forest Officer, Chagi	2019-20	4	0.150
5	Deputy Conservator Forest, Lasbela at Uthal	2019-20	3	0.221
Total				6.114

Non/less realization of governmental taxes caused revenue loss to the Government.

The matter was reported to the department in July, December, 2020 and April, June, August, September and December, 2021, but no reply was received.

In the DAC meeting held on November 15, 2021 and January 05, 2022, the DAC directed that the evidence of amount of BSTS / Income Tax recovered from the concerned contractors be provided to audit for verification and early recovery of remaining amount of BSTS and Income tax be made.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors.

9.2.3 Non-conducting of internal audit

According to GFR 13, Vol.-I, “It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores. To get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions, and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report.”

The Secretary, Forest and Wildlife Department, GOB has not conducted internal audit of his department during the financial years 2015-16 to 2020-21. It is the utmost responsibility of the controlling officer, to ensure internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non-conduct of internal audit depicted weak financial management.

The matter was reported to the department in June, 2021. but no reply was received.

In DAC meeting held on November 15, 2021 and January 05, 2022, DAC directed the department that internal audit be conducted at the earliest and the report be produced to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 10

10.1 Health Department

10.1.1 Introduction

The Health Department has been established mainly to provide health facilities by taking measures for prevention and control of infectious and contagious diseases and providing improved treatment facilities for the public health. For this purpose, the department maintains hospitals at district level, Rural Health Centers and Basic Health Units at Tehsils and villages.

10.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 33,587.297 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 29,297.062 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21018	29,414.977	24,980.062	(-)4,434.915	15.08
Development Grant No. BC12218 Function No.074120	4,172.320	4,317.000	(+)144.680	3.47
Grand Total Non-Development & Development	33,587.297	29,297.062	(-)4,290.235	12.77

There was a significant saving of Rs. 4,290.235 million against Non development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

10.1.3 Audit profile of Health Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	243	27	12,972.943	
2	Assignment Accounts	4		107.037	
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	1	1	398.976	-

10.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 1,476.362 million were raised in this report during the current audit of Health Department. This amount also includes recoveries of Rs. 33.203 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Non-production of record	823.974
2	Tax and duties	29.615
3	Irregularities	366.726
4	Missing stock of medicines	48.061
5	Loss to the government	35.344
6	Recoverable	33.203

10.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	1984-85	6	-	6	-
2	1988-89	12	-	12	-
3	1989-90	12	-	12	-
4	1990-91	38	-	38	-
5	1991-92	52	-	52	-
6	1992-93	30	-	30	-
7	1993-94	38	-	38	-
8	1994-95	19	-	19	-
9	1995-96	23	-	23	-
10	1996-97	33	-	33	-
11	1998-1999	8	-	8	-
12	1999-2000	45	-	45	-
13	2001-2002	15	-	15	-
14	2002-2003	4	-	4	-
15	2004-2005	9	-	9	-
16	2005-2006	6	4	2	66%
17	2006-2007	7	3	4	42%
18	2007-2008	4	-	4	-
19	2008-2009	7	4	3	57%
20	2009-2010	3	2	1	67%
21	2010-2011	7	4	3	57%
22	2011-2012	8	-	8	12%
23	2012-2013	16	-	16	-
24	2013-2014	16	-	16	-
25	2014-2015	12	-	12	-
26	2015-2016	7	-	7	-
27	2016-2017	13	13	0	100%
28	2017-2018	11	11	0	100%
29	2018-2019	21	21	0	100%
30	2019-2020	8	-	8	-
31	2020-2021	6	-	6	-
Total		496	62	434	12.5%

Most of the Audit Reports have not yet been discussed by the PAC.

10.2 AUDIT PARAS

10.2.1 Non-production of record – Rs. 223.974 million

According to Para-14 (i) of the Auditor-General’s (Functions, Powers & Terms and Conditions of Service) Ordinance-2001, “Every Officer, Government Department / Office is responsible to provide all documents demanded by the Audit and that no such information or any books or other documents to which Audit has a statutory right of access may be withheld from the Audit and any officer / Department violating these rules shall be treated under misconduct and disciplinary proceedings shall be initiated under E&D rules”.

The below-mentioned offices of Health Department incurred an expenditure of Rs. 223.974 million during the financial year 2019-20 but record was not produced to audit for scrutiny.

(Rs. in million)

S. No.	Office	financial year	AIR Para No.	Particulars	Expenditure
1	Secretary Health Department Quetta	2019-20	01	Establishment Charges	20.361
2	Additional Director MSD Quetta	2019-20	11	Detail of operational Bank Account	118.613
3	MS BMCH Quetta	2019-20	10	Purchase of Medicine	85.000
Total					223.974

Non-production of record was violation of rules which rendered the expenditure unaudited.

The matter was reported to the department in April, 2020, August, 2021 and October 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in November, 2020 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends that complete record of the expenditure be produced to audit in addition to initiation of disciplinary action against the persons responsible.

10.2.2 Purchase of medical equipment without need assessment – Rs. 831.247 million

As per Para 23 of GFR, Vol. I, “Every Government Officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the Government through fraud or negligence on his part and that he will also be held 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 Additional Director, MSD Balochistan, Quetta incurred an expenditure of Rs. 831.247 million during the financial year 2017-18 on purchase of machinery and equipment which were lying in warehouse of MSD till the year 2019-20. Management of MSD informed that these equipment were procured for tertiary hospitals of Balochistan. Procurement was made without conducting actual need assessment of the tertiary hospitals, which were not accepted by them with the remarks “Equipment were not demanded by them.”

Expenditure without need assessment was unjustified and caused loss to the government.

The matter was reported to the department on October 29, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in November, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for justification and fixing of responsibility against the person(s) at fault.

10.2.3 Irregular payment without calling open tender - Rs. 250.500 million

According to BPPRs, Part II procurement of goods, works and related services S. No. 15 (2), “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules. (3) The advertisement in the newspapers shall be published in at least two widely circulated leading dailies of English and Urdu languages.”

The Additional Director, MSD Balochistan, Quetta withdrew an amount of Rs. 250.500 million for purchase of anti-rabies injections during the financial year 2019-20 without calling open tender, as detailed below:

(Rs. in million)

S. No.	Name of supplier	Quantity	Price	Amount	Remarks
1	M/s Emaan Enterprises, Quetta	167,000 injections	1,500	250.500	Detail in Annexure-VII

Payment without calling open tender was irregular.

The matter was reported to the department on October 29, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in November, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for justification and regularization of expenditure from the competent authority.

10.2.4 Unjustified excessive purchase of medicines - Rs. 102.317 million

As per GFR, 10 (i), Vol.-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

The Chief Executive Officer, BINUQ incurred an expenditure of Rs. 102.806 million on purchase of medicines during the financial year 2019-20. Out of total procurement only 5% of the purchased medicine amounting to Rs. 0.498 million was utilized upto April, 2021, resulting in non-utilization of huge quantity of medicine worth Rs. 102.317 million, as detailed in Annexure – 10.1.

Excessive purchase of medicines was unjustified and caused loss to the institute.

The matter was reported to the department in July, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in September, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for justification besides initiating inquiry against officials at fault.

10.2.5 Accrued losses on account of electricity charges due to one meter – Rs. 82.369 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 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 ornament officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

The Principal, Bolan Medical College, Quetta incurred an expenditure of Rs. 82.369 million on electricity charges during the financial year 2018-19. There was only one electric meter in the college premises which was also being used by the BMC Hospital, National Bank of Pakistan (BMC branch) and private Cafeteria, which resulted in huge payments due to higher slab rates.

Excessive payment of utilities by BMC on behalf of other units was financial loss to the government.

The matter was reported to the department in September, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in September, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends that separate electricity meters may be installed for BMC Hospital, National Bank of Pakistan (BMC branch) and private Cafeteria to reduce the undue financial burden on the government exchequer besides, affecting recovery.

10.2.6 Unauthorized expenditure of - Rs. 72.945 million

According to Para 12 of GFR, Vol.-I, “A controlling officer must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.”

The DGHS, Balochistan, Quetta incurred an expenditure of Rs. 72.945 million during the financial year 2019-20 on procurement of COVID 19 related emergency items against the funds provided by Finance Department, GoB for procurement of cancer medicines.

Expenditure on COVID 19 from funds allocated for cancer patients was unauthorized.

The matter was reported to the department in February, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in September, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for conducting inquiry besides regularization of expenditure from the Government of Balochistan, Finance Department.

10.2.7 Missing stock of medicine - Rs. 48.061 million

As per GFR 151, Vol-I, “the head of an office or any other officer entrusted with stores of any kind should take special care for arranging for their safe custody, for keeping them in good and efficient condition and for protecting them from damage or deterioration. Suitable accommodation should be provided more particularly for valuable and combustible stores. He should maintain suitable accounts and inventories and prepare correct returns in respect of the stores in his charge with a view to preventing losses through theft, accident, fraud or otherwise and to making it possible at any time to check the actual balances with the book balances and the payment to suppliers, etc.”

The Medical Superintendent, SPH, Quetta incurred an expenditure of Rs. 240.895 million during the financial year 2019-20, on account of purchase of medicine. On checking the main store record medicine amounting to Rs. 48.061 million was found missing, as detailed in Annexure – 10.2.

Missing stock of medicine caused loss to the government.

The matter was reported to the department in October 2020 but no reply was received.

The PAO was requested to convene a DAC meeting in September 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends that inquiry be initiated and responsibility be fixed against the person(s) at fault.

10.2.8 Loss due to expired of medicines - Rs. 35.344 million

According to Para 10 of GFR, Vol.-I, “Every officer is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of his own expenditure.” Further, as per Para 145 of GFR, Vol.-I, “Purchases must be made in the most

economical manners at the same time care should be taken not to purchase stores much in advance of actual requirements.”

In the office of the Chief Executive Officer, BINUQ and Additional Director, MSD Balochistan during the financial year 2019-20, medicine amounting to Rs. 35.344 million was found expired, resulting in a huge loss, as detailed in Annexure - 10.3.

(Rs. in million)

S. No.	AIR Para No.	Office	Amount
1	03	Chief Executive Officer, BINUQ	8.470
2	08	Additional Director, MSD Balochistan	0.605
3	09		26.269
Total			35.344

Non utilization of medicines resulted in loss to the public money.

The matter was reported to the department in July and October, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in September, December, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for justification besides initiating inquiry against officials at fault.

10.2.9 Non-deduction of governmental taxes - Rs. 29.615 million

According to Section 3 of BSTS Act, 2015, “The GoB levied Sales Tax @ 15% on provision of services rendered by engineering consultants, Contractors of buildings (Including water supply, gas supply and sanitary works, roads and bridges, electrical and mechanical works including air conditioning), (Including turn-key projects) and similar other works.” Further, as per Section 22 A of Schedule I to Stamp Act, 1899, as amended vide Balochistan Finance Act, 1994, “0.25% of the contract value was required to be realized from the contractor as stamp duty, while entering into contract for execution of any works or to procure stores and materials.” Moreover, as per Section 153 of Income Tax Ordinance, 2001 amended from time to time, “Every

DDO is responsible to make the deduction of income tax at prescribed rate, while making payment to the contractors for execution of contract.” Further, according to General Sales Tax (GST) Act, 1990 amended vide Finance Act, 2014-15, GST was enhanced from 16% to 17%, levied on gross amount from the bills of the contractors/suppliers.”

The following offices of Health Department during the financial years 2017-20 made payments to the contractors on account of different works. However, BSTS on services, stamp duties, income tax and GST were not deducted from the contractors resulting in a revenue loss of Rs. 29.615 million as detailed below:

(Rs. in million)

S. No.	AIR Para No.	Name of office	Particulars	Financial year	Amount
BSTS					
1	4	DSUs of PPHI	Rent of office building	2017-20	0.553
2	16	CEO, BINUQ	Diet Supply	2019-20	0.549
3	17	CEO, BINUQ	Janitorial Services	2019-20	0.789
4	7	MS, SPH, Quetta	Security Services	2019-20	1.688
Total					3.579
Income tax					
1	7	MS, SPH, Quetta	Security Services	2019-20	1.128
2	11	CEO, BINUQ	Janitorial Services	2019-20	0.397
3	12	CEO, BINUQ	Purchase of medicine	2019-20	1.414
4	8	DGHS, Balochistan, Quetta	Purchase of equipments	2019-20	0.18
5	8	MS, BMCH, Quetta	Purchase of medicine and equipments	2019-20	5.947
6	13	Additional Director, MSD	Purchase of medicine	2019-20	0.886
7	10	Additional Director, MSD	Purchase of X-Rays Films	2019-20	0.416
Total					10.368

S. No.	AIR Para No.	Name of office	Particulars	Financial year	Amount
GST					
1	12	Additional Director, MSD	Purchases of Veinoflix I.V. Cannula 20 G, 22G, Silk and other items	2019-20	5.843
2	7	Additional Director, MSD	Purchase of Linin items	2019-20	6.608
Total					12.451
Stamp duty					
1	6	Additional Director, MSD	Purchase of medicine	2019-20	2.38
2	12	MS, BMCH, Quetta	Supply of Machinery and equipment	2019-20	0.837
Total					3.217
Grand Total					29.615

Non-deduction of BSTS, Income Tax, GST and Stamp Duty resulted in a revenue loss to the government.

The matter was reported to the department in March, October 2019 and March, 2020 but no reply was received.

The PAO was requested to convene a DAC meeting in November, 2020 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends that governmental taxes may be recovered from the concerned contractors.

10.2.10 Overpayment due to allowing higher rate - Rs. 13.740 million

According to Para No. 11 and 12 of GFR Vol. I, "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations."

The Chief Executive Officer, Peoples Primary Healthcare Initiative, Balochistan, Quetta under Project Establishment of Medical Emergency Response Centers incurred an expenditure of Rs. 72.740 million during the financial year 2019-20 on conversion of vans into ambulances.

The work of conversion of twenty vans into ambulances was awarded @ Rs. 3.637 million per van. While the DG, Health Services, Balochistan carried out similar work through M/S Toyota Zarghoon Motors, Quetta @ Rs. 2.950 million per van during the same financial year, resulting in an overpayment of Rs. 13.740 million, as detailed below:

(Rs. in million)				
Quantity	Rate paid by PPHI	Rate paid by DGHS	Excess rate	Overpayment
20	3.637	2.950	0.687	13.740

Payment on higher rates resulted in overpayment.

The matter was reported to the department in October, 2021 to which it was replied that the rates quoted by PPHI cannot be compared with the rates paid by DG Health Services, Balochistan due to the reasons that majority of items included in MERC ambulances were of better brand/quality. Further, the ambulances were equipped with wheel chairs, ventilators, central suction system and other accessories which were not available in other ambulances of the province. Reply was not substantiated with documentary evidence hence not tenable.

The PAO was requested to convene a DAC meeting in October, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for provision of documentary evidence in support of the department's stance.

10.2.11 Illegal retention of Government receipt - Rs. 9.409 million

According to the Para 5 of GFR, Vol-I, "Moneys received as dues of Government or for deposit in the custody of Government should be credited into the Public Account in accordance with the Treasury Rules."

The MS, Bolan Medical Complex Hospital, Quetta realized an amount of Rs. 9.409 million during the financial year 2019-20 on account of user charges but did not deposit the realized amount in the government account, as detailed below:

(Rs. in million)

S. No.	Month	Amount realised	Amount deposited	Difference Less deposit
1	July, 2019	3.590	3.018	0.572
2	August, 2019	2.711	2.711	-
3	September, 2019	3.437	1.389	2.048
4	October, 2019	3.552	3.552	-
5	November, 2019	3.092	1.737	1.354
6	December, 2019	3.093	3.093	-
7	January, 2020	2.668	0.619	2.049
8	February, 2020	2.827	0.638	2.189
9	March, 2020	1.688	1.206	0.481
10	April, 2020	0.442	0.317	0.125
11	May, 2020	0.495	0.495	-
12	June, 2020	0.796	0.207	0.590
Total		28.389	18.981	9.409

Retention of government money was illegal.

The matter was reported to the department in March, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in September, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends that the amount of receipts should immediately be deposited in the Government Treasury besides, fixing responsibility on the persons at fault.

10.2.12 Excess payment of blood collecting set - Rs. 4.500 million

As per GFR 23, "Every Government officer should realize fully and clearly that he would be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the

part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

The Additional Director, MSD Balochistan, Quetta purchased 30,000 blood bags (Single JMS) and paid an amount of Rs. 4.500 million during the financial year 2019-20 for blood collecting sets, which was already included in price of blood bag, resulting in excess payment as detailed below:

(Rs. in million)					
S. No.	Name of firm	Item description	Quantity	Rate (Rs.)	Amount
1	M/s Baig Brothers, Quetta	Blood collecting set	30,000	150	4.500
Total					4.500

Excess payment of blood collecting set resulted in a loss to the government.

The matter was reported to the department on October 29, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in November, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends for justification, besides, fixing responsibility against the person(s) at fault.

10.2.13 Non-deduction of house rent allowance - Rs. 3.588 million

According to Finance Department Order No. FD (R) III-36/72 dated March 30, 1974, “The allowance will not be admissible if the Government servant has been offered a Government quarter or is living free of charges with another Government servant who has been provided with Government accommodation.”

The Principal, Bolan Medical College, Quetta failed to deduct house rent allowance amounting to Rs. 3.588 million during the financial year 2019-20 from the salaries of officers/officials who have been allotted government residential accommodations as detailed in Annexure 10.4.

Non deduction of house rent allowance caused loss to the Government.

The matter was reported to the department in September, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in September, 2021 followed by repeated reminders but no meeting was held till finalization of this report.

Audit recommends that house rent allowance and maintenance charges may be recovered from all the concerned from the date of allotment.

VC, Bolan University of Medical and Health Sciences, Quetta

10.2.14 Non-production of record on investment – Rs. 600 million

According to Para-14 (i) of the Auditor-General's (Functions, Powers & Terms and Conditions of Service) Ordinance-2001, "Every Officer, Government Department / Office is responsible to provide all documents demanded by the Audit and that no such information or any books or other documents to which Audit has a statutory right of access may be withheld from the Audit and any officer / Department violating these rules shall be treated under misconduct and disciplinary proceedings shall be initiated under E&D rules".

The VC, Bolan University of Medical and Health Sciences, Quetta during the financial years 2018-20, invested an amount of Rs. 600 million in the HBL main branch Quetta but the record of the investment was not provided to audit despite repeated requests.

Non-production of record was violation of rules which rendered the expenditure unaudited.

The matter was reported to the department during December 2021 but no reply was received.

In the DAC meeting held on January 7, 2022, the DAC forum directed the management to produce record of investment, approval of senate, detail of

the funds received, source of the fund received, purpose of the fund and selection process of bank to audit.

No progress was intimated till finalization of this report.

Audit recommends that necessary record may be provided to audit.

10.2.15 Non conducting internal audit

According to GFR 13, Vol.-I, “It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores. To get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions, and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report.”

The VC, Bolan University of Medical and Health Sciences, Quetta has not conducted internal audit of its branches during the financial years 2018-20. It is the utmost responsibility of the controlling officer, to ensure internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non-conduct of internal audit depicted weak financial management.

The matter was reported to the department on December 2021 but no reply was received.

In the DAC meeting held on January 7, 2022, DAC directed the department that internal audit be conducted at the earliest and the report be produced to audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 11

11.1 Home and Tribal Affairs Department

11.1.1 Introduction

The function of the Home and Tribal Affairs Department is to maintain the Internal Security and Public Order in the province and also administer the Prison and Crisis management. It also functions to rehabilitate the offenders and provide security to expatriates and foreigners, along with the coordination among the law enforcement and the Anti-Smuggling Agencies.

11.1.2 Comments on Budget and Accounts

Development and non-development funds amounting to Rs 4,439.230 million were allocated to the Department during 2020-21. Against the said allocation, an expenditure of Rs. 2,386.810 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	%
Non-Development Grant No. BC21054	4,439.230	2,386.810	(-)2,052.420	46.23%
Total (Non-Development)	4,439.230	2,386.810	(-)2,052.420	46.23%

11.1.3 Audit Profile of Home and Tribal Affairs Department, Balochistan

(Rs. in million)

S. No.	Description	Total numbers	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	32			-
2	Assignment Accounts	1	-	-	-

S. No.	Description	Total numbers	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
3	Special Drawing Accounts	-	-	-	-
4	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

11.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 920.400 million was raised in this report during the current audit of Home and Tribal Affairs Department. This amount also includes recoveries of Rs. 21.775 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Tax and duties	21.775
2	Irregularities	588.362
3	Loss to Government	310.263

11.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2004-2005	4	-	4	0
2	2005-2006	5	-	5	0
3	2007-2008	4	-	4	0
4	2011-2012	10	-	10	0
5	2013-2014	8	-	8	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
6	2014-2015	3	-	3	0
7	2019-2020	3	-	3	0
Total		37	-	37	0

Most of the Audit Reports have not yet been discussed by the PAC.

11.2 AUDIT PARAS

11.2.1 Irregular payment on account of internal security allowance - Rs. 481.40 million

According to GFR 10 (i), Vol.-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

The ACS, Home and Tribal Affairs made payment amounting to Rs. 481.40 million during the financial year 2019-20, to Inspector General Frontier Corps, Balochistan and Commandant, Ghazabad Scout, Quetta on account of Internal Security Allowance. This payment was made directly to Inspector General Frontier Corps, Balochistan instead of the payees without acknowledgments. Detail of the payment is shown in Annexure 11.1.

Payment without receipt of acknowledgement was irregular.

The matter was reported to the department on October 18, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting on November 06, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that payee acknowledgments/acquaintance rolls along with detail of duties performed by the FC personnel be provided to audit. Besides, the payment via SAP/AGPR be ensured in future.

11.2.2 Loss due to non-maintenance of proper record of Arms tickets - Rs. 310.263 million

According to GFR 10 (i), Vol.-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

The ACS, Home and Tribal Affairs, Balochistan printed arms license tickets of Rs. 0.891 million during the financial year 2019-20. The said tickets have face value of Rs. 340.995 million which were delivered to Pakistan Post for charging arm license fee. There existed no such procedure / mechanism in the department to keep watch on receipt to be received from Pakistan Post. However, as per appropriation account of the AG, an amount Rs. 30.732 million receipt was recorded in the book of accounts of GoB. The percentage of arm license fees realized was worked out to be 9% of total value of arms tickets. Non maintenance of proper record of arms tickets resulted in less realization of Rs. 310.263 million as detailed below:

Denomination	As per Available Invoice			Projected printed tickets		
	Number of Tickets	Cost per Ticket	Percentage of Printed Ticket	Cost of Tickets	Total Tickets	Face Value (1x 6)
1	2	3	4	5	6	7
5	20,000	1	6%	49,527	49,527	0.248
10	10,000	1	3%	24,764	24,764	0.248
50	10,000	1	3%	24,764	24,764	1.238
100	20,000	1	6%	49,527	49,527	4.953
200	30,000	1	8%	74,291	74,291	14.858
300	80,000	1	22%	198,109	198,109	59.433
500	170,000	1	47%	420,982	420,982	210.491
1,000	20,000	1	6%	49,527	49,527	49.527
Total	360,000	0.36	100%	891,490	891,491	340.995
Revenue to be realized						340.995
Revenue realized (As per accounts of AG Balochistan)						30.732
Unrealized revenue						310.263

Non maintenance of revenue record of arms license tickets caused loss to the government.

The matter was reported to the department on October 18, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting on November 06, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that matter be inquired and unrealized revenue be justified with documentary evidence under intimation to audit.

11.2.3 Non-submission of detailed account - Rs. 46.157 million

According to Treasury Rules 308, “Detailed account of expenditure should be sent to Accountant General in case where the amount was drawn on abstract bill.”

The ACS, Home and Tribal Affairs, Balochistan made advance payment of Rs. 46.157 million during the financial year 2019-20 on abstract bills on account of conference/seminar/workshop and medical claims for which no vouched accounts were presented to audit.

Non provision of detailed account rendered the expenditure unaudited.

The matter was reported to the department on October 18, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting on November 06, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that detailed account of expenditure be submitted at the earliest for verification.

11.2.4 Irregular expenditure on account of vehicle Armoring - Rs. 38.433 million and overpayment of Rs. 3.500 million

According to Para 1.6 of Policy / SOPs on Armored Vehicles by the Ministry of Interior, Government of Pakistan, “an establishment for armoring of vehicles means an organization / company registered with its Regularity Body in Pakistan. The company must have a valid NOC / Authorization from Ministry of Interior for carrying out the business of armoring of vehicles. The required standards / criteria for establishment an armoring company will have to be followed”. Further, according to GFR 10 (i), Vol.-I, “Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.”

The ACS, Home and Tribal Affairs, Balochistan made payment of Rs. 38.433 million on account of armoring vehicles for Commissioners (B-6 level) and Chief Secretary Office (Semi armoring). Fabrication/armoring was carried out by M/s Toyota Zarghoon Motors, Quetta which had no license for the said fabrication. Further, an amount of Rs.3.500 million was paid for procurement of tyres and rims of fabricated vehicles. The said payment was unjustified due to the reason that cost of tyre and rims was already included in B-6 level fabrication as detailed below:

(Rs. in million)

S. No.	Vendor name	Cheque number	Date	Amount
1	M/s Toyota	1506266	06.12.2019	37.008
2	Zarghoon Motors	1534322	21.05.2020	1.425
Total				38.433

(Rs. in million)

Vendor	Description	Amount per unit	Total amount
Toyota Zarghoon Motors	Tyre and Alloy rim	0.500	3.500

Payment of armoring from unauthorized vendor was irregular. Separate payment for tyre and rim caused loss to the government.

The matter was reported to the department on October 18, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting on November 06, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that armouring from unauthorized vendor may be justified besides, recovery of the overpaid amount be made from the contractor.

11.2.5 Irregular/doubtful expenditure on account of hiring of vehicles - Rs. 22.372 million

According to BPPR 15(i), "Procurement over two hundred thousand and up to two million rupees shall be advertised by timely notification on authority's website. These procurement opportunities may also be advertised in print media."

The ACS, Home and Tribal Affairs, made payment of Rs. 22.372 million during the financial year 2019-20 on account of hiring of vehicles without calling open tender. Further, no evidence of vehicle and its ownership was provided to audit as detailed below:

(Rs. in million)

S. No.	Vendor	Cheque Number	Date	Amount
1	Agha Muhammad And Haji Noor Muhammad	1501638	28.01.2020	0.260
2		1501639	28.01.2020	1.025
3		1592150	30.06.2020	1.145
4		1592150	30.06.2020	1.523
5	Farid Ullah Shah	1501528	27.01.2020	0.781
6		1501521	27.01.2020	2.946
7		1585450	29.06.2020	2.841
8		1585450	29.06.2020	3.805
9	M. Sadiq & Sons	1778457	20.02.2020	0.008
10	Muhammad Jaffar Rent a Car	1508743	14.01.2020	0.911
11		1500557	15.01.2020	2.356
12		1585412	29.06.2020	1.957
13		1585412	29.06.2020	2.814
Total				22.372

Payment without calling open tenders and non-maintenance of necessary documents was irregular.

The matter was reported to the department on October 18, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting on November 06, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that details of hired vehicles along with its ownership be provided to audit. Besides the expenditure be got regularized under intimation to audit.

11.2.6 Non/less-deduction of government taxes - Rs. 21.775 million

According to Clause B of Sub Section (i) and Clause A of Sub Section (i) of Section 153 of Income Tax Ordinance, 2001 amended from time to time, rate of withholding tax for services is 10% and supply of Goods is 4.5%. Further, Rule (i) of Tenth schedule of Income tax Ordinance, 2001 states “If a person is not appearing in active taxpayer’s list then the applicable tax rate is increased by 100%.” Further, according to BRA Order No. BRA/A and F/2016/059 dated August 23, 2016, BRA imposed 15% BST under Tariff classification 984800 on Repair and maintenance Services provided or rendered by suppliers. Furthermore, as per Sales Tax Act, 1990, “All Government departments/organizations are required to purchase taxable goods only from registered firms against prescribed sales tax invoices,” read with Sales Tax Department Circular No. 4 (47) STB/98 (Vol. I) dated 04.08.2001, as amended up to date vide SRO. No. 277 (I) 2018 and every retailer is required to pay 17% GST if registered and 17% plus 3% if unregistered, on the gross amount of the bill.

Office of the ACS, Home and Tribal Affairs, Balochistan incurred expenditures in different heads during the financial year 2019-20 but BSTS @ 15%, GST @ 17% and Income Tax @ 4.5% and 10% was less / non deducted as detailed below:

(Rs. in million)

AIR Para No.	financial year	BSTS Amount	GST 17%	Income Tax
10,11 and 12	2019-20	9.250	9.043	3.481
Total		21.775		

Non deduction of government taxes resulted in a loss to the government.

The matter was reported to the department on October 18, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting on November 06, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that recovery of the government taxes from the concerned contractors may be made under intimation to audit.

Chapter 12

12 Industries and Commerce Department

12.1 Introduction

Main function of the Industries and Commerce Department is to attract foreign and local for setting up of Industries in Balochistan, which on one hand create job opportunities and on the other increase the revenue towards national exchequer. The Department of Industries and Commerce is striving to establish Industrial Estate all over Balochistan and for this purpose, the following Industrial Estates with possible basic infrastructure have been established.

- I. Quetta Industrial and Trading Estate, Quetta.
- II. Industrial Estate at Dera Murad Jamali.
- III. Lasbela Industrial Estate.
- IV. Hub Industrial and Trading Estate.
- V. Gwadar Industrial Estate.
- VI. Marble City Gaddani.
- VII. Winder Industrial Estate

12.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 2,542.744 million were allocated to the Department during 2020-21. Against the said allocation, an expenditure of Rs. 2,120.703 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non- Development	1,638.534	1,218.442	(-)420.092	25.64
Development	904.210	902.260	(-)1.950	0.22
Grand total (Non-Development + Development)	2,542.744	2,120.703	(-)422.041	16.60

An expenditure of Rs. 422.041 million was not surrendered against non-development and development, which indicated improper budgeting and financial mismanagement.

**12.1.3 Audit Profile of Industries and Commerce Department, Balochistan
(Rs. in million)**

S. No.	Description	Total numbers	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	213	2	481.164	-
2	Assignment Accounts		-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities / Autonomous Bodies etc. under the PAO				
5	Foreign Aided Project (FAP)	-	-	-	-

12.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 156.028 million was raised in this report during the current audit of Industries and Commerce Department. This amount also includes recoveries of Rs. 137.800 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Overpayment	18.228
2	Recoverable	137.800

12.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2007-2008	3	-	3	0
2	2013-2014	3	-	3	0
3	2016-2017	2	2	0	100%
4	2019-2020	8	-	8	0
Total		16	2	14	12.5%

Audit Reports have not yet been discussed by the PAC.

12.2 AUDIT PARAS

12.2.1 Non-realization of ground rent - Rs. 71.837 million

According to Industries and Commerce Department, Government of Balochistan notification No. SO.1(IND) 4-2/2003/341-43 dated June 7, 2005, “The ground rent shall be realized from the allottees of industrial estate @ Rs. 3 Per Sqm per annum.”

The Director General, Industries and Commerce Department, Balochistan, Quetta did not realize a sum of Rs. 71.837 million during the financial year 2018-19, on account of ground rent from various allottees in Quetta and Dera Murad Jamali, as detailed in Annexure 12.1.

Less realization of revenue receipt was a failure of internal controls and inefficiency.

The matter was reported to the department in July, 2020 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that recoveries may be affected under intimation to audit.

12.2.2 Non-recovery of installments of Industrial Plots - Rs. 49.857 million

According to Industries and Commerce Department, Government of Balochistan Notification No. SO.1 (IND) 4-1/2012/66-76 dated January 29, 2014, “The cost of different categories of plots was fixed @ Rs. 396 Per Sqm with 10% increase per annum on new allotment. After payment of down, payment the remaining amount should be paid in easy quarterly installments.”

The Director General, Industries and Commerce Department, Balochistan, Quetta allotted different categories of industrial plots to various investors but did not realize the installments of Rs. 49.857 million during the financial year 2019-20 from the allottees, as detailed in Annexure 12.2.

Non-recovery of installments was a failure of internal controls and inefficiency.

The matter was reported to the department in July, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that recoveries may be affected under intimation to audit.

12.2.3 Less realization of revenue target fixed by Government - Rs. 16.106 million

According to rule 3, GFR Vol-I, "As regards the revenues and other receipts of the Government it is the primary duty of the officers concerned to see that dues of Government are correctly and promptly assessed, quickly realized and immediately deposited into the Government treasury".

The Director General, Industries and Commerce Department, Balochistan, Quetta less realized a sum of Rs. 16.106 million during the financial year 2019-20 on account of cost of land, ground rent and fees against revenue target of Rs. 42.500, as detailed below:

(Rs. in million)

S. No.	Description	Target	Receipt	Variance
1	C03541-01-Cost of Land	20	14.747	5.253
2	C03541-01-Ground Rent	10	4.697	5.303
3	C03544-Fees of Inspection of boilers	5	3.440	1.560
4	C03545-Fees under Partnership Act 1932	3.500	2.446	1.054
5	C03549-01-Fee under Societies Act 1960	3.500	0.829	2.671
6	C03549-02-Others	0.500	0.235	0.265
Total		42.500	26.394	16.106

Non-achievement of revenue target depicted inefficiency and caused loss to the government.

The matter was reported to the department in June, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder, but no meeting was held till finalization of this report.

Audit recommends that recoveries may be affected under intimation to audit.

12.2.4 Overpayment due to using wrong measurement unit - Rs. 12.774 million

According to Paras 16 and 220 of CPWA Code, “The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities recorded in the MB, rates are correct, and calculations have been checked arithmetically.”

Executive Engineer, Industries and Commerce Department, Quetta awarded the work “Commencement of work of Provision of infrastructure facilities at industrial area, DM Jamali” to a Government Contractor during June, 2020.

The contractor was paid for the following items of works on Cum basis. The quantities of executed works were recorded and measured in Cft but payment was made in Cum. This resulted in an overpayment of Rs. 12.774 million, as detailed below:

(Rs. in million)

S. No.	Item of work	Quantity	Rate paid (Rs. per Cum)	Rate payable (Rs. per Cft)	Difference	Amount
1	Excavation of foundation for sewerages pipe line SI No. 3-7/d	4,149 Cft	216.050	6.100	209.950	0.871
2	P/L PCC 1:4:8 using crashed stone Size SI No. 5-8/e	456 Cft	7,091.900	200.850	6,891.050	3.142
3	P/L PCC 1:2:4 using crashed stone Size SI No. 5-8/c	1,048 Cft	8,728.350	224.550	8,503.800	8.912
Sub total						12.925
Below 1.170 %						0.151
Total						12.774

Allowing incorrect rate/unit resulted in an undue financial benefit to the contractor.

The matter was reported to the department in April, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that recovery be affected from the contractor under intimation to audit.

12.2.5 Overpayment due to allowing additional rate for tack coat - Rs. 3.240 million

As per Specification of Roads and Highways of Handbook of Civil Engineering, “The prime coat is the initial application of a binder to an abstract high way surface prior to premix carpeting, whereas, tack coat is the initial application of a binder to an existing surface to ensure thorough bond between the new construction and the existing surface and tack coat and prime coat are not given together.”

The contractor was paid for an item of work “Providing and applying prime coat over stone metaling” for a quantity of 30,288.90 Sqm under schedule item @ Rs. 33/ Per Sqm. Prime coat was followed by black top road carpeting by laying hot bituminous concrete with paver machine.

The unit rate of hot bituminous concrete under SI No. 21-35/c was inclusive of cost of tack coat which should have been deducted from the unit rate, as prime coat and tack coat cannot be paid together, resulting in an overpayment of Rs. 3.240 million, as detailed below:

(Rs. in million)

S. No.	Name of Contractor	financial year	Work order No./Date	Rate of Premium on item as per CSR, 1998/Rate of item	Quant ity paid (Sqm)	Amount
1	M/s Sohbat Khan Government Contractor	2019-20	No. C-4/1920-23/CB dated May 08, 2017	@ 102/ 52.70	30,288.90	3.240

Non-deduction of tack coat from the unit rate of premix carpeting resulted in an overpayment.

The matter was reported to the department in April, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that recovery may be affected from the concerned contractor.

12.2.6 Overpayment due to allowing higher rates - Rs. 2.214 million

According to Para 16 and 221 of CPWA Code, “The Divisional and Sub Divisional officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

Executive Engineer, Industries and Commerce Department, Balochistan, Quetta awarded the works “Establishment of Mini Industrial Estate at Muslim Bagh, Establishment of Mini Industrial Estate at Chaman and Establishment of Mini Industrial Estate at Khuzdar” to Government Contractors.

The contractor was paid for an item of work “making earthen embankment with earth taken from approved borrow pits including cost of excavation” under S.I. No. 21-1/c + 21-9 @ Rs.163.25 Per Cum. Entries in the MB revealed that preparation and compaction of natural ground was executed in ordinary soil under SI No. 21-1/a, but the embankment was shown constructed with gravelly soil obtained from borrow pits within 30m lead and lift resulting in an overpayment of Rs. 2.214 million, as detailed below:

(Rs. in million)

S. No.	Name of work	Quantity paid (Cum)	Rate Paid (Rs.)	Rate payable (Rs.)	Excess Rate Paid (Rs.)	Amount
1	Mini Industrial Estate at Muslim Bagh (No. C-4/1379-80/CB dated June 22, 2015) MB No. 67/ICD/2015	50,062.50	163.25	152.50	10.75	0.538
2	Mini Industrial Estate at Chaman (No. C-4/1920-23/CB dated May 08, 2017) MB No. 78/ICD/2017	25,444.10	163.25	152.50	10.75	0.274
3	Mini Industrial Estate at Khuzdar (No. C-4/1385-87/CB dated June 22, 2016) MB No. 69/ICD/2015	89,292.26	163.25	152.50	10.75	0.960
Total						1.772
Add premium @ 24.90 % above on work at S. No. 1						0.443
Grand total						2.214

Payment of inadmissible item resulted in an undue favor to the contractor.

The matter was reported to the department in July, 2020 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that recoveries be affected under intimation to audit.

12.2.6 Less realization of revenue target fixed by Government - Rs. 16.106 million

According to rule 3, GFR Vol-I, "As regards the revenues and other receipts of the Government it is the primary duty of the officers concerned to

see that dues of Government are correctly and promptly assessed, quickly realized and immediately deposited into the Government treasury".

The Director General, Industries and Commerce Department, Balochistan, Quetta less realized a sum of Rs. 16.106 million during the financial year 2019-20 on account of cost of land, ground rent and fees against revenue target of Rs. 42.500 million, as detailed below:

(Rs. in million)

S. No.	Description	Target	Receipt	Variance
1	C03541-01-Cost of Land	20	14.747	5.253
2	C03541-01-Ground Rent	10	4.697	5.303
3	C03544-Fees of Inspection of boilers	5	3.440	1.560
4	C03545-Fees under Partnership Act 1932	3.500	2.446	1.054
5	C03549-01-Fee under Societies Act 1960	3.500	0.829	2.671
6	C03549-02-Others	0.500	0.235	0.265
Total		42.500	26.394	16.106

Non-achievement of revenue target depicted inefficiency and caused loss to the government.

The matter was reported to the department in June, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder, but no meeting was held till finalization of this report.

Audit recommends that recoveries may be affected under intimation to audit.

Chapter 13

13.1 Irrigation Department

13.1.1 Introduction

The Department of Irrigation has been established mainly to construct and maintain canals, delay action dams, water reservoirs for storage of water, perennial water channels and irrigation schemes. Besides, the department is responsible for river and riverbank surveys, implementation of water logging schemes, land reclamation and flood control schemes.

13.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 9,987.135 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 12,147.704 million was incurred, as summarized below:

(Rs in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No. BC21032	3,375.094	3,005.971	(-)369.123	10.94
Development Grant No. BC12232 Function No.042205	3,492.870	6,074.571	(+)2,581.701	73.91
Development Grant No. BC12232 Function No.042202	3,119.171	3,067.162	(-)52.009	1.67
Total Development	6,612.041	9,141.733	(+)2,529.692	38.26
Grand Total Non-Development & Development	9,987.135	12,147.704	(+)2,160.569	21.63

An expenditure of Rs. 2,160.569 million was excess expenditure in Development and Non-Development, which indicated improper budgeting and financial mismanagement.

13.1.3 Audit profile of Irrigation Department

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	82	11	2,710.171	-
2	Assignment Accounts	6	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

13.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 2,572.74 million was raised in this report during the current audit of Irrigation Department. This amount also includes recoveries of Rs. 434.556 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Overpayment	58.519
2	Tax and duties	434.556
4	Unauthorized payment	1,769.993

13.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	1984-85	14	-	14	0
2	1988-89	20	-	20	0
3	1989-90	36	-	36	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
4	1990-91	7	-	7	0
5	1991-92	47	-	47	0
6	1992-93	27	-	27	0
7	1993-94	50	-	50	0
8	1994-95	24	-	24	0
9	1995-96	34	-	34	0
10	1996-97	8	-	8	0
11	1997-98	28	26	2	93%
12	1998-99	17	16	1	94%
13	2001-2002	30	-	30	0
14	2002-2003	11	-	11	0
15	2003-2004	11	-	11	0
16	2004-2005	15	-	15	0
17	2005-2006	8	5	3	62.5%
18	2006-2007	8	-	8	0
19	2007-2008	2	-	2	0
20	2008-2009	6	-	6	0
21	2009-2010	18	-	18	0
22	2010-2011	17	-	17	0
23	2011-2012	7	-	7	0
24	2012-2013	14	-	14	0
25	2013-2014	17	-	17	0
26	2014-2015	14	-	14	0
27	2015-2016	6	-	6	0
28	2016-2017	9	9	0	100%
29	2017-2018	10	10	0	100%
30	2018-2019	12	12	0	100%
31	2019-2020	11	-	11	0
32	2020-2021	6	-	6	
Total		544	78	466	14.33%

Most of the Audit Reports have not yet been discussed by the PAC.

13.2 AUDIT PARAS

13.2.1 Unauthorized excess quantity than approved in PC-I - Rs. 1,769.993 million

According to Para 4.12 of Manual for Development Projects, “The physical and financial scope of a project, as determined and defined in the project document (PCI), is appraised and scrutinized by the concerned agencies before submitting it for approval. Once approved by the competent authority the executing agency should implement the project in accordance with the PC-I provisions. It has no authority to change and modify the main approved parameters of the project on its own, beyond permissible limit of 15%”.

Project Director, Construction of Basol Dam Project Ormara at Gwadar, paid excess quantities in different items of works to the contractors beyond provisions of PC-I/estimates resulting in an unauthorized payment of Rs. 1,769.993 million.

Payment beyond provisions of PC-I was unauthorized.

The matter was reported to the department on November, 2021 but no reply was received.

In the DAC meeting held on January 12 and 13, 2022, the project management replied that the payment of excess quantities were allowed as per revised PC-I and variation orders. However, audit did not agree with the stance of the department and contended that the contract price of main dam body and road work was increased from Rs. 5,377.493 million to Rs. 7,507.366 million which was 39.61%. Whereas, the contract price of irrigation water supply, command area and buildings was revised from Rs. 4,197.467 million to Rs. 6,116.015 million which was 43.94%. Therefore, retender for the contract price above fifteen percent was required as per Manual of Development Projects. DAC directed to regularize it from the competent forum.

No progress was intimated till finalization of this report.

Audit recommends that payments be regularized from the competent forum.

13.2.2 Non-deduction of government taxes/duties - Rs. 434.556 million

According to Section 3 of BSTS Act, 2015 amended vide Finance Act, July 2019, “The GoB has levied Sales Tax @ 6% on provision of services rendered by engineering consultants, Contractors of buildings (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works including air conditioning), (including turn-key projects) and similar other works”. Further, as per Section 22-A of Schedule I to Stamp Act, 1899, as amended vide Balochistan Finance Act, 1994, “0.25% of the contract value was required to be realized from the contractor as stamp duty, while entering into contract for execution of any works or to procure stores and materials.”

The following divisions of Irrigation department, made payments during the financial years 2019-20 and 2020-21 to the contractors and consultants without deduction of BSTS and stamp duty amounting to Rs. 438.182 million, resulting in a revenue loss to the Government, as detailed in Annexure – 13.1:

(Rs. in million)

S. No.	Name of divisions	Financial year/ AIR	Amount
BSTS			
1	Executive Engineer, Irrigation Division Dera Bugtti	2019-20 (AIR-06)	6.309
2	Executive Engineer, Irrigation Division, Jhal Magsi	2019-20 (AIR-04)	0.991
3	Executive Engineer, Khirthar Canal Division, Usta Muhammad	2019-20 (AIR-05)	2.435
4	Executive Engineer, Irrigation Division, Turbat	2019-20 (AIR-04)	18.669
5	Executive Engineer Irrigation Division, Nushki	2019-20 (AIR-01)	2.926
6	Executive Engineer Irrigation Division, Kohlu	2019-20 (AIR-03)	0.814
7	Executive Engineer Irrigation Department, Gwadar	2019-20 (AIR-06)	9.375

S. No.	Name of divisions	Financial year/ AIR	Amount
8	Executive Engineer Irrigation Department, Kalat	2019-20 (AIR-01)	2.289
9	PD, Construction of Toiwar/Batozai Storage Dam, Killa Saifullah	2019-20 (AIR-03)	5.085
10	Executive Engineer, Irrigation Division, Duki	2019-20 (AIR-04)	0.966
11	PD, Basol Dam, Ormara Gwadar	2019-20 (AIR-3&5)	6.629
12	Executive Engineer, Irrigation Division, Musakhel	2019-20 (AIR-03)	1.200
13	Executive Engineer, Irrigation Division, Panjgoor	2019-20 (AIR-01)	0.891
14	Executive Engineer, Irrigation Division, Sibi	2019-20 (AIR-03)	0.656
15	Project Director, Construction of Garuk Storage Dam Project at Kharan 2020-21 (AIR-02)	2020-21 (AIR-02)	137.370
16	Project Director, Construction of Basol Dam Project Ormara at Gwadar, 2020-21 (AIR-03)	2020-21 (AIR-03)	149.468
17	Project Director, Construction of Winder Dam Project, Lasbela, 2020-21 (AIR-01)	2020-21 (AIR-05)	29.248
Sub total			375.321
Grand Total			434.556

Non-realization of government taxes and duties put the Government to loss.

The matter was reported to the department in November and December, 2020 and January and November, 2021 but no reply was received.

In the DAC meeting held on November 16 and 17, 2021 and January 12 and 13, 2022, the DAC directed the department to recover the government taxes/ duties and get the record verified by audit.

No progress was intimated till finalization of this report.

Audit recommends that recovery may be affected from the concerned contractors, under intimation to audit.

13.2.3 Less recovery of mobilization advance - Rs. 307.244 million

According to the FD, GoB, Notification No. FD(RI-2/MA/92/1392-1492 dated April 30, 1992, “Mobilization advances up to ten percent of the tendered amount in respect of work costing Rs. 30 million and above with the prior concurrence of the FD and an irrevocable bank guarantee was to be obtained from the contractor. The amount of the advance should be recovered in five equal installments commencing from the first running bill of the contractor.”

In the following Projects of Irrigation Department during the financial years 2010-13 and 2017-18, mobilization advance of Rs. 608.523 million was paid to the contractor of different works, these were required to be recovered in five equal installments but a sum of Rs. 317.372 million was outstanding till the financial year 2020-21, as detailed in Annexure – 13.2.

(Rs. in million)

S. No.	Name of Projects	Mobilization advance paid	Recovered up to 30.06.2021	Outstanding balance
1	Project Director, Construction of Toiwar Batozai Storage Dam, Killa Saifullah, 2019-20 (AIR-1)	347.324	177.081	170.243
		213.485	76.484	137.001
Grand total		560.809	253.565	307.244

Non-recovery of mobilization advance in 5 equal installments resulted in an undue financial benefit to the contractors.

The matter was reported to the department in February and November 2021 but no reply was received.

In the DAC meeting held on November 16 and 17, 2021 the Project Directors, Toiwar Batozai Storage Dam, Killa Saifullah replied that they had recovered an amount of Rs. 115.857 million out of Rs. 307.244 million. DAC directed the PDs to recover the outstanding mobilization advance and get the record verified by Audit.

No progress was intimated till finalization of this report.

Audit recommends that complete recovery be affected from the concerned contractor.

13.2.4 Overpayment due to allowing incorrect rate of de-silting - Rs. 35.030 million

According to Paras 16 and 221 of CPWA Code, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

In the following divisions of the Irrigation Department, during the financial year 2019-20 cleaning and de-silting of floods and irrigation channels were made and paid as item of work “Bed clearance in ordinary soil and dressing slopes of drains to required section including removal of weeds, roots etc.” under SI No. 3-3(a) and 3-3(a)+3-26(1) @ Rs. 4.700 Per Cu. Ft and Rs. 6.700 Per Cu. Ft respectively. The said item of work was carried out for cleaning and de-silting of floods in irrigation channels for which Balochistan CSR, 2018 provides an item of work silt clearance without supporting man’s wait under SI No 3-10(bi) @ Rs. 4 Per Cu. Ft, resulting in an overpayment of Rs. 35.030 million, as detailed in Annexure – 13.3:

(Rs. in million)

S. No.	Name of divisions	Financial year/ AIR	Amount
1	Executive Engineer, Irrigation Division, Jhal Magsi	2019-20 (AIR-02)	4.940
2	Executive Engineer, Irrigation Division, Jhal Magsi	2019-20 (AIR-03)	8.015
3	Executive Engineer, Khirther Canal Division at Usta Mohammad	2019-20 (AIR-03)	2.183
4	Executive Engineer, Khirther Canal Division at Usta Mohammad	2019-20 (AIR-04)	2.446
5	Executive Engineer, Irrigation Division, Kachhi at Dhadar	2020-21	3.124
		(AIR-02, 03	9.758
		and 07)	4.564
Total			35.030

Payment of incorrect item of work resulted in a loss to the government.

The matter was reported to the department on November 30, 2020 but no reply was received.

In the DAC meeting held on November 16, 17, 2021 and January 12, 13 2022, the department replied that item of works paid was in accordance with the nature of work done. However, audit did not agree with the stance of the department. DAC directed to refer the matter to P&D Department for seeking clarification or recovery of the overpaid amount be made under intimation to audit.

The department wrote a letter dated November 29, 2021 to P&D Department, GoB but no progress was intimated till finalization of this report.

Audit recommends that clarification from P&D Department be made otherwise recovery be affected from the concerned contractors under intimation to audit.

13.2.5 Overpayment by allowing inadmissible premium - Rs. 7.671 million

According to the Notification issued by the GoB, vide letter No. P&D - RO/C&T(32)1/2018-19/7299 dated July 16, 2018 “The rates of the items mentioned in the CSR, 2018 are applicable.” The Government has not allowed/announced any premium on said CSR, 2018.

In the following divisions of the Irrigation Department, various contractors were allowed premium on Balochistan CSR, 2018 during the financial year 2019-20 that was inadmissible, resulting in an overpayment of Rs. 7.671 million as detailed in Annexure – 13.4.

(Rs. in million)

S. No.	Name of divisions	Financial year/AIR	Amount
1	Executive Engineer, Irrigation Division, Jhal Magsi	2019-20 (AIR-01)	4.598
2	Executive Engineer, Khirthar Canal Division, Usta Muhammad	2019-20 (AIR-02)	3.073
Total			7.671

Inadmissible payment of premium to the contractors resulted in extra/undue financial benefit to the contractors and loss to the government.

The matter was reported to the department on November 30, 2020 but no reply was received.

In the DAC meeting held on November 16 and 17, 2021, the department accepted the audit stance and assured that recovery will be made. DAC directed to recover the overpaid amount of premium under intimation to audit.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the concerned contractors under intimation to audit.

13.2.6 Overpayment due to change in rock classification - Rs. 7.349 million

According to Para 16 and 220 of CPWA Code, “the Divisional and Sub-Divisional Officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically.”

Executive Engineer, Irrigation Division, Pishin awarded the work “Construction of Dam District Pishin” to Government Contractor in March 2018. The contractor was paid for an item of work “Excavation in rock dressed and hard rock during the financial year 2020-21. Later on, the contractor was paid items of work by allowing change in quantities and rock classification against the provisions of PC-I, which resulted in an overpayment of Rs. 7.349 million, as detailed in Annexure 13.5.

Change of specification of rock after initial payment resulted in an overpayment to the contractor.

The matter was reported to the department in November, 2021 but no reply was received.

In the DAC meeting held on January 12 and 13, 2022, the department replied that in the original PC-I soil classification of rock was 50% medium hard

rock and 50% hard rock. The contractor approached the Executive Engineer in writing for change in soil classification of spillway as per original site requirements. Soil classification was changed by the Superintending Engineer through certificate as 85% hard rock and 15% medium hard rock and payment was made accordingly. However, audit did not agree with the stance of the department as the change in specification of rock classification was made after making an initial payment as per original PC-I. DAC directed that proper justification may be provided otherwise overpaid amount be recovered from the concerned contractor.

No progress was intimated till finalization of this report.

Audit recommends for provision of justification for initial payment, conduct of the soil classification test from C&W material testing Lab, otherwise recovery be affected from the concerned contractor.

13.2.7 Overpayment by allowing inadmissible item of work - Rs. 7.245 million

According to Para 16 and 220 of CPWA Code, “The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically.”

The Executive Engineer, Khirthar Canal Division, Usta Muhammad awarded the work “De-Silting of Khirthar Canal from Khanpur Pul to Faizabad Pul, District Jaffarabad” to Government Contractor during the financial year 2019-20.

The contractor was paid an item of work “Bed clearance in ordinary soil and dressing slopes of drains to required sections including removal of weeds roots and disposal of excavated material within 50 Ft. (15 m) lead,” under SI No. 3-3(a) @ Rs. 4.700 Per Cu. Ft. Simultaneously, the contractor was allowed another item of work “Re-handling of earth work” under SI No. 3-14(a) @ Rs. 2.10 Per Cu.Ft, for a quantity 3,479,620 Cu.Ft. The re-handling of earth work

was not required because former item of work includes disposal of excavated material with the lead of 50 Ft (15 m). Therefore, separate payment for disposal of earthwork was not justified, which resulted in an overpayment of Rs. 7.245 million, as detailed below:

(Rs. in million)

Item of work	Quantity (Cu.Ft)	Rate paid (Cu.Ft)	Amount
Re-handling of earth work, lead upto a single throw of kassi, phaorah or shovel under SI No. 3-14(a)	3,479,620	2.100	7.307
Add premium @ 0.85% below on Balochistan CSR, 2018			0.062
Total			7.245

Allowing inadmissible item of work resulted in a loss to the government.

The matter was reported to the department on November 30, 2020 but no reply was received.

In the DAC meeting held on November 16 and 17, 2021, the department replied that item of work paid was in accordance with the nature of work done. However, audit did not agree with the stance/reply of the department. DAC due to difference of opinion directed the department to justify the rates, otherwise recovery to be made under intimation to audit.

No progress was intimated till finalization of this report.

Audit recommends that the recovery be affected from the concerned contractor.

13.2.8 Overpayment due to allowing higher NSR - Rs. 1.224 million

According to Para 296 of Central Public Works Account Code, “The rates entered in estimates should generally agree with the schedule rates but where the later are not considered sufficient the deviation should be explained in detail report of the estimates”.

Executive Engineer, Irrigation Division, Kalat, paid an item of work to the contractor non-scheduled rates during the financial year 2019-20, whereas the same was provided in the Balochistan CSR, 2018, resulting in an overpayment of Rs. 1.224 million, as detailed in Annexure 13.6.

Payment of scheduled items on NSR resulted in a loss to the government.

The matter was reported to the department in February and April, 2021 but no reply was received.

In the DAC meeting held on November 16 and 17, 2021, the department replied that the rates paid were according to the quoted rates in the bidding documents. DAC did not agree with the reply and directed that recovery be made.

No progress was intimated till finalization of this report.

Audit recommends that recovery may be affected from the concerned contractor under intimation to audit.

13.2.9 Non-utilization of available earth - Rs. 2.427 million

As per Part II of CSR, Para 11(1) of Section 17(1) of the Book of Specifications, 1998, "If cutting and filling are being done simultaneously all suitable material obtained from excavation shall be used in filling of embankment."

Executive Engineer, Irrigation Division, Mastung awarded the work "Construction of Jalab Gandain Dam Dasht" to Government Contractor on June 14, 2019. The contractor was allowed an item of work "Earthwork for embankment and compaction by mechanical means in Shingle or Gravel soil" under SI No. 3-5(dii) @ Rs. 449.650 for a quantity of 10,960 Cum. Record in MB revealed that a quantity of 7,546 Cum shingle gravel soil was available at the site as results of excavation which was to be used in making dam body by allowing reduced rate of Rs. 318.900 Per Cum under SI No. 3-10 (biv). This resulted in an overpayment of Rs. 2.427 million during the financial year 2019-20 as detailed in Annexure – 13.7:

Non utilization of available earth resulted in an overpayment and loss to the government.

The matter was reported to the division in November, 2020 but no reply was received.

In the DAC meeting held on November 16 and 17 2021, the division replied that available/excavated earth was not suitable for use in embankment. However, audit did not agree with the stance/reply of the department and stated that the excavation was made in shingle gravel and same type of soil was used in embankment. Therefore, DAC directed for recovery from the concerned contractor.

No progress was intimate to audit till finalization of this report.

Audit recommends that recovery of the overpaid amount be made from the concerned contractor,

13.2.10 Execution of works without technical sanctions - Rs. 2,326.592 million

As per CPWD Code 56 and B&R Code 2.82, “No work shall commence unless properly detailed design and estimates have been sanctioned by the competent authority, except real emergent works, which must also be immediately reported to the authorities competent to accord technical sanction”.

In various Divisions of the Irrigation Department, during the financial years 2019-20 and 2020-21, different development projects costing Rs. 2,326.592 million were executed without obtaining prior technical sanctions of the estimates from the competent authority, as detailed in Annexure – 13.8.

Execution of works without technical sanction was a serious violation of rules and procedures.

The matter was reported to the divisions in November, 2020 and March, 2021 but no reply was received.

In the DAC meeting held on November 16 and 17, 2021 and January 12 and 13, 2022, the DAC directed to produce technical sanctions of the estimates to Audit for verification.

No progress was intimated till finalization of this report.

Audit recommends that the technical sanction be produced to audit for verification.

Chapter 14

14.1 Livestock and Dairy Development Department

14.1.1 Introduction

Livestock is considered one of the most important sectors in Balochistan. The majority of rural population is engaged in rising of livestock. Basic policy of the Livestock and Dairy Development department is to protect the animals from various diseases. For this purpose, veterinary hospitals were established all over the province for providing medicines to breeders at their doorstep on subsidized rates. To attract the people towards this sector, the Government established Dairy and Poultry Farms in various districts of the province. For introduction of new breeds, the Government also arranged supplies of animals to the breeders on subsidized rates.

14.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 4,447.295 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 3,955.260 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual Expenditure	Excess/ (Saving)	%
Non-Development Grant No. BC21028	3,639.092	3,199.278	(-)439.814	12.09
Development Grant No. BC12228 Function No. 042106	808.203	755.982	(-)52.221	6.46
Grand Total Non-Development and Development	4,447.295	3,955.260	(-)492.035	11.06

There was a saving of Rs. 492.035 million on development and non-development side, which indicated improper budgeting.

14.1.3 Audit profile of Livestock and Dairy Development Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	104	6	681.283	
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

14.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 72.312 million was raised in this report during the current audit of Livestock and Dairy Development Department. This amount also includes recoveries of Rs. 52.532 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Embezzlement	1.701
2	Loss	4.735
3	Shortfall	52.532
4	Irregularities	13.344

14.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2004-2005	2	-	2	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
2	2005-2006	5	-	5	0
3	2007-2008	8	-	8	0
4	2009-2010	1	-	1	0
5	2012-2013	8	-	8	0
6	2013-2014	16	-	16	0
7	2017-2018	05	05	0	100%
8	2018-2019	06	06	0	100%
9	2019-2020	04	-	04	0
10	2020-2021	02	-	02	0
Total		57	11	46	19.06%

Note: Most of the audit reports have not yet been discussed by the PAC.

14.2 AUDIT PARAS

14.2.1 Suspected embezzlement on purchase of Machinery & Equipment – Rs. 1.701 million

According to BPPRA, part-II procurement of goods, works and related services S.No.15 (2) All procurements opportunities over one hundred thousand and up to one million rupees shall be advertised timely on the Authority's website as well as in the newspapers as prescribed in these rules. And according to para 4.2.9.9, of APPM, "Cheque payments should be released to the payee or personally collected by the payee or his authorized agent". Further, as per to GFR 159-160, Vol-I, "Physical verification of all stores should be made at least once a year under rules prescribed by competent authority. Furthermore, according to Collectorate of Custom, Sales Tax and Central Excise, Quetta's Circular No. 8/ST/S-PHD/QTA/99-2001/29873 November 10, 2011, "Supplier, purchaser should be made from registered firm, supplier from supply against the valid sales tax invoice, with proof of payment of sales tax thereon, the sales tax return-cum-payment challan deposited into designated branch."

The Superintendent Beef Production Research Centre, Sibi incurred expenditure amounting to Rs.1.701 million during the year 2017-18, as detail in Annexure 14.1.

The following irregularities were observed;

- i. Payment was made without calling open tender.
- ii. Payment was made in the name of DDO instead of vendor.
- iii. Physical verification / inspection report was not available in the record.
- iv. There was no deduction of government taxes.

Payment without observance of rules was serious violation.

The matter was reported to the department on February 27, 2019 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC directed the department to initiate an inquiry against the officials at fault in order to ascertain the facts.

No progress was intimated till finalization of this report.

Audit recommends that findings of inquiry may be shared with audit.

14.2.2 Shortfall in yield due to less production of wheat - Rs. 47.702 million

According to Para 10 of GFR, Vol.-I, "Every officer is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of his own expenditure." Further, according to the statistics of Agriculture Research Council Balochistan for the year 2018-19, "the yield of 2,250 Kg/ (56 Maund/Acre) is produced from one acre area."

The Superintendent, Bhagnari Cattle and Balochi Sheep Farm at Usta Mohammad, District Jaffarabad produced 548,980 Kgs wheat (13,724.5 Maund) from wheat crop during financial year 2018-19. The Agriculture and Cooperatives Department, reported average yield of 56 Maund Per Acre. But the farm management produced 17.150 Maund wheat Per Acre which was only 30% of the standard yield which resulted in a less production of yield of 38.85 Maund Per Acre and caused a loss of Rs. 47.701 million as detailed below:

(Rs. in million)

Name of crop	Total cultivated area (in Acres)	Standard production Per Acre (in Maund)	Farm production Per Acre (in Maund)	Less production Per Acre (Column 3-4)	Total shortfall (In Maund) (Column 2x5)	Rate Per Maund (Rs.)	Total loss (Column 6x7)
1	2	3	4	5	6	7	8
Wheat	800	56	17.150	38.850	31,080	1534.80	47.702
Total							47.702

Less production of wheat resulted in a loss to the Government.

The matter was reported to the department on November 24, 2020 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC decided to constitute an inquiry committee. It was further decided that the inquiry may be finalized within a period of 20 days.

No progress was intimated till finalization of this report.

Audit recommends that inquiry may be conducted and responsibility may be fixed against the person (s) at fault.

14.2.3 Less realization of targeted income - Rs. 6.996 million

According to Para No. 22 of GFR, Vol,- I, "Any serious loss of immovable property or other works, caused by fire, flood, cyclone, Earthquake or any other natural cause, should be reported at once by the Departmental Officer to the head of the Department. When a full inquiry as to the cause an extent of loss has been made, the detailed report should be sent by the departmental Officer concerned to the head of the Department, a copy of the report, and an abstract thereof being simultaneously forwarded to the Audit/AG."

The Superintendent, Bhagnari Cattle and Balochi Sheep Farm at Usta Mohammad during financial year 2018-19 realized revenue of Rs.8.004 million against the targeted revenue of Rs. 15.000 million resulting in less realization

of revenue amounting to Rs. 6.996 million on account of sale of wheat, paddy, milk and agriculture income as detailed below:

(Rs. in million)		
Revised estimates	Actual receipt	Difference
15.000	8.004	6.996

Less-realization of revenue resulted in a revenue loss to the government.

The matter was reported to the department on November 24, 2020 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC decided to constitute an inquiry committee. It was further decided that the inquiry may be finalized within a period of 20 days.

No progress was intimated till finalization of this report.

Audit recommends that inquiry may be conducted and responsibility may be fixed against the person (s) at fault.

14.2.4 Illegal retention of public money - Rs. 6.349 million

According to APPM 5.2.2, “All monies received as revenue of the Government, must be banked in the name of the Government without delay and included in the Consolidated Fund of the respective Federal or Provincial Government.”

The following offices of Livestock and Dairy Development Department sold various livestock products during the financial years 2014-19 amounting to Rs. 6.349 and did not deposit the amount in the Government treasury.

(Rs. in million)					
S. No.	AIR Para No.	Office	Year	Particular	Amount
1	4	Manager, Poultry Farm, Pishin	2014-19	Layers, Broilers and Eggs	2.759
2	4	Superintendent Dairy Farm, Zhob	2018-19	Milk and others products of the farm	0.712

S. No.	AIR Para No.	Office	Year	Particular	Amount
3	7	Superintendent, Bhagnari Cattle Cum Balochi Sheep Farm at Usta Mohammad	2017-18	Wheat, Paddy, Milk and Agriculture Income	2.878
Total					6.349

Undue retention of government money was irregular.

The matter was reported to the department on August 25, November, 12 and 24, 2020 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC directed Manager, Poultry Farm, Pishin and Superintendent Dairy Farm Zhob to deposit the amount into government treasury immediately. It was further directed that revenue amount be deposited into government account on a monthly basis. Furthermore, in respect of Superintendent, Bhagnari Cattle Cum Balochi Sheep Farm at Usta Mohammad, DAC decided to constitute an inquiry committee and finalization of inquiry within 20 days.

No progress was intimated till finalization of this report.

Audit recommends that public money be deposited and receipt be provided for verification to audit and finding of inquiry be shared with audit.

14.2.5 Shortage of wheat - Rs. 4.830 million

According to Para No. 22 of GFR, Vol,- I, “Any serious loss of immovable property or other works, caused by fire, flood, cyclone, earthquake or any other natural cause, should be reported at once by the Departmental Officer to the head of the Department. When a full inquiry as to the cause and extent of loss has been made, the detailed report should be sent by the departmental Officer concerned to the head of the Department, a copy of the report, and an abstract thereof being simultaneously forwarded to the Audit/AG.”

The Superintendent, Bhagnari Cattle Cum Balochi Sheep Farm at Usta Mohammad, District Jaffarabad produced 272,520 Kg of wheat during the financial year 2018-19. Out of total yield 123,892 kg was sold @ Rs. 32.500 per kg. The remaining quantity of wheat 148,628 kg was not sold which caused loss of Rs. 4.830 million as detailed below:

(Rs. in million)

Description	Quantity produced (Kgs)	Quantity sold (Kgs)	Difference	Rate (Rs.)	Amount
Wheat	272,520	123,892	148,628	32.500	4.830
Total					4.830

Non sale of remaining wheat resulted in a loss to the Government.

The matter was reported to the department on November 24, 2020 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC decided to constitute an inquiry committee. It was further decided that the inquiry may be finalized within a period of 20 days.

No progress was intimated till finalization of this report.

Audit recommends that inquiry may be conducted and responsibility may be fixed against the person (s) at fault.

14.2.6 Loss due to less production of paddy - Rs. 3.135 million

According to Para 10 of GFR, Vol.-I, "Every officer is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence would exercise in respect of his own expenditure." Further, according to the statistics of Agriculture Research Council, Balochistan for the year 2018-19, "the yield of 2,400 Kg/Acre (60 Maund/Acre) is produced from one acre area."

The Superintendent, Bhagnari Cattle Cum Balochi Sheep Farm at Usta Mohammad, District Jaffarabad produced 1,081 Maund paddy crop during financial year 2018-19. The Agriculture and Cooperatives Department, reported average yield of 60 Maund Per Acre. But the farm management produced

14.800 Maund paddy Per Acre which was only 25% of the standard yield which resulted in a less production of yield of 45.200 Maund Per Acre and caused a loss of Rs. 3.135 million as detailed below:

(Rs. in million)

Name of crop	Total cultivated area (In Acres)	Standard production Per Acre (In Maund)	Farm production Per Acre (In Maund)	Less production Per Acre (Column 3-4)	Total shortfall (In Maund) (Column 2x5)	Rate Per Maund (Rs.)	Total loss (Column 6x7)	
1	2	3	4	5	6	7	8	
Paddy	73	60	14.80	45.20	3,299,6	950	3.135	
Total								3.135

Less production of paddy resulted in a loss to the Government.

The matter was reported to the department on November 24, 2020 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC decided to constitute an inquiry committee. It was further decided that the inquiry may be finalized within a period of 20 days.

No progress was intimated till finalization of this report.

Audit recommends that inquiry may be conducted and responsibility may be fixed against the person (s) at fault.

14.2.7 Loss due to sale of wheat on lesser rate - Rs. 1.600 million

The Food Department, GoB vide notification No. SO-II/15-2015/PA&W/Food/135-43 dated February 21, 2018 “has fixed the rate of wheat at Rs.1,534 Per Maund”.

The Superintendent, Bhagnari Cattle Cum Balochi Sheep Farm at Usta Mohammad, District Jaffarabad sold 1,534.80 Maund wheat @ Rs. 1,300 Per Maund in the local crop market during financial year 2018-2019. The farm management sold wheat @ Rs. 1,300 Per Maund as against rate notified by Food Department, GoB, which resulted in a loss of Rs. 1.600 million as calculated below:

(Rs. in million)

Description	Sold quantity (Maund)	Sold rate Per Maund	To be sold @ Rs. 1,534/Maund	Loss Per Maund	Total amount
Wheat	6,813	1,300.000	1,534.800	234.800	1.600
Total					1.600

Sale of wheat on lesser rates resulted in a loss to the Government.

The matter was reported to the department on November 24, 2020 but no reply was received.

In the DAC meeting held on December 21, 2021, DAC decided to constitute an inquiry committee. It was further decided that the inquiry may be finalized within a period of 20 days.

No progress was intimated till finalization of this report.

Audit recommends that inquiry may be conducted and responsibility may be fixed against the person (s) at fault.

Chapter 15

15.1 Mines and Minerals Department

15.1.1 Introduction

The main function of Mines and Minerals Department is to facilitate and provide service for the exploitation of Mineral resources in the province and encourage foreign investment in exploration of large scale mining and to provide infrastructure facilities to the mining areas.

15.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 4,228.236 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 4,077.131 million was incurred, as summarized below:

(Rs. in million)

2020-21				
Type of grant	Final grant	Actual expenditure	Excess/ (Saving)	%
Non-Development Grant No.BC21036	4,083.734	3,956.386	(-)127.348	3.12
Development Grant No. BC12235 Function No.044201	144.502	120.745	(-)23.757	16.44
Grand Total Non-Development & Development	4,228.236	4,077.131	(-)151.105	3.57

15.1.3 Audit profile of Mines & Minerals Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2018-19	Revenue/ Receipts audited financial year 2018-19
1	Formations	36	-	-	-
2	Assignment Accounts	-	-	-	-

S. No.	Description	Total number	Audited	Expenditure audited financial year 2018-19	Revenue/ Receipts audited financial year 2018-19
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

15.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 403.559 million was raised in this report during the audit of Livestock and Dairy Development Department. This amount also includes recoveries of Rs.403.559 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Non realization of annual rent	321.924
2	Revenue loss	81.635

15.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2016-2017	5	5	0	100%
2	2017-2018	5	-	5	0
3	2018-2019	8	8	0	100%
4	2019-2020	9	-	9	0
Total		22	13	14	59%

15.2 AUDIT PARAS

15.2.1 Non-realization of the annual Rental/ Deed fee and Royalty from mine owners - Rs. 321.924 million

According to Rule 104 of Balochistan Minerals Concession Rules, 2002 read with Mines and Mineral Development Department Notification No. SOT(MMD)/4-1/2010/201-300 dated February 20, 2010, “(1) Royalty in respect of any mineral or group of minerals won, mined or found as provided in Rule 101 and disposed off shall be payable on the first day of January and the first day of July each year. (2) Where the holder of a mineral title or mineral concession failed to pay any amount of royalty as required, (ii) penalty at the rate of 10% of royalty dues shall be charged in case the payment is made after the expiry of the 2nd month after the due date, in case royalty along with penalty is not paid until the expiry of the 4 months after the date it first becomes due action as provided in Rule 57(1) (f) shall be initiated.”

As per Rule 108 of above Rules, “The holder of a mineral title or mineral concession shall pay an annual rent in respect of the area to which the mineral title or mineral concession relates in accordance with the 2nd Schedule. Payment of the annual rental fee shall be made within thirty days after the date of the issue of the mineral title or mineral concession and thereafter shall be made on first day of July of each fiscal year. Where any person has failed to pay any amount of annual rental fee, penalty at the rate of 10% of rental dues shall be charged in case the payment is made after the expiry of the second month and in case dues along with penalty are not paid until the expiry of the fourth months after the date it first became due as stated in sub-rule (3) (i) above action as provided in Rule 57(1)(f) shall be initiated.”

The Director General, Mines and Minerals Development Department, Quetta did not recover an amount of Rs. 321.924 million on account of Royalty and annual Rental/Deed fee from the mine owners

during the financial years 2018-19 and 2019-20, as detailed in Annexure 15.1.

Non-recovery of outstanding dues caused loss to the government.

The matter was reported to the department in June and July, 2021 but no reply was received.

In the DAC meeting held on December 22, 2021, Audit was informed that in financial year 2018-19 recoveries have been made which will be produced to audit for verification. It was further added by the Department that an amount of Rs. 164.964 million and Rs. 44.637 million were outstanding due to litigation in the High Court of Balochistan and other defaulting mines owners respectively. DAC directed that all the recoveries that have been made be got verified from audit besides submission of detail of court case. Further efforts may be made for recovery of outstanding amounts.

No progress was intimated till finalization of this report.

Audit recommends that recoveries which have been made be got verified from audit besides submission of detail of court case. Further efforts may be made for recovery of outstanding amounts.

15.2.2 Revenue loss due to Non-realization of Income Tax on Royalty - Rs.81.635 million

As per Section 182 of Income Tax Ordinance, 2001, “Any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160. Such person shall pay a penalty of twenty-five thousand rupees or the 10% of the amount of tax which-ever is higher.”

The Director General, Mines and Minerals Development Department, Quetta awarded the contracts for collection of royalty on Marble and other minerals in different blocks to various contractors during the financial years 2018-19 and 2019-20. The contractors failed to deposit income tax @ 10%

within stipulated time period therefore, were liable to be penalized @ 10% of the tax amount which is worked out to be Rs. 81.635 million as detailed in Annexure 15.2.

Non realization of income tax resulted in a loss to the government.

The matter was reported to the department in June, 2021 but no reply was received.

In the DAC meeting held on December 22, 2021, audit was informed that notices were issued to contractors for depositing income tax and the matter has also been taken up with the FBR for early recovery of income tax. DAC instructed for early recovery of income tax.

No progress was intimated till finalization of this report.

Audit recommends for affecting recovery from the contractors under intimation to audit.

15.2.3 Non-conducting of internal audit

According to Para 13 of GFR, Vol.-I, "It is the responsibility of the Controlling Office: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores; to get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions; and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report. Furthermore, as per rules No. 2(vii) of GFR, "Controlling Officer-means a head of a department or other departmental officer who is entrusted with the responsibility of controlling the incurring of expenditure and/or the collection of revenue by the authorities subordinate to the department".

The Secretary Mines and Minerals Development, Government of Balochistan, Quetta has not conducted internal audit of his department during

the financial year 2020-21. It is the utmost responsibility of the controlling officer, to ensure internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non-conduct of internal audit depicted weak financial management.

The matter was reported to the department on July 2021 but no reply was received.

In the DAC meeting held on December 22, 2021, Audit was informed that Departmental audit committee has been constituted and its finding will be shared with the audit. DAC directed the management to produce the internal check report immediately.

No progress was intimated till finalization of this report.

Audit recommends internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 16

16 Police

16.1.1 Introduction

The Police has been created for maintaining public peace and order. Police force works to prevent highway robberies, enforce traffic discipline, and prevent house robberies and street crimes, to counter terrorism, sectarianism, extremism and security of sensitive installation, foreigners and dignitaries.

16.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 20,262.532 million were allocated to Police during 2020-21. Against the said allocation, an expenditure of Rs. 18,475.364 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21008	19,400.895	17,670.590	(-)1,730.305	8.92
Development Grant No. BC12208 Function No.032102	859.637	804.774	(-)54.863	6.38
Grand Total Non-Development & Development	20,260.532	18,475.364	(-)1,785.168	8.81

16.1.3 Audit profile of Police, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	56	14	9,208.017	-
2	Assignment Accounts	-	-	-	-

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

16.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs.499.526 million were raised in this report during the current audit of Police. This amount also includes recoveries of Rs. 441.75 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Non recovery of services charges	441.75
2	Recoverable	57.776

16.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total paras	Compliance received	Compliance not received	Percentage of compliance
1	2005-2006	2	2	0	100%
2	2006-2007	1	1	0	100%
3	2007-2008	3	3	0	100%
4	2008-2009	6	6	0	100%
5	2011-2012	5	-	5	0
6	2013-2014	14	-	14	0
7	2014-2015	4	-	4	0
8	2015-2016	6	-	6	9

S. No.	Audit Report Year	Total paras	Compliance received	Compliance not received	Percentage of compliance
9	2016-2017	2	2	0	100%
10	2017-2018	5	5	0	100%
11	2018-2019	6	6	0	100%
12	2019-2020	2	-	2	0
13	2020-2021	2	-	2	0
Total		58	25	33	43.10%

Most of the Audit Reports have not yet been discussed by the PAC.

16.2 AUDIT PARAS

16.2.1 Non-recovery of service charges from the borrowing agencies - Rs. 441.750 million

According to para 2-11 Police Rules (1 and 2), “the Police personnel for private persons, Corporate Bodies or Commercial Companies shall be deployed on payment.”

The following offices of Police Department provided Police personnel to various governmental / non-governmental offices in different districts for security purpose. The borrowing Departments/Agencies were required to remit amount of their pay and allowances to the Provincial Government. It was observed that an amount of Rs. 441.750 million was outstanding against these entities from 2007-08 to 2020-21, as detailed in Annexure 16.1:

Non-realization of government dues resulted in loss to the exchequer.

The matter was reported to the department in February, July, September and October, 2021 but no reply was received.

In the DAC meeting held on January 13, 2022, the department accepted the stance of audit and committed to take up the matter with concerned departments through Home and Tribal Affairs Department. DAC directed that recovery may be made at the earliest.

No progress was intimated till finalization of this report.

Audit recommends early recovery of the government dues under intimation to audit.

16.2.2 Unauthorized retention of Government money - Rs. 57.776 million

According to Section 28 (2) (i) of the Balochistan Finance Act, 2020, “The Finance Department, with the approval of Government, may advise, in writing, the State Bank of Pakistan to direct all conventional and non-conventional banks and other financial institutions, to debit their bank accounts and credit the same into Provincial Consolidated Fund for purposes of formulation and management of single treasury account system.” Further, according to Rule 290 of TRs, “No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant.”

The SSP Traffic, Quetta retained public money amounting to Rs. 57.776 million during the financial year 2018-19 in bank account No. 4026592463 in National Bank City branch, Quetta without permission from the Finance Department.

Unauthorized retention of government money was irregular.

The matter was reported to the department on April 15, 2020 but no reply was received.

In the DAC meeting held on January 13, 2022, the forum was informed that the outstanding amount of 57.776 million will be deposited in government account. DAC directed that amount be deposited at the earliest.

Not progress was intimated till finalization of this report.

Audit recommends that public money retained without authorization be deposited into government treasury forthwith and evidence of deposit made be provided to audit.

16.2.3 Non-registration of Government vehicles

As per Section 23 of the Motor Vehicle Ordinance, 1965, “No person shall drive any motor vehicle and no owner of a motor vehicle shall cause or permit the vehicle to be driven in any place unless the vehicle is registered and the vehicle carries a registration mark displayed in the prescribed manner.

In the following offices of Police Department, vehicles and motor cycles were not registered with the Excise and Taxation Department during the years 2012 to 2021:

S. No.	Name of Offices	Description	No of Un-registered Vehicles	Year
1	DPO, Gwadar	Unregistered Vehicles	70 Light Vehicles and 50 Motor Cycles.	2020-21
2	DPO, Khuzdar	Unregistered Vehicles	48 Light Vehicles and 71 Motor Cycles.	2019-20
3	DPO, Naseerabad	Unregistered Vehicles	21 Light Vehicles	2019-20
4	DPO, Bolan	Unregistered Vehicles	25 Vehicles and 26 Motor Cycles	2017-20
5	DPO, Jaffarabad	Unregistered Vehicles	39 Vehicles and 08 Motor Cycles	2019-20
6	DPO, Pishin	Unregistered Vehicles	31 Vehicles	2020-21
7	Commandant BC, Quetta	Unregistered Vehicles	06 Light Vehicles and 15 Motor Cycles.	2019-20

Non-registration of Government vehicles indicated weak internal control which could lead to misuse of government vehicles.

The matter was reported to the department in February, July, August, September and October, 2021 but no reply was received.

In the DAC meeting held on January 13, 2022, the department replied that case has been forwarded to Finance Department, GoB for provision of budget in the relevant head. DAC directed that further progress in the matter may be intimated to audit.

Not progress was intimated till finalization of this report.

Audit recommends that registration of government vehicles may be carried out without further delay.

Chapter 17

17.1 Planning & Development Department

17.1.1 Introduction

Planning and Development (P&D) Department, Government of Balochistan, is a premier planning body in the province. It formulates all development, planning policy matters and plans to execute the policy. Provincial Five Years Plans (FYP) contain development policy while annual Public Sector Development Programmes (PSDPs) are planned to implement FYP policies concerning social, infrastructure and productive sectors. Small and medium range project are accommodated in PSDP. P&D department has various studies and surveys conducted for use in planning. District profiles, Poverty Reduction Strategy Paper and very recently a Multiple Indicator Cluster Survey (MISC) are some of instances of efforts for better planning.

17.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-development funds amounting to Rs. 1,707.422 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 1,597.480 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No. BC21014	1,707.422	1,597.480	(-)109.942	6.44
Grand Total Non-Development	1,707.422	1,597.480	(-)109.942	6.44

Savings of Rs 109.942 million was not surrendered which indicated improper budgeting and financial mismanagement.

17.1.3 Audit profile of P&D Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/receipts audited financial year 2020-21
1	Formations	8	1	1,390.615	
2	Assignment Accounts	1	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

17.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 37,122.733 million were raised in this report during the current audit of PHE department. This amount also includes recoveries of Rs. 5.432 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Overpayment	13.052
2	Irregularities	37,036.775
3	Tax and duties	5.432

17.2 AUDIT PARAS

17.2.1 Insufficient release of funds in respect of ongoing PSDP schemes - Rs. 34,595.998 million

As per Planning Commission Manual for Development Projects Section 1.35 (b) ongoing vs new projects, “preference is accorded to ongoing projects for their early completion. At present some 80% of total development expenditure is allocated to ongoing projects and remainder to new projects.” Further, according to BPFM Act 2020, Para 16, (2) “No development project shall be considered for inclusion in demands for grants unless it is provided with a budget allocation of at-least thirty three percent of its total cost for the coming year.”

PSDP record of Planning and Development Department, GoB during the financial years 2019-21, revealed that the concerned departments had incurred an expenditure of Rs. 53,076.633 million on 287 development projects ongoing since 2010. The allocation for the said schemes remained less than 1% percent during the financial years 2019-20 and 2020-21. These ongoing projects were kept under title “Schemes to be reassessed for socio economic viability Annexure – A-I & II of the PSDP”, with meagre or no allocation of funds. The average financial progress in these schemes is 61% against allocated budget. Allocation of less than 1% funds and placing these schemes under reassessment raised questions on the initial feasibility of the schemes. Details of the schemes are in Annexure -17.1.

(Rs. in million)

Financial year	No. of schemes	Estimated cost of the projects	Expenditure incurred	% Expenditure	Allocation for the year	Amount to be released
2019-20	188	58,666.079	34,938.868	59%	22.300	23,708.411
2020-21	99	29,035.252	18,137.765	62%	9.900	10,887.587
Total		87,701.331	53,076.633	61%	32.200	34,595.998

Release of insufficient funds and reassessing these projects at this stage when some of these projects are near completion was unjustified and it would render the already made expenditure wasteful. On the other hand, delayed allocation of funds will result in time and cost overrun.

The matter was reported to the department on January 3, 2022 but no reply was received.

In DAC meeting held on January 17, 2022, the management informed the forum that the Balochistan PFM Act was promulgated in July 2020 whereby, the section regarding 33% allocation of funds to schemes became applicable. It was further informed that schemes which were not viable / problematic were capped. These schemes are being reassessed for viability: six different committees and CMIT were entrusted with the task to inquire the viability of these schemes. Audit was of the view that non / less allocation of funds in schemes / projects where millions of rupees have already been spent was unjustified. The forum was of the view that closing these projects / schemes at this stage will render the expenditure wasteful. On the other hand, releasing funds against these projects later on will result in time and cost overrun. DAC directed that P&D may submit a report encompassing all details of these schemes.

No progress was intimated till finalization of this report.

Audit recommends that while making the PSDP only those projects which have been properly conceived shall be approved and ongoing projects shall be given priority in allocation of funds as per rules.

17.2.2 Irregular expenditure on land acquisition for different development schemes - Rs. 2,383.224 million

As per TR 290, 309-310 and Appendix 6 of Rule 411, “No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants. When an award (land compensation) is made, the officer shall have a statement prepared in the appended form showing the amounts payable to each person under the award, and shall on the day the award is made, forward a copy of the statement, signed by himself, to the Accountant General with whom he is in account.”

PDs, Development Packages, Quetta and Turbat paid an amount of Rs. 2,383.224 million during financial year 2019-20 to the concerned DCs on

account of land acquisition for different development schemes but list of payees and supported vouchers were not obtained from the Revenue Department. Further, mutation/transfer deeds of the property in the name of Government could not be confirmed, as detailed below:

(Rs. in million)

S. No.	Name of work	Cheque No. and Date	Amount
1	Clearing/Aligning and Reconstruction of Sariab Road	922686 / 29.06.20	180.000
2	Widening and Improvement of Brewery Road	857399 / 12.06.20	611.550
3	Improvement of Sirki Road	922601 / 12.06.20	411.950
4	Widening of Samungli Road	857385 / 11.06.20	28.125
5	Widening and Improvement of Prince Road	857398 / 12.06.20	586.250
6	Widening and Improvement of Patel Road	857400 / 12.06.20	95.309
7	Link road from Western Bypass to Sariab	922642 / 26.06.20	19.340
8	Link road from Western Bypass to Sariab	857393 / 11.06.20	139.330
9	Dualization of Badini Link Road	857392 / 11.06.20	98.100
10	Widening of Roads (DC Turbat)	096628 / 19.06.20	213.270
Total			2,383.224

Payment to DCs without essential documents and without requirement of immediate disbursement was irregular.

The matter was reported to the department on December 10, 2020 but no reply was received.

In the DAC meeting held on January 12, 2022, PD, Quetta Development Package replied that amount was transferred to the DC on account of land compensation for execution of road schemes. Whereas, the PD, Turbat

Development Package replied that the amount has not been utilized as yet. The forum did not agree with the reply of the management and directed to obtain all relevant record from concerned office and provide to audit. Further, unutilized amounts be surrendered to the government before the end of the year.

No progress was intimated till finalization of this report.

Audit recommends for clarification, obtaining the detail of expenditure, transfer deeds and payees' acknowledgment from the Revenue Department. Moreover, if the amount is not urgently needed it should be deposited in government account.

17.2.3 Unauthorized payment of inadmissible escalation - Rs. 67.474 million

According to Para 5 Government of Balochistan, Planning and Development Department Notification issued vide No. P&D. ROCT (1) 129/2008/2383 dated June 14, 2008, "A lump sum increase of 6% is to be added in PCI during its approval as provisional sum for the schemes upto Rs. 50 million, 8% provisional sum for the schemes upto Rs. 100 million and 10% provisional sum for the schemes more than Rs. 100 million on account of escalation for all new schemes.

PD, Development Packages, Quetta awarded the work "Clearing / aligning of Joint Road, Quetta" to a contractor and paid an amount of Rs. 67.474 million during the financial year 2019-20 as escalation charges without approval of PDWP/P&D Department, as detailed below:

(Rs. in million)

S. No.	Financial year	Name of Contractor	Particulars	Cheque No. and date	Amount of bill	Escalation Paid
1	2019-20	M/s Agha Construction Company	Escalation charges	084274 / 26.03.19	121.239	13.013
2			Escalation charges	099429 / 23.05.19	248.994	18.948
3			Escalation charges	099487 / 24.06.19	318.168	14.615
4			Escalation charges	099499 / 28.06.19	327.743	20.898
	Total					67.474

Allowing of escalation without provision in the PC-I was illegal and an overpayment to the contractor.

The matter was reported to the department on December 10, 2020 but no reply was received.

In the DAC meeting held on January 12, 2022, department replied that escalation charges were recovered from the running bill of contractor and retained in the shape of security deposit. Audit stressed that amount of unauthorized escalation charges be deposited in government account without further delay.

No progress was intimated till finalization of this report.

Audit recommends that responsibility be fixed against the person(s) at fault, besides retained amount be deposited in government account.

17.2.4 Irregular excess deduction of security deposit to avoid lapse of budget - Rs. 57.553 million

As per Para 2.66 of B&R Code read with Clause 19 of conditions of contract agreement, "Security deposit @ 10% should be deducted from payment made for work done to contractors and refunded after three month from date of completion of scheme." Further, as per TR 290, "It is not permissible to draw money from the Treasury to prevent the lapse of budget grant."

PD, Development Packages, Quetta awarded different works during the financial year 2019-20. The management deducted security deposits amounting to Rs. 66.476 million which was 65% and 91% of the gross amount of the bills. Amount to be deducted @ 10% was Rs. 8.923 million but an excess deduction of Rs. 57.553 million was made. Excess security deposit was made to avoid lapse of budget in violation of Rules as detailed below:

(Rs. in million)

Name of works/contractors	Cheque No. and date	Bill amount	Security deposit deducted	Security deposit to be deducted	Excess deduction	%age deduction
Face lifting and beautification of Quetta city (Zarghoon Road) / M/s Khan and Co.	922687 / 29.06.20	56.657	36.727	5.665	31.062	65%
Face lifting and beautification of Quetta city (Jinnah Road) / M/s Khan and Co.	Nil / 29.06.20	32.583	29.749	3.258	26.491	91%
Total		89.240	66.476	8.923	57.553	

Excess deduction of security deposit to avoid lapse of budget was irregular.

The matter was reported to the department on December 10, 2020 but no reply was received.

In the DAC meeting held on January 12, 2022, department replied that extra security was deducted as financial year was near to close. The forum did not agree with the reply of the management as it was clear violation of Rules and directed for provision of justification and initiation of inquiry against the persons at fault.

No progress was intimated till finalization of this report.

Audit recommends for justification of payment. Moreover, responsibility may be fixed on person (s) at fault under intimation to audit.

17.2.5 Non-deduction of government taxes - Rs. 5.432 million

As per Tariff 9809, Second Schedule (Part B) of BSTS Act 2015, the rate of tax on “Services provided or rendered by persons engaged in contractual execution of work or furnishing supplies” to be deducted @ 06%.”

Project Director, Quetta Development Packages paid an amount of Rs.

90.536 million during the financial year 2019-20 but did not deduct BSTS @ 6% amounting to Rs. 5.432 million as detailed below:

(Rs. in million)

S. No.	Running bill/IPC No.	Name of work	Gross amount of bill	BST amount deducted	BST recoverable
1	IPC 7	Clearing/aligning of Joint Road Quetta, M/s Agha Construction Company	90.536	Nil	5.432

Non deduction of government taxes resulted in a loss to the government.

The matter was reported to the department on December 10, 2020 but no reply was received.

In the DAC meeting held on January 12, 2022, department replied that the amount in question will be recovered from the contractor. DAC directed the management that recovery of BSTS be affected and evidence be provided.

No progress was intimated till finalization of this report.

Audit recommends that recovery of the government taxes from the concerned may be made under intimation to audit.

17.2.6 Overpayment due to allowing excess quantities of laying material on road structure - Rs. 1.682 million

As per Detailed Analysis of Balochistan, CSR, 1998, SI No. 21-23 (b) and 21-25, "The compacted thickness of stone ballast and laying of pitrun gravel in base/sub-base course shall be equal 67% (2/3) of the stacked quantity and admissible quantity of Murum will not exceed 25% of compacted thickness of stone ballast."

PD, Development Packages, Quetta made payments of Rs. 1.682 million during the financial year 2019-20 for an item of work "Supply and stacking of natural pitrun gravel of approved quality". In the subsequent events, it was laid in the base course. The compacted quantity of pitrun gravel was to be taken 67%

of stacked quantity; on the contrary, excess quantities of pitrun gravel were allowed, as detailed in Annexure 17.2.

Payment in excess of payable quantity resulted in an overpayment and caused loss to the government.

The matter was reported to the department on December 10, 2020 but no reply was received.

In the DAC meeting held on January 12, 2022, department replied that according to P&D notification deduction of voids was excluded but did not produce any evidence. Audit was of the view that the department did not correctly work out the compacted quantities for payments and paid excessive quantities. DAC directed the management for providing justification otherwise recover the amount from the contractors.

No progress was intimated till finalization of this report.

Audit recommends that recovery from the contractors be made under intimation to audit.

17.2.7 Non-conducting of internal audit

According to Para 13 of GFR, Vol.-I, "It is the responsibility of the Controlling Officer: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores; to get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions; and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report. Furthermore, as per rules No. 2(vii) of GFR, "Controlling Officer-means a head of a department or other departmental officer who is entrusted with the responsibility of controlling the incurring of expenditure and/or the collection of revenue by the authorities subordinate to the department".

The Secretary P&D Department, Government of Balochistan, Quetta has not conducted internal audit of his department during the financial year 2020-21. It is the utmost responsibility of the controlling officer, to ensure

internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non conduct of internal audit was serious violation of rules.

The matter was reported to the department on January 3, 2022 but no reply was received.

In DAC meeting held on January 17, 2022, the management committed to conduct internal audit. The forum directed that internal audit report be shared with audit.

No progress was intimated till finalization of this report.

Audit recommends internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 18

18.1 Public Health Engineering (PHE) Department

18.1.1 Introduction

The major function of PHE Department is providing access to the safe drinking water in the rural as well as in urban slums of the province, installation of tube wells and establishment of drinking water supply schemes. Department also ensures availability of piped water in adequate quantity for drinking and household purposes and protection of water sources from contamination etc. Other functions of the department are as under;

- Improvement of sewerage system and sanitary conditions.
- Deducting regular revenue to cover all cost of operation and maintenance.
- Issue of notification for water rates.
- Service matters except those entrusted to S&GAD.

18.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-development funds amounting to Rs. 11,800.535 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 11,482.049 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21014	4,350.600	4,030.000	(-)320.600	7.37
Development Grant No. BC12214 Function No.052102	7,449.930	7,452.050	(+)2.120	0.03
Grand Total Non-Development & Development	11,800.530	11,482.049	(-)318.481	2.70

Savings of Rs 318.481 million was not surrendered which indicated improper budgeting and financial mismanagement.

18.1.3 Audit profile of PHE Department, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/receipts audited financial year 2020-21
1	Formations	82	18	4,933.483	
2	Assignment Accounts	4	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

18.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 287.309 million were raised in this report during the current audit of PHE department. This amount also includes recoveries of Rs. 150.022 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Overpayment	7.134
2	Irregularities	19.511
3	Doubtful payment	119.033
4	Recoveries	142.888
5	Unauthorized payment	74.1

18.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2004-2005	5	-	5	0
2	2006-2007	9	-	9	0
3	2012-2013	7	-	7	0
4	2013-2014	9	-	9	0
5	2014-2015	9	-	9	0
6	2015-2016	8	-	8	0
7	2016-2017	9	9	0	100%
8	2017-2018	8	8	0	100%
9	2018-2019	7	7	0	100%
10	2019-2020	4	-	4	0
11	2020-2021	7	-	7	0
Total		82	24	58	29.26%

Audit Reports have not yet been discussed by the PAC.

18.2 AUDIT PARAS

18.2.1 Doubtful payments without signing cash vouchers and missing paid vouchers - Rs. 119.033 million

According to Para 208 of CPWA Code, “All payment for work done and supplies shall be made on the basis of measurement recorded in Measurement Book.” Further, as per Para 72 read with Para 73 of CPWA Code, “Every payment including repayment of money previously lodged with Government for whatever purpose, must be supported by a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. The full name of the work as given in the estimate and head of account, deduction should be clearly indicated on it.”

In the PHED Division, Lasbela payment of Rs. 60.603 million was made to various government contractors during the financial year 2020-21 without signing the cash vouchers by the respective Engineers in-charge of the Sub-

Divisions. Moreover, an amount of Rs. 58.430 million was paid without supporting vouchers, as detailed in Annexure 18.1.

Payment without signed cash vouchers and supporting documents was serious violation of rules and may result in misappropriation of public money.

The matter was reported to the department on October 20, 2021 but no reply was received.

The PAO was requested to convene DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that matter may be investigated with a view to fix responsibility on the person(s) at fault.

18.2.2 Less recovery of mobilization advance - Rs. 142.888 million

As per Clause 60.11(b) of Standard Form of Bidding Documents, “The Mobilization Advance shall be recovered in equal installments; first installment at the expiry of third month after the date of payment of first part of Advance and the last installment two months before the date of completion of the Works.”

The Project Director, Mangi Dam, Quetta, recovered less amount of mobilization advance amounting to Rs. 142.888 million from government contractor during the financial year 2019-20, as detailed below:

(Rs. in million)

Bill No.	Cheque number and date	Gross amount of the bill	Mobilization advance recoverable	Amount recovered	Balance amount recoverable
2 nd RB (Pipes)	084422, 27.06.18	802.524	51.540	16	35.540
2 nd RB (CW)	084428, 27.06.18	12.597	87.080	5.039	82.041
3 rd RB	089023, 22.05.19	15.857	133.581	12	121.581
4 th RB	Nil	147.161	173.121	46.798	126.323
5 th RB	095102, 30.01.20	124.517	177.863	17.189	160.674
6 th RB	095196, 08.06.20	86.432	160.674	14.977	145.697
Escalation payment	Nil	18.853	145.697	2.809	142.888
Total					142.888

Less recovery of mobilization advance provided extra financial benefit to the contractor.

The matter was reported to the project/department in February, 2021 but no reply was received.

In the DAC meeting held on November 29, 2021, the forum directed to recover the full amount.

No progress was intimated till finalization of this report.

Audit recommends that the recovery be affected under intimation to audit.

18.2.3 Unauthorized enhancement and award of work - Rs. 74.100 million

As per Clause 51(b)(iv) of BPPRs, "Where civil works are to be contracted and are a natural extension of an earlier or ongoing job and it can be ascertained that the engagement of the same contractor will be more economical and will ensure compatibility of results in terms of quality of work provided that the cost of additional quantities of item(s) shall not exceed fifteen percent (15%) of the original contract amount."

Executive Engineer, PHE Division Kachi at Dhadar, awarded the work "Construction of Water Supply Scheme Shoran to Bhag (Package No. I, II and III)" at an estimated cost of Rs. 150 million. Later on Divisional Officer enhanced the contract amount to Rs. 224.120 million after a lapse of four years to same contractor without retendering of work amounting to Rs. 74.100 million, in violation of BPPRs, 2014.

(Rs. in million)

Description	Original Cost	Revised cost	Additional Cost
Construction of Water Supply Scheme Shoran to Bhag (Package No. I, II and III)	150	224.100	74.100

Award of enhanced work scope to the same contractor was unauthorized.

The matter was reported to the department on October 14, 2021 but no reply was received.

The PAO was requested to convene DAC meeting on December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that matter may be investigated with a view to fix responsibility besides, regularization of expenditure from the competent authority.

18.2.4 Revenue loss due to less realization of taxes - Rs. 43.676 million

According to Section 3 of BSTS Act, 2015 (amended to date), “The GoB levied Sales Tax @ 6% on provision of services rendered by engineering consultants, Contractors of buildings (Including water supply, gas supply and sanitary works, roads and bridges, electrical and mechanical works including air conditioning), (Including turn-key projects) and similar other works.” Further, according to Section 153 of Income Tax Ordinance, 2001, “Every DDO is responsible to make the deduction of income tax at @ 10% on gross amount bill of services provider and @ 7.5% while making payment to the contractors for execution of contract.”

In different divisions of Public Health Engineering Department, during the financial years 2019-21 various governmental taxes were less / not deducted resulting in a revenue loss of Rs. 43.676 million, as detailed in Annexure 18.2.

Non / less realization of governmental taxes caused a revenue loss to the government.

The matter was reported to the department during November, 2020, January, February, March, May to December, 2021 but no reply was received.

In the DAC meeting held on November 29, 2021, DAC directed that the amount of BSTS and income tax should be recovered from the concerned contractors. However, DAC in respect of offices mentioned at serial number 14 to 28 (of annexure) could not be held despite repeated requests.

No progress was intimated till finalization of this report.

Audit recommends for affecting recoveries of government taxes from the concerned.

18.2.5 Non-maintenance of water connections record and less realization of water tariff - Rs. 19.511 million

According to Code 177 of CPWD, “The Divisional Office is responsible to keep proper record in respect of all items of revenue and to take effective steps for prompt realization of revenue. The recovery of all debts due to Government should receive the special attention of Divisional Officer.” Further, as per Government of Balochistan, Public Health Engineering Department Notification No SOT(3-4)/PHED/2009-2010/973-1053 dated 10.3.2010, rate of water charges for domestic and commercial users are Rs.75/- and Rs.700/- respectively.”

In the following divisions of Public Health Engineering Department, there existed no mechanism for watching progress of due recoveries of water charges. An amount of Rs. 19.511 million remained outstanding during the financial years 2019-21 on account of water tariff against various residential and commercial units:

(Rs. in million)

S. No.	Name of Division	Financial year	AIR Para No.	Amount less realized
1	Public Health Engineering Division, Ziarat	2019-20	6	0.100
2	Public Health Engineering Division, Kohlu	2019-20	1	0.537

S. No.	Name of Division	Financial year	AIR Para No.	Amount less realized
3	Public Health Engineering Division, Awaran	2019-20	1	3.793
4	Public Health Engineering Division, Duki	2019-20	4	0.094
5	Public Health Engineering Division, Harnai	2019-20	1	3.340
6	Public Health Engineering Division, Naseerabad	2020-21	1	11.647
Total				19.511

Non-maintenance of water consumer record and less realization of water charges from consumers resulted in a loss to the government.

The matter was reported to the department in January, February, March, June and November, 2021 but no reply was received.

In the DAC meeting held on November 29, 2021, the DAC directed the department to produce relevant record of number of connections per scheme, commercial and non-commercial community tanks and realize revenue (water tariff). However, DAC meeting in respect of departments mentioned at serial number 5 and 6 could not be held despite repeated requests.

No progress was intimated till finalization of this report.

Audit recommends that proper mechanism should be devised in the Secretary, PHED to monitor the WSSs and number of water connections on each WSS, besides making recovery of outstanding Government dues.

18.2.6 Overpayment due to allowing inadmissible rates and items of work - Rs. 2.774 million

According to Paras 16 and 221 of CPWA Code, "Divisional and Sub-Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor."

Executive Engineer, PHE Division, Naseerabad executed various WSS

works, through different contractors, during the financial year 2020-21 and overpaid an amount of Rs. 2.774 million by allowing incorrect rates and inadmissible item as detailed in Annexures 18.3.

Payment on incorrect / inadmissible rates caused loss to the government.

The matter was reported to the department on November 19, 2021 but no reply was received.

The PAO was requested to convene a DAC meeting in December, 2021 followed by a reminder but no meeting was held till finalization of this report.

Audit recommends that necessary recovery be made from the concerned contractors.

18.2.7 Overpayment due to allowing inadmissible premium - Rs. 2.654 million

According to the Notification issued by the GoB, vide letter No. P&D - RO/C&T(32)1/2018-19/7299 dated July 16, 2018 “The rates of the items mentioned in the CSR, 2018 are applicable.” The Government has not allowed/announced any premium on said CSR, 2018.

The following divisions of PHED paid Rs. 69.748 million during the financial year 2019-20 for different development works and allowed premium on the CSR, 2018, which was inadmissible and resulted in an overpayment of Rs. 2.654 million, as detailed in Annexure 18.3.

(Rs. in million)					
S. No.	Name of Division	Annexure	AIR Para No.	Financial year	Amount
1	PHE Division, Chaghi	5-a	01	2019-20	2.146
2	PHE Division, Jhal Magsi	5-b	01	2019-20	0.508
Total					2.654

Payment of inadmissible premium resulted in a financial loss to the government.

The matter was reported to the department in November, 2020 and June, 2021 but no reply was received.

In the DAC meeting held on November 29, 2021, the department accepted the stance of the audit and assured that recovery will be made. DAC directed for affecting recovery of overpayment.

No further progress was intimated till finalization of this report.

Audit recommends for affecting the recovery from the contractors.

18.2.8 Overpayment due to procurement of scheduled items on NSR - Rs. 1.706 million

According to Paras 16 and 221 of CPWA Code, “Divisional and Sub-Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

The Executive Engineer, PHE Division, Washuk procured Solar Submersible Pumps and carried out drilling of tube well bores on NSR basis for different WSSs during the financial years 2019-21. The same items of work were provided in the BCSR, 2018 under SI No. 31-29 (e) & (b) and SI No. 27-2/f respectively but the divisional officer paid higher market rates resulting in an overpayment of Rs. 1.706 million, as detailed in Annexures 18.4.

Allowing higher rates resulted in an overpayment and caused a loss to the government.

The matter was reported to the department on August 05, 2021 but no reply was received.

In the DAC meeting held on November 29, 2021, the department contended that submersible motors of KSB Co. were purchased and the rates were lower as provided in the BCSR, 2018. DAC directed to produce certificate of purchase from KSB Co, MB and bills to audit for verification otherwise

recovery be affected. DAC meeting for financial year 2020-21 could not be held despite repeated requests.

No progress was intimated till finalization of this report.

Audit recommends for provision of justification of making payment of CSR item on NSR basis besides, affecting recovery of the overpaid amount from the concerned contractor.

Chapter 19

19.1 Quetta Development Authority (QDA)

19.1.1 Introduction

Quetta Development Authority was established in 1978 by the Government of Balochistan. The jurisdiction of the Authority extends over Quetta Tehsil including Quetta Municipal Corporation Limits and all such other areas which the Government may notify from time to time for development purpose. The QDA was established to cater the multi dimensional needs of the Capital and only urban center of Balochistan. The main mission of QDA was to solve Housing requirements., organized planning, master planning, major improvement, decongestion and environment protection.

19.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 2,065.231 million were allocated to the department during 2018-19. Against the said allocation, an expenditure of Rs. 2,043.907 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2019-20			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No. BC21001	2,878.457	2,594.445	(-)284.012	9.87
Development Grant No. BC12201 Function No. 061120	3,913.930	1,287.617	(-)2,626.313	67.10
Grand Total Non-Development and Development	6,792.387	3,882.062	(-)2,910.325	42.85

19.1.3 Audit profile of QDA, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2019-20	Revenue/ Receipts audited financial year 2019-20
1	Formations	16	4	2,020.126	-
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

19.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 221.548 million was raised in this report during the audit of Quetta Development Authority. This amount also includes recoveries of Rs. 207.728 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Recoverable	207.728
2	Non withholding tax	13.82

19.2 AUDIT PARAS

19.2.1 Non-recovery of outstanding charges and late payment surcharge against the allottees - Rs. 206.560 million

According to allotment orders of allottees "In case the installments are not paid on due date a surcharge @5% on unpaid installment will be payable". Further, according to Clause No.6 of the agreement "if the allottees fail to pay the installments in time and the surcharge thereon remains in arrears for more

than six months the Authority will have the right to cancel the allotment.” Further, according to Clause No. 1 of agreement, “allottees agreed to pay the remaining amount in three years in 12 equal quarterly installments from the date of issuance of the allotment order as specified in the schedule of payment shown in the allotment order book”. Furthermore, according to Clause No.6 of agreement, “if the allottees failed to pay the installments in time and the surcharge thereon remains in arrears for more than six months the Authority will have the right to cancel the allotment”.

Quetta Development Authority failed to collect the outstanding charges and late payment surcharge against the allottees of the residential plots of Zarghoon Housing Scheme resulting in a loss of Rs. 206.56 million during the financial year 2020-21. Management neither recovered the outstanding dues nor cancelled the plots as detailed in Annexure - 19.1.

Non-recovery of outstanding amount with late payment surcharge caused a loss to the authority.

The matter was reported to the department in December, 2021 but no reply was received.

In the DAC meeting held on January 14, 2022, QDA management intimated that final notices have been issued to the concerned allottees for early recovery of outstanding amounts. DAC directed that the remaining outstanding amount and surcharge may be recovered under intimation to Audit.

No progress was intimated till finalization of this report.

Audit recommends that outstanding amount be recovered from the residential plots owners or the plots may be cancelled as provided in the contract agreement under intimation to Audit.

19.2.2 Non-withholding of Capital Value Tax-Rs 13.820 million

According to allotment orders, “4% of total cost of allotted plot as Capital Value Tax shall be paid to the Government by the allottee on allotment of commercial plots of any size and residential plots of Category “A-1” 500 Sq Yards and above”.

Quetta Development Authority during the financial year 2020-21, failed to withhold Capital Value Tax @ 4% from the allottees of the Zarghoon Housing Scheme in respect of commercial and residential plots, resulting in a loss of Rs 13.820 million, as detailed in Annexure - 19.2.

Non-withholding of Capital Value Tax indicated weak financial management which caused loss to the Government exchequer.

The matter was reported to the department in December 2021, but no reply was received.

In the DAC meeting held on January 14, 2022, QDA management apprised that notices have been issued to the concerned allottees for early recovery of CVT. DAC directed that the remaining outstanding amount on account of CVT may be recovered under intimation to audit.

No progress was intimated till finalization of this report.

Audit recommends that government dues on account of Capital Value Tax be realized from the allottees of commercial and residential plots at the earliest.

19.2.3 Less realization of outstanding fee - Rs. 1.168 million

According to the Rule 26 of GFR, Vol.-1, "It is the duty of Department Controlling Officers to see that all sums due to the Government are regularly and promptly assessed, realized and duly credited in the public account".

Quetta Development Authority realized less receipt of Rs.1.168 million during the financial years 2020-21, on account of Parking fee of Jabal-e-Noor, Quetta from the Government Contractor @ Rs. 5,540/- per day, as detailed below:

(Rs. in million)						
S. No.	Financial year	Dues	Received	Outstanding (2020-21)	Previous Dues	Total Outstanding
1	2020-21 365 days @ Rs. 5,440 per day	1.985	1.379	0.606	0.562	1.168

Non recovery of government dues caused loss to the authority.

The matter was reported to the department in December, 2020 but no reply was received.

In the DAC meeting held on January 14, 2022, management of QDA intimated that due to Covid pandemic the collection fee declined. DAC directed for an early recovery.

No progress was intimated till finalization of this report.

Audit recommends that full recovery of government dues be made under intimation to Audit.

19.2.4 Non conducting of internal audit

According to GFR 13, Vol.-I, “It is the responsibility of the Controlling Officer: to ensure internal checks under his control to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money and stores. To get inspect the accounts of his office and those of sub-ordinate offices under his control for securing regularity and propriety in various financial transactions, and to endorse a copy of the internal Audit/Inspection Report to Audit, after his scrutiny of report.”

Quetta Development Authority has not conducted internal audit during the financial year 2020-21. It is the utmost responsibility of the controlling officer, to ensure internal controls are in place, detect fraud and irregularity in the entity, if any, and convey the same to audit through internal audit report.

Non-conduct of internal audit depicted weak financial management.

The matter was reported to the department during on December but no reply was received.

In the DAC meeting held on January 14, 2022, management of QDA intimated that the QDA has an internal audit section, audit was of the view that the work being carried out by that section pertains to pre audit. DAC directed that a regular annual internal inspection of the QDA may be carried out by a team designated by DG QDA and report thereof be provided to audit.

No progress was intimated till finalization of this report.

Audit recommends that internal audit should be a regular feature in the department and be carried out once in a financial year as required under the rules.

Chapter 20

20.1 Services and General Administration Department (S&GAD)

20.1.1 Introduction

The S&GAD holds a key position among the provincial organizations. It deals with all the posting transfer, appointments, promotion and allied matters of Balochistan Government. It also manages VIP Flats, Bachelor Hostel, Quetta and Balochistan House, Islamabad. Civil Estate Officer, Chief Pilot, Anticorruption and Service Tribunal.

20.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs. 6,583.371 million were allocated to the department during 2020-21. Against the said allocation, an expenditure of Rs. 5,860.371 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	Percentage
Non-Development Grant No.BC21001	3,535.701	2,888.200	(-)647.501	18.31
Development Grant No. BC12201 Function No.061120	3,047.670	2,971.954	(-)75.716	2.48
Grand Total Non-Development & Development	6,583.371	5,860.154	(-)723.217	10.99

20.1.3 Audit profile of S&GAD, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	19	2	145.156	-

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

20.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 93.978 million was raised in this report during the audit of Services and General Administration Department. This amount also includes recoveries of Rs. 6.359 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Loss	26.543
2	Tax and duties	6.359
3	Irregularities	13.794
4	Unauthorized expenditure	7.124

20.1.5 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2004-2005	5	-	5	0
2	2009-2010	3	-	3	0
3	2012-2013	12	-	12	0
4	2013-2014	7	-	7	0
5	2014-2015	6	-	6	0
6	2016-2017	5	-	0	100%

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
7	2017-2018	19	19	0	100%
8	2018-2019	4	4	0	100%
9	2019-2020	10	-	11	0
10	2020-2021	5	-	5	0
Total		76	23	49	30%

Audit Reports have not yet been discussed by the PAC.

20.2 AUDIT PARAS

20.2.1 Non-realization of outstanding dues - Rs. 40.158 million

According to Rule 8(vi) of Balochistan Residential Accommodation Rules, 2003, "In the event of dismissal, removal, resignation, transfer and retirement, the accommodation shall be vacated within two months of event." Further, as per Para 26 of GFR, Vol.-I, "It is the duty of the departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized, and duly credited in the government account."

Balochistan House, Islamabad failed to recover an amount of Rs. 40.158 million which was outstanding against the occupants of the rooms of Balochistan house, Family Suites and Bachelor Rooms of G-8/4 flat during the financial years 2015-16 to 2019-20, as detailed below:

(Rs. in million)

S. No.	Year	Room Charges	Telephone	Transport	Total
Balochistan House Islamabad					
1	2015-16	0.875	0.026	0.094	0.995
2	2016-17	3.563	0.056	0.294	3.913
3	2017-18	0.849	0.022	0.188	1.051
4	2018-19	3.851	0.081	0.909	4.84
5	2019-20	All charges have been included therein			6.715
6	2019-21	G-8 Flats outstanding rent			22.644
Total					40.158

Non realization of government dues caused a loss to government.

The matter was reported to the department in August 2021 but no reply was received.

In DAC meeting held on January 13, 2022, the management informed that an amount of Rs. 27.584 million was outstanding. DAC directed for provision of challans of recoveries made and recovery of outstanding amount at earliest.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected under intimation to audit.

20.2.2 Accrued losses on account of utilities due to one meter – Rs. 26.543 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 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 ornament officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.”

In Balochistan House, Islamabad there was only one meter for Gas and one meter for Electricity for the whole compound including CM / Governor Annexes, Residential colony, Cafeteria and laundry which resulted in huge payment due to higher slab rates, as detailed below.

(Rs. in million)			
S. No.	Months	Electricity	Gas
1	August, 2020	2,184,054	0
2	September, 2020	2,363,234	0
3	October, 2020	4,202,975	526,480
4	November, 2020	1,569,894	693,462
5	December, 2020	1,079,303	939,230
6	January, 2021	1,569,894	1,110,483
7	February, 2021	1,648,098	886,164
8	March, 2021	965,201	832,581
9	April, 2021	961,601	1,591,620

S. No.	Months	Electricity	Gas
10	May, 2021	1,282,133	1,082,690
11	June, 2021	1,054,000	0
Total		18,880,387	7,662,710
G. Total		26.543	

Excess payment of utilities on behalf of the whole complex was extra financial burden on the government.

The matter was reported to the department on December 22, 2021 but no reply was received.

In DAC meeting held on January 13, 2022, DAC directed that separate utility meters may be installed to reduce the undue financial burden on the government exchequer.

No progress was intimated till finalization of this report.

Audit recommends that separate utility meters may be installed for CM / Governor Annexes, Residential colony, Cafeteria and laundry to reduce the undue financial burden on the government exchequer besides, affecting recovery.

20.2.3 Wastage of public money - Rs. 9.915 million

According to GFR Para-10 (i&ii) Vol-I, “every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money and the expenditure should not be prima facie more than the occasion demands”. As per Tenancy Agreement clause 4(i), the Board at the time of commencement of tenancy will ensure that the premises are structurally sound and in first class tenable condition beside being properly painted, waxed and polished and that all fixtures, fittings, appliances, doors, windows, glass, locks, electrical wiring, plumbing water and sanitary connections are in good, safe and working condition.

Government of Balochistan Camp Office, CPEC Islamabad incurred an expenditure of Rs. 2.950 million on account of Rent of Office Building by paying advance rent for the period from December 2020 to November 2021 to Evacuee Trust Property Board, Islamabad. The Camp Office did not shift to the

hired building and was housed at Balochistan House till the currency of audit and an amount of Rs. 1.290 million was also paid on account of rent to Balochistan House, Islamabad. Moreover, an amount of Rs. 5.675 million was got released for renovation of the hired building vide Finance Department order dated September 13, 2021 in violation of Tenancy Agreement clause 4(i). Thus, public money was wasted by paying rent without occupying the building and further spending Rs. 5.675 million on account of repair and renovation of the hired building.

Spending of money without proper homework and planning resulted in wastage of public money.

The matter was reported to the department on December 22, 2021, to which the department replied that space in Evacuee Trust Complex was hired because the premises in Balochistan House was required to be vacated on the orders of Honorable Balochistan High Court. The hired accommodation needed renovation. The renovation is in progress which has been delayed particularly due to restrictions of Covid-19. The renovation of said office will be completed by January 2022.

In DAC meeting held on January 13, 2022, the respective office did not attend the meeting.

No progress was intimated till finalization of this report.

Audit recommends for fixing responsibility on the person(s) at fault for causing loss to the government.

20.2.4 Non/less deduction of government taxes - Rs. 6.359 million

According to BRA Order No. BRA/A&F/2016/059 dated August 23, 2016, BRA imposed 15% BST under Tariff classification 9819.3000 on rent a car or automobile rental services provided or rendered by suppliers. Further, as per Notification No.PAB/Legis; V (11)/2019 dated July 25, 2019, "The Balochistan Finance Bill No. 11 of 2019. "The Balochistan Finance Act (ACT NO. V OF 2019)." Explanation. - Notwithstanding the rate of 15% fixed in column 3 (rate of tax), the following reduced rate of 6%, will be applicable, for all services specified at tariff heading 9814.2000, contractor of roads and building, bridges etc. and tariff heading 9815.5000 engineering consultant."

The following offices of Secretary, Services and General Administration Department, Balochistan, Quetta incurred an expenditure of Rs. 42.724 million on account of different procurements during the financial years 2019-20, but the management failed to deduct BSTS @ 15% and 6% on services and civil works from the suppliers and contractors respectively amounting to Rs.6.359 million as detailed in Annexure – 20.1.

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formation	Amount
1	16	2019-20	Secretary, Services and General Administration Department, Balochistan	0.826
2	13		Chief Pilot, Governor Aircraft, Balochistan	5.350
3	2		Chief Pilot, Chief Minister Aircraft, Balochistan	0.183
Total				6.359

Non deduction of BSTS resulted in a loss to the government.

The matter was reported to the department in March, April and August 2021 but no reply was received.

In the DAC meeting held on January 13, 2022, DAC directed the management to provide evidences regarding deduction of BSTS within fifteen days otherwise BSTS be recovered from the concerned vendors.

No progress was intimated till finalization of this report.

Audit recommends that recovery of BSTS may be made under intimation to audit.

20.2.5 Unauthorized payment on account of house requisition, conveyance and utility allowances - Rs. 5.265 million

As per S&GAD Government of Balochistan Notification No. CEO(S&GAD)/House Requisition/2-1/2006/602-25 dated September 04, 2006, "Requisitioning shall be applicable in respect of Private House/accommodation owned by the concerned employee or his relative or on in rented house." And as per standing orders of the government, "The Government servants are not

entitled to avail Utility Allowance for Gas and Electricity who are consuming utilities on the cost of government and are also not entitled to draw conveyance allowance if the residence and office premises are same.” Further according to Finance Division’s OM No 2(2)P-5/83, dated April 10, 1988, and number 2(1)R-5/991, dated August 25, 1991, house rent allowance shall not be admissible to a Government servant residing in an accommodation provided by the Government.

In Balochistan House, Bolan Residential Flats at G-8, Islamabad a payment of an amount of Rs. 5.265 million was made on account of Conveyance, House Requisition and utility allowances to the employees during the financial year 2019-20 which was unauthorized, as detailed in Annexure 20.2:

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formation	Amount
1	04	2019-20	Balochistan House, Islamabad	3.880
2	03	2019-20	In Balochistan House, Bolan Residential Flats at G-8, Islamabad	1.385
Total				5.265

Payment of inadmissible allowances was unauthorized.

The matter was reported to the department in August 2021 but no reply was received.

In DAC meeting held on January 13, 2022, DAC directed the management of Balochistan House for stoppage of said allowances and early recovery of allowances.

No progress was intimated till finalization of this report.

Audit recommends that the recovery from the concerned may be made without further delay.

20.2.6 Irregular retention of public money - Rs. 3.879 million

As per Treasury Rules 290, “No money shall be drawn from Treasury unless it is required for immediate disbursement. It is not permissible to draw

money from the account in anticipation of demand or to prevent the lapse of budget grant.”

In the following offices of Secretary, Services and General Administration Department, Balochistan, Quetta, public money amounting to Rs. 3.879 million was lying in bank accounts without any justification.

(Rs. in million)

S. No.	AIR Para No.	Period	Name of formation	Amount
1	13	2019-20	Secretary, Services and General Administration Department, Balochistan	1.659
4	04	2020-21	Balochistan House, Islamabad	2.220
Total				3.879

Retention of government money without justification was irregular.

The matter was reported to the department in April and August 2021 but no reply was received.

In the DAC meeting held on January 13, 2022, The management provided the approval of Finance department regarding opening of bank account. DAC directed the management that the public money may be deposited in government account immediately.

No progress was intimated till finalization of this report.

Audit recommends that all public money lying in the bank accounts may be deposited under intimation to audit.

20.2.7 Unauthorized allotment of vehicles and expenditure thereon – Rs. 1.859 million

As per Staff Car rules Notification No. U.O. No. PS/S.SGA&ID/99 dated December 29, 1999. “All officers posted in Secretariat in Grade-19 and above are entitled to one Vehicle and 250 liters POL Per month.”

The Secretary, Services and General Administration Department, Balochistan, Quetta allotted government vehicles to those officers/officials who were not entitled during the financial year 2019-20. An expenditure of Rs. 1.859

million was incurred on account of POL and repair of vehicles. Further, audit could not ascertain the deduction of conveyance allowance from the concerned employees due to non-provision of pay slips, as detailed in Annexure 20.3.

Allotment of the government vehicles to unentitled officials / officers and expenditure was unauthorized.

The matter was reported to the department on August 08, 2021 but no reply was received.

In DAC meeting held on January 13, 2022, DAC directed for provision of rules regarding allotment of vehicles to PS, PAs and Assistants.

No further progress was intimated till finalization of this report.

Audit recommends retrieving of government vehicles from the unentitled officials / officers immediately, besides making recovery of expenditure incurred thereon.

Chapter 21

21 Urban Planning

21.1 Introduction

The Department is entrusted the task to oversee all Urban and housing facilities for the people of Balochistan. It has initiated planning for all major cities of the province so that the civic needs could be catered properly. It is also endeavoring numerous development schemes are under construction in urban areas of Balochistan.

21.1.1 Comments on Budget and Accounts (Variance Analysis)

Development and Non-Development funds amounting to Rs.1,235.239 million were allocated to the Department during 2020-21. Against the said allocation, an expenditure of Rs.1,157.457 million was incurred, as summarized below:

(Rs. in million)

Type of grant	2020-21			
	Final grant	Actual expenditure	Excess/ (Saving)	%
Non-Development Grant No.BC21057	262.159	220.182	(-)41.977	16.01
Development Grant No. BC12253 Function No.015201	973.080	937.275	(-)35.805	3.68
Grand Total Non-Development & Development	1,235.239	1,157.457	(-)77.782	6.30

21.1.3 Audit profile of Urban Planning, Balochistan

(Rs. in million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2020-21	Revenue/ Receipts audited financial year 2020-21
1	Formations	10	2	311.972	-
2	Assignment Accounts	-	-	-	-
3	Special Drawing Accounts	-	-	-	-
4	Authorities/ Autonomous Bodies etc. under the PAO	-	-	-	-
5	Foreign Aided Project (FAP)	-	-	-	-

21.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 23.346 million was raised in this report during the audit of Services and General Administration Department. This amount also includes recoveries of Rs. 7.729 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)

S. No.	Classification	Amount
1	Overpayment	15.617
2	Government Tax & Duties	7.729

21.1.3 Brief comments on the status of compliance with PAC directives

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
1	2011-2012	2	-	2	0
2	2013-2014	4	-	4	
TOTAL		6	-	6	0

21.2 AUDIT PARAS

21.2.1 Overpayment due to allowing inadmissible / incorrect higher rate - Rs. 11.258 million

According to Para 16 and 220 of CPWA Code, “The Divisional and Sub Divisional officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically.”

The following offices of UP&DD awarded various works during the financial year 2019-20. An amount of Rs. 11.258 million was overpaid to the contractors due to allowing inadmissible and incorrect higher rates, as detailed in Annexure 21.1.

(Rs. in million)

S. No.	Name of Office	AIR Para No. / Year	Amount
1	Executive Engineer, UP&D, Kech	07 / 2019-20	3.382
2	Executive Engineer, UP&D, Kech	09 / 2019-20	5.837
3	Executive Engineer, UP&D, Naseerabad	07 / 2019-20	0.859
4	Executive Engineer, UP&D, Quetta	07 / 2019-20	0.315
5	Executive Engineer, UP&D, Quetta	05 / 2019-20	0.865
Total			11.258

Allowing incorrect higher rates and in-admissible items resulted in an overpayment to contractors and caused loss to the government.

The matter was reported to the department in October, 2020 and January, 2021 but no reply was received.

In the DAC meeting held on November 15, 2021, the DAC directed that the amount may be recovered from the concerned contractors.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the contractors.

21.2.2 Non-deduction of BSTS - Rs. 7.729 million

According to Section 3 of BSTS Act, 2015, “The GoB has levied Sales Tax @ 6% on provision of services rendered by engineering consultants, Contractors of buildings (including water supply, gas supply and sanitary works), roads and bridges, electrical and mechanical works including air conditioning), (including turn-key projects) and similar other works.” Further, according to FD, GoB, clarification issued vide letter No. FD.SO(MPR)1-46BST/20203714-48 dated May 04, 2020, under Section-35 (1) of BSTS Act, 2015, “Every withholding agent is advised, that while making payments to service providers, deduct and withhold 100% of the tax which is charged @ 6% to construction services under tariff heading 9814.2000.”

The following offices of Urban Planning and Development Department made payments to various contractors during the financial year 2019-20 but BSTS was not / less deducted resulting in a loss of Rs. 7.729 million to the Government, as detailed in Annexure 21.2.

(Rs. in million)

S. No.	Name of Offices	AIR Para No. / year	Amount
1	Executive Engineer, UP&D, Kalat	01 / 2019-20	0.285
2	Executive Engineer, UP&D, Naseerabad	01 / 2019-20	1.155
3	Executive Engineer, UP&D, Sibi	01 / 2019-20	1.995
4	Executive Engineer, UP&D, Kech	12 / 2019-20	4.294
Total			7.729

Non deduction of BSTS caused revenue loss to the government.

The matter was reported to the department in October, December 2020 and January, 2021 but no reply was received.

In the DAC meeting held on November 15, 2021, the DAC directed the management to recover the amount from the contractors and get it verified from Audit.

No progress was intimated till finalization of this report.

Audit recommends that BSTS be recovered from the concerned contractors and deposited in the Government treasury.

21.2.3 Overpayment due to allowing inadmissible premium - Rs. 2.204 million

According to the Notification issued by the GoB, vide letter No. P&D - RO/C&T(32)1/2018-19/7299 dated July 16, 2018 “The rates of the items mentioned in the CSR, 2018 are applicable.” The Government has not allowed/announced any premium on said CSR, 2018.

In the following offices of UP&DD, an overpayment of Rs. 2.204 million was made to various contractors during the financial year 2019-20 due to allowing inadmissible premium on CSR, 2018. The Premium was inadmissible as P&D Department did not notify it till date, as detailed in Annexure 21.3.

(Rs. in million)

S. No.	Name of office	AIR Para No./year	Amount
1	Executive Engineer, UP&D, Kalat	02/2019-20	1.270
2	Executive Engineer, UP&D, Naseerabad	02/2019-20	0.934
Total			2.204

Undue financial benefit was extended to the contractors.

The matter was reported to the department in December, 2020 and January, 2021 but no reply was received.

In the DAC meeting held on November 15, 2021, the department contented that premium was approved in minutes of the meeting of P&D department. The DAC did not accept the reply of the department and stated that premium was not notified separately by the government of Balochistan. DAC directed to recover the overpaid amount of premium from the contractors under intimation to audit.

No progress was intimated till finalization of this report.

Audit recommends that responsibility may be fixed against the officials at fault, besides affecting recovery from the concerned contractors.

21.2.4 Overpayment due to allowing inadmissible premium on NSR items - Rs. 2.155 million

As per CPWA Code 16 and 221, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.” Further, as per Para 296 of CPWA Code, “To facilitate preparation of estimates and also to serve as a guide in settling rates in connection with contract agreement, a schedule of rates for each kind of work should be maintained. It should be prepared on the basis of the rates prevailing in each locality. The rates entered in estimate should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report to estimate.”

Executive Engineer, Urban Planning and Development Department, Kech awarded the work “Water Supply Scheme at Tehsil Dasht, District Kech” to government contractor at an estimated cost of Rs. 39.986 million during the financial year 2019-20. The management allowed premium of Rs. 2.155 million on NSR items, which was not admissible, as detailed below:

(Rs. in million)

AIR Para No. / year	NSR Item of work	Unit (No.)	Rate (Rs.)	Amount	Premium paid @ 52.95%
08 / 2019-20	Supply and Fixing of Engine 30 HP with Turbine	04	0.680 each	2.720	1.440
	Supply and Installation of Submersible Pump	09	0.150 each	1.350	0.715
Total					2.155

Undue financial benefit was extended to the contractor resulting in a loss to the government.

The matter was reported to the department in October, 2020 but no reply was received.

In the DAC meeting held on November 15, 2021, the Department accepted the stance of audit. DAC directed that the amount may be recovered from the concerned contractor.

No progress was intimated till finalization of this report.

Audit recommends that recovery be affected from the contractor.

Chapter 22

22.1 Miscellaneous Departments

22.1.1 Non-rendering of vouched account - Rs.11.935 million

As per Rule 308 of Treasury Rules, “Advance drawl on abstract contingent bill may be made subject to presentation of detailed vouched adjustment account duly countersigned by the head of the department on submission to the AG Balochistan.”

Director Culture, Quetta withdrew an amount of Rs. 11.935 million during the financial years 2018-19 and 2019-20 on abstract contingent bills but adjustment account was neither submitted to AG office nor was made available to audit for scrutiny as detailed below:

(Rs. in million)

S. No.	Particulars	Cheque No. and date	Amount
1	Participation in Lok Mela at Islamabad	1424692, 26.10.18	5.935
2	Pashto Literacy Movement, Quetta	Nil	0.500
3	Izat Academy, Panjgur	Nil	1.000
4	Kablagh-e-Azragi, (Hazaragi culture)	1477726, 27.09.19	3.000
5	Zulam Tore Falahi Tanzeem, Jaffarabad	1484951, 13.11.19	0.500
6	RCDC Council, Gwadar	1509451, 28.01.20	1.000
Total			11.935

Non presenting of vouched account rendered the expenditure unaudited.

The matter was reported to the department in May and July, 2020 but no reply was received.

In the DAC meeting held on December 13, 2021, the department informed that vouched accounts are ready for verification. Forum directed the department to submit vouched accounts to audit.

No record was produced to audit till finalization of this report.

Audit recommends that vouched accounts be produced to audit for verification.

22.2 Non-realization of property tax and imposition of penalty - Rs. 19.918 million

As per Section 15 (1) 1 of the Urban Immovable Property Tax Act, 1958, “if any person on being served with such notice as may be prescribed fails to pay within the period specified in the notice any amount due from him on account of the tax, the prescribed authority may recover from him as penalty a sum not exceeding the amount of the tax so unpaid, in addition to the amount of the tax payable by him.”

The Director General, Excise, Taxation and Anti-Narcotics (South Zone), Balochistan, Hub failed to recover property tax and penalty amounting to Rs. 19.918 million during the financial year 2019-20. The recovery pertained to the financial years 1996 to 2020, as detailed in Annexure – 22.1

Rs. in million				
AIR Para No	Number of defaulters	Gross amount	10% Penalty	Amount Recoverable
3	21	18.108	1.810	19.918

Non realization of due government tax and non-imposition of penalty caused a revenue loss to the Government.

The matter was reported to the department in March, 2021 but no reply was received.

In the DAC meeting held on December 23, 2021, the department intimated that the amount of Rs.19.918 million is still outstanding against the

defaulters. However, efforts are being made to recover the amounts from the concerned defaulters. The DAC directed the department to recover the amount from concerned defaulters without further delay.

No progress was intimated till finalization of this report.

Audit recommends that recovery be made from the concerned under intimation to audit.

Thematic Audit

23 Thematic Audit of Irrigation Department

23.1 Ground water recharge through construction of dams

23.1.1 Introduction

Water is becoming scarce commodity especially in arid and semi-arid regions of the world. Problem of water scarcity is exacerbated by population growth, horizontal and vertical expansion of agriculture, and rapid urbanization. The province of Balochistan is an arid area with an average annual rainfall of 2 to 20 inches (50 to 500 mm)¹. The province is frequently hit by extreme events of floods and droughts adversely impacting the economy of the province.

Due to lack of proper infrastructure to tap and utilize surface / flood flows, the entire dependence of agriculture is on pumping of groundwater because of which, presently this scarce resource is being mined and is diminishing at a rapid pace. In Balochistan, groundwater extracted through dugwells, tube wells, springs and karezes, is the main source of water for irrigation of orchards and other cash crops besides domestic and industrial uses². If the trend continues, the groundwater resources will be completely exhausted.

This is evident from the fact that at present, the groundwater balance is in deficit to an extent of 0.375 MAF³. The surface water flow offers great potential for exploitation for irrigation and drinking purposes. According to an estimate, the surface water balance (availability – use) is about 6.94 MAF⁴, which, if properly tapped and exploited, will suffice not only the drinking water requirements but also the agricultural requirements of the province. For the

¹ Government of Balochistan. About Balochistan. [Online] [Cited: 16 January 2022.] <https://balochistan.gov.pk/explore-balochistan/about%20%20balochistan/>.

² Muhammad Ashraf, Ashfaq Ahmed Sheikh. Sustainable Groundwater Management in Balochistan. Islamabad : Pakistan Council of Research in Water Resources, 2017

³ Pakistan Engineering Services, Camoes Consultants. Impact Evaluation of Constructed Small and Medium Dams in Balochistan. s.l. : Irrigation Department, Government of Balochistan, 2019

⁴ Ibid

same purpose the Government of Balochistan has constructed about 485⁵ small, medium, and large dams throughout the province to tap and divert surface flood flows for irrigation, drinking and flood control purposes.

The government of Balochistan in collaboration with the Government of Pakistan has constructed many reservoirs during the past 5 years. Some of the major projects in this regard include 100 Dams Project, Basol Dam Project, Toiwar Batozai Dam Project, Garuk Dam Project, Winder Dam Project and Mangi Dam Project. The Balochistan government has expedited the construction work on development of dams and enhanced the allocation in Public Sector Development Programme (PSDP) of current fiscal year to resolve the water scarcity issue in the province. In the financial year 2021-22, Rs 298 million has been allocated for construction of Awaran Dam and development of Command Area from a total estimated cost of Rs1.492 billion to harvest rainwater as the area was dependent on ground water⁶.

The government had spent Rs 860.868 million on the development of Phase II of the Command Area Development of Mirani Dam and Sabakzai Dam while Rs 572.682 million has been earmarked for Command Areas of these dams in Phase III. In addition, Rs 400 million has been earmarked for development of Kachhi Canal Command Area, which will enable the cultivation of 29,000 acres barren lands in Dera Bugti and adjoining areas. The allocations in PSDP for the current fiscal year would meet the requirements of developing water storing facilities in the province⁷.

However, there have always been apprehensions about the cost effectiveness of these dams and this Thematic Audit was undertaken with the same purpose to evaluate the impact of these dams on the ground water table and to analyze if the purpose could have been achieved through alternate cost-effective projects.

23.1.2 Background

Climate of Balochistan is characterized by extreme climatic conditions with majority of the area either under drought or drought like conditions has

⁵ Ibid

⁶ Irrigation Department. Presentation on District-Wise Groundwater Monitoring and Future Plan for Balochistan. 2021

⁷ Government of Balochistan. Budget Book: PSDP 2020-21 (Sector Wise). 2021

been prevalent for long periods of time and much of the annual rainfall happening in short spells of intense bursts mostly in the winter months. Prolonged dryness renders the topsoil layer loose which, when combines with short but heavy downburst spells creates perfect conditions for floods that wreak havoc in the basin areas of rivers and mountain torrents causing damage to both lives and property of the people living in those areas. For instance, estimated direct and indirect damages to the agriculture and livestock sectors during 2011 floods in Balochistan were US\$ 104 million, as assessed jointly by the World Bank and the Asian Development Bank⁸.

Balochistan a massive land mass consisting of 347,190 km², 44% of the total land mass of Pakistan which can be divided into 18 river basins and 73 sub-river basins as illustrated in the figure 1 and, basin-wise water availability is summarized in table below⁹:



Figure 1: Geographical illustration of Basins in Balochistan

⁸ World Bank, Asian Development Bank. 2011 Pakistan floods: preliminary damage and needs assessment. Washington, DC : World Bank, 2012

⁹ Pakistan Engineering Services, Camoes Consultants. Impact Evaluation of Constructed Small and Medium Dams in Balochistan. s.l. : Irrigation Department, Government of Balochistan, 2019

The water availability in the abovementioned basins is illustrated from the following table during the period from 1998 to 2021¹⁰.

Unit: million cubic meters				
Basin	Nespak (1998)	AAB (2005)	Cameos and Halcrow (2007)	Cameos (2021)
Dasht	1384	1118	660	585
Gaj	238	198	233	309
Gwadar-ormara	--	--	546	646
Hamun-e-lora	228	246	189	386
Hamun-e-mashkhel	1910	2736	2078	3504
Hingol	1842	1445	942	3184
Hub	--	--	380	153
Kadnai	--	--	77	395
Kaha	--	--	515	323
Kand	--	--	18	179
Kundar	208	141	103	398
Nari	3799	10959	3057	6187
Pishinlora	1222	804	302	1406
Porali	1365	1156	1106	536
Rakhshani	484	430	320	153
Zhob	1165	1113	267	935
Total	13,845	20,346	10,793	19,279

Figure 2: Basin-wise surface water availability

According to an estimate by the Irrigation Department, Government of Balochistan, the total ground water available for use is 15 % of the total water available, meaning thereby the surface water should be used 85%, while due to

¹⁰ Irrigation Department. Presentation on District-Wise Groundwater Monitoring and Future Plan for Balochistan. 2021

mismangement the surface water is used 44 % instead of 85%, leading to burden on the ground water resources. The same is illustrated from the pie chart below¹¹:

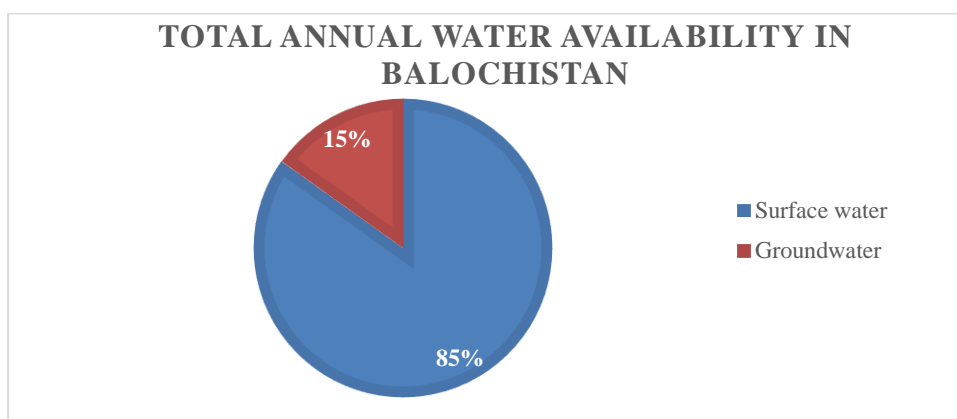


Figure 3: Total water availability in Balochistan

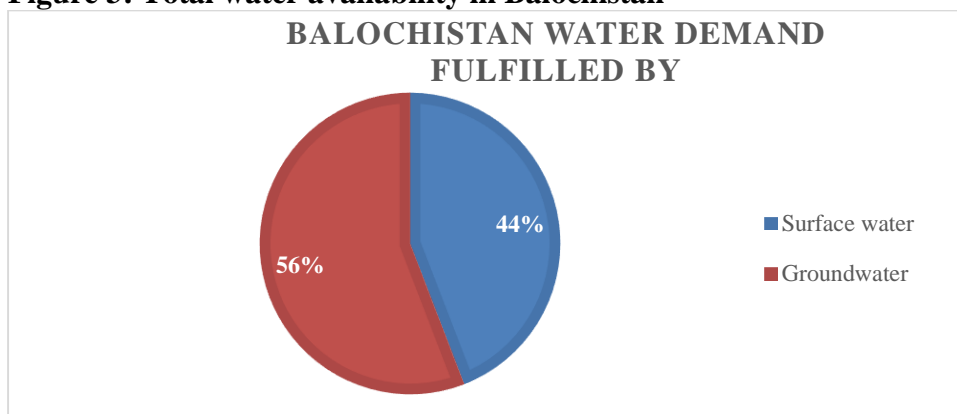


Figure 4: Water fulfilment by the two available resources

From the illustrations above it is clearly evident that much of the surface water resources remain under-utilized and much of the resources remain untapped, while on the other hand ground water resources are over utilized creating a negative balance and ultimately causing depletion of the ground water resource. District-wise depletion is summarized in the table below¹²

¹¹ Ibid

¹² Irrigation Department. Presentation on District-Wise Groundwater Monitoring and Future Plan for Balochistan. 2021

(Water level in Feet)

S. No.	Name of district	Water level		Depletion from 2010 to 2021	Average per year depletion
		2010	2021		
1	Quetta	300	600	300	25
2	Qilla Abdullah	450	800	350	29
3	Pishin	300	450	150	13
4	Kalat	320	650	330	28
5	Mastung	180	480	300	25
6	Sibi	80	200	120	10
7	Harnai	160	300	140	12
8	Ziarat	380	560	180	15
9	Loralai	220	500	280	23
10	Duki	120	300	180	15
11	Musakhel	140	350	210	18
12	Kohlu	80	220	140	12
13	DeraBugti	200	300	100	8
14	Barkhan	160	280	120	10
15	QilaSaifullah	150	550	400	33
16	Zhob	130	450	320	27
17	Shirani	60	100	40	3
18	Naseerabad	80	320	240	20
19	Jaferabad	80	400	320	27
20	Suhbatpur	75	375	300	25
21	JhalMagsi	70	350	280	23
22	Kachi (Bolan)	140	220	80	7
23	Lasbela	140	280	140	12
24	Noshki	200	320	120	10
25	Kharan	80	220	140	12
26	Awaran	70	200	130	11
27	Washok	80	100	20	2
28	Khuzdar	140	300	160	13
29	Sikandarabad	180	280	100	8
30	Gawadar	160	305	145	12
31	Punjgoor	140	250	110	9
32	Turbat	180	360	180	15

Figure 5: Ground water level data of Balochistan 2010 to 2020

To capitalize on the available surface water resources and for recharge of ground water the Government of Balochistan has initiated a number of projects to store river water and run-off torrent water that includes both small/delay action dams as well as larger capacity dams. However, monitoring network to evaluate the effectiveness of these dams in recharging the ground water is very narrow and in some places close to non-existing. Present groundwater monitoring network is sporadic, inadequate and does not fulfil the required monitoring network standards. The network is limited to only selected sub basins of Pishin Lora Basin whereas, the remaining Basins and sub basins of the province are lacking such groundwater monitoring network.

Thematic audit is an attempt to analyse the ground water recharge through construction of dams and examine the reasons behind depleting ground water resources despite availability of surface water and construction of hundreds of dams.

23.1.3 Establishing the Audit Theme

23.1.3.1 Reasons for Selection

Groundwater in Balochistan is depleting at a rapid pace, and the Government of Balochistan, and the Federal Government are actively involved in investing in the sector for surface water interventions and ground water recharge. The matter is of prime importance due to the fact that in case of total depletion of aquifers, only fossil water will be available for use which can deplete within months, and the ultimate consequence will be a drastic humanitarian crisis and mass migration.

The SDGs goal 6¹³ is about ensuring availability of sustainable management of water and sanitation for all, and the same has been adopted by the Government of Pakistan in its National Prioritised Goals under the SDGs framework 2018¹⁴.

¹³ Sustainable Development Goals: Sustainable Development Knowledge Platform. Division for Sustainable Development Goals, United Nations. [Online] [Cited: 16 1 2022.]

¹⁴ Federal SDGs Support Unit. National SDGs Framework for Pakistan. s.l. : UNDP, 2018

23.1.3.2 Purpose / Objectives

The main purpose of the audit is to assess the level of seriousness assigned to the problem by the government through policy interventions and coordination with other stakeholders. To the how much extent the government has been effective and economical in utilizing its resources towards the achievement of its goal and the extent up to which the government has been successful in achieving them. Furthermore, to what extent the government has coped up with the declining water levels and drought conditions which are adversely affecting the people in the uplands, as the dying karez system forces the people of the province to struggle to find new sustainable livelihood activities. Thematic audit will also assess the introduction of modern means and techniques of water friendly irrigation.

23.1.3.3 Scope

21 formations under the PAO/Secretary, Government of Balochistan, Irrigation Department, with an estimated budget of Rs. 17,426.819¹⁵ million were audited under the following ToRs:

- To check whether sufficient Environmental Impact Study and Feasibility Studies have been conducted before starting these projects to identify viable site options.
- Coordination of the relevant departments/authority.
- Monitoring by Planning and Development (P&D) Department and executing department.
- Research conducted by the relevant departments/authority.
- To check whether factors of efficiency, effectiveness and economy have been observed in ensuring the above objective.
- To check compliance of operational rules like CPWD Code, P&D rules, etc.
- To check compliance of rates of CSRs.
- To check tender and biddings process against compliance of rules of BPPRs, 2014 and standards of transparency, fair competition and quality in procurement and contract agreements.
- Adoption of better checks and balances by establishing regular groundwater monitoring network by the provincial government.

¹⁵ Government of Balochistan. Budget Book: PSDP 2020-21 (Sector Wise). 2021

23.1.4 Legal Framework governing the Theme

The Legal Framework governing the theme includes:

- Primary Legislation:
 - Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.
 - Pakistan Water and Power Development Authority Act, 1958
 - Pakistan Water and Power Development Authority (Amendment) Ordinance, 1998
 - Pakistan Environmental Protection Act (PEPA), 1997
 - National Drinking Water Policy 2009
 - Pakistan Council of Research in Water Resources Act, 2007

- Secondary Legislation:
 - Manual of development projects
 - Balochistan Public Procurement Rules, 2014
 - Impact Evaluation of Small Dams Study by Irrigation Department
 - Balochistan Programme for Natural and Artificial Recharge Techniques

23.1.5 Stakeholders and Governmental Organizations identified as directly/indirectly involved

- (i) Sponsoring Authority/concerned Federal Ministry:
 - i) Ministry of Water Resources, Government of Pakistan

- (ii) Executing Authorities/Auditee Entities:
 - Irrigation Department, Government of Balochistan
 - Public Health Engineering Department, Government of Balochistan

- (iii) Collaborative Agencies:
 - Pakistan Council of Research in Water Resources (PCRWR)

23.1.6 Role of Important Organizations

i. Irrigation Department:

- Irrigation Department is having the mandate of constructing small weirs, lining of channels, flood diversion structures, and storage dams and delay action dams in the province¹⁶.

ii. PHE Department:

PHE Department has the mandate to plan, implement and monitor the development of safe drinking water and sewerage projects for all areas of the province. It is responsible to ensure health of public through supply of safe drinking water, and sanitation services.

23.1.7 Organization's Financials

The Government of Balochistan in its PSDP 2020-21 had earmarked Rs. 7927 million for Irrigation Department, out of which an expenditure of Rs. 6616.105 was incurred on a total of 287 new schemes and 328 ongoing schemes. While for Public Health Engineering Department, an allocation of Rs. 9610 million was made, against which an expenditure of Rs. 7351.348 million was made on 1421 new schemes and 326 ongoing schemes¹⁷.

23.1.8 Field Audit Activity

23.1.8.1 Methodology

The audit methodology included understanding the audited entity, conducting risk assessment, defining detailed audit objectives, developing audit program evaluating results, reporting and follow up to achieve the audit objectives.

Each entity was studied in detail before execution of field activities. The departments' functions, workings and core activities were taken into

¹⁶ Pakistan Engineering Services, Camoes Consultants. Impact Evaluation of Constructed Small and Medium Dams in Balochistan. s.l. : Irrigation Department, Government of Balochistan, 2019

¹⁷ Government of Balochistan. Budget Book: PSDP 2020-21 (Sector Wise). 2021

consideration before planning the audit. Risk areas were discussed and assessed by review of previous years audit reports and recent studies on ground water recharge. Besides, two interviews were also conducted with the key officers of the department.

23.1.8.1.1 Qualitative methodology

During field audit activities, qualitative methodology was also adopted by conducting one-on-one in-depth interviews with the Project Directors and Executives of the offices. Further, case studies on ground water level and previous years' audit reports were also consulted.

23.1.8.1.2 Quantitative methodology

During field audit activities, data was also collected by using quantitative methodology by conducting field visits and surveys of different dams and sites. Quantifiable data was collected from field offices by review of accounts and related documents and analysed by performing statistical, mathematical, or computational techniques.

23.1.8.2 Audit Analysis

23.1.8.2.1 Review of Internal Controls

The three main types of Internal Controls: detective, preventative, and corrective were evaluated. It was observed that the detective controls were not properly in function. Audit detected various weaknesses in internal controls which were detailed in significant audit observations. Due to lack of proper detective internal controls, the other two preventative and corrective controls were also inadequate and resulted in financial, managerial, and procedural irregularities.

23.1.8.2.2 Critical review

The province is characterized by lack of recharge, lack of rain water harvesting high evaporation rate coupled with increasing extraction from aquifers leading to water scarcity. Proliferation of tube-wells incentivized by government policy interventions and continued subsidy for electric tube-wells for agriculture and choice for high-water consumption crops have led to steep decline in water tables. There is inconsistency in the planning of government

regarding construction of water reservoirs. Allocation for the financial year 2019-20 on 12 dam projects remained less than 1% percent and these projects were kept under title “Schemes to be reassessed for socio economic viability” after incurring an expenditure of Rs. 975.051 million on these projects during the financial years 2010-11 to 2018-19. The expenditure against these projects till June 30, 2019 on an average was more than 50% of the estimated cost. Allocation of less than 1% after having spent more than 50% of the estimated cost and placing these dam projects for reassessment raised questions on priorities of the government viz a viz ground water recharge,

Despite all the efforts made by both the Government of Balochistan and the federal government, groundwater recharge has not borne substantial benefits due to the reason that either the projects are ongoing or the completed projects have not catered for the aquifers recharge. The aquifers are depleting to a critical level where there is the risk of total depletion.

The federal government has established Pakistan Council of Research in Water Resources under PCRWR Act 2007 and one of its subordinate offices is established in the province of Balochistan. During thematic audit, it was observed that the government of Balochistan was lacking coordination with the office of PCRWR Quetta, which was engaged in research activities over the matter. The Council had recommended establishment of a Groundwater Management and Monitoring Authority in Balochistan, for the sole purpose of monitoring the depleting resources of aquifers and management of the surface water. The Government of Balochistan has not been successful in establishment of the authority till date, which has led to the condition that the matter has remained unattended. Along with the same, seriousness of the matter needed intervention from provincial government for extraction of the groundwater, but the same has not happened, and pumping of groundwater is in full swing and it is estimated that there are more than 75,000 tube-wells in the province who are either issued NOCs from the government or are extracting water without government NOCs.

Mechanism for check on ground puncture for any reasons exists in the shape of Provincial Water Board, acting as watchdog and supervising District Water Committees, headed by Deputy Commissioners. The board has been unsuccessful in preventing widespread proliferation of tube-wells, and has remained dormant throughout the period.

According to the Irrigation Department, Government of Balochistan, there is ineffective and insufficient network of monitoring in the whole province. The district wise depletion figures of the Irrigation department are based on traditional methods of monitoring water table. The specialised scientific tool for monitoring water table “Piezometer” was missing in the whole province.

Groundwater recharge through modern means require lesser funds with better results, it includes, loose stone structure, inverted wells, injection wells and leaky dams etc. During thematic audit, it was observed that the government has focused only on small, medium and large dams, while lesser attention is given to modern recharge techniques. The available reservoirs have proven to be evaporation ponds and have contributed little to the water table due to poor design and sediment trapping in the main body of reservoirs.

Traditional and obsolete techniques of irrigation for agriculture purpose are prevalent in the province which is leading to wastage of groundwater and surface water. Using modern techniques, like drip irrigation, capturing and storing water, sprinkles, high efficiency irrigation system, etc. would not only save groundwater but also will help farmers to increase productivity.

Global best practices in water treatment includes water reuse (also commonly known as water recycling or water reclamation) which treats and reuses waste water for beneficial purposes such as agriculture and irrigation, groundwater replenishment, industrial processes, and environmental restoration. The government has not taken any substantive initiative to recycle the wastewater coming from different sources.

The Karez system can serve as a cost-effective water supply for agricultural and domestic uses to the people living in the area, without using any energy. The Karez-irrigated farming was threatened by several factors that included lowering of water tables and lack of support from the government in repair and maintenance of the systems. This decline in water table has seriously impacted the Karez systems, many of which have dried up, out of 1,328 karez there were only 1,053 left, which are also in continuous diminishing stage due to increase in number of tube-wells. Hence, there is a dire need to develop a proper regulatory framework to control the placement of tube-wells and enforce these rules effectively. Subsidies provided by the government to operate tube-wells have led to their proliferation and the corresponding neglect of Karez system.

Last but not the least, there is a dire need of awareness campaign for judicious use of water. In this regard social media, print and electronic media platforms can be utilized to sensitize the public about depletion of prime resources of ground water.

23.1.8.2.3 Significant Audit Observations

1. Ineffective mechanism for regulation of ground water exploitation

As per clause 6 (B), of the Balochistan Groundwater Rights Administration Ordinance 1978, the Provincial Water Board will “ make rules and regulations for use of ground water resources and administering the water rights of various persons.”, 6 (I) “ all such registered wells, karezes, springs and other means of extracting groundwater will be notified by the provincial water board”, 6 (J) “ the water board will also lay down distances between wells, springs, and karezes within which the District Water Committees shall be allowed to issue permits”

The Provincial Water Board, established under Balochistan Groundwater Rights Administration Ordinance 1978, for regulation of ground water exploitation was nonfunctional. There are District Water Committees in all the districts of the province, which are headed by the respective Deputy Commissioners of the District. It was noticed that the extraction of groundwater continued at a stretch throughout the province without issuance of permits from the DWCs, and without reporting of the same from the DWCs to the PWB.

Lack of regulation of ground water exploitation caused rapid increase in the number of illegal extractions which has led to alarming decrease in the groundwater level.

2. Depleting water table as a result of subsidy on agricultural tube wells

According to PIDE, Policy Viewpoint No. 10:2019, Turning Solarization of Agricultural Tube-wells into a Social, Economic and Environmental Win-win in Balochistan, “Affordable solar-powered tube-wells are considered as a way out to reduce the huge subsidy burden. About 900 MW electricity spared from solarization of tube wells would be more than sufficient to cover the entire power shortfall of Balochistan. However, the major drawback of this policy is the total loss of control over the operation of these standalone tube-wells which may further deplete the already stressed ground water

resources. Thus, a solution that is convincing to economists is perceived as a recipe for disaster to those concerned about environmental and natural resources sustainability.”

The GoB in collaboration with the Federal Government has subsidized the agricultural tube-wells from year July 2015. With meager rainfalls, and no perennial streams the province does not have an irrigation system and is faced with frequent droughts. This situation triggered the government for promotion of tube-wells which has altered entire waterscape of the province. This promotion of water intensive irrigation has led to indiscriminate pumping and consequent depletion of aquifer. Major drawback of this policy is the total loss of control over the operation of these standalone tube-wells which may further deplete the already stressed ground water resources. Annual groundwater depletion in some of the districts where tube-wells are subsidized is as following¹⁸:

Water level in feet

S. No.	Name of district	Water level		Depletion from 2010 to 2021	Average per year depletion
		2010	2021		
1	Quetta	300	600	300	25
2	Qilla Abdullah	450	800	350	29
3	Kalat	320	650	330	28
4	Mastung	180	480	300	25
5	Loralai	220	500	280	23
6	QilaSaifullah	150	550	400	33
7	Zhob	130	450	320	27
8	Naseerabad	80	320	240	20
9	Jaferabad	80	400	320	27
10	Suhbatpur	75	375	300	25

Instead of subsidizing research-oriented water friendly irrigation, expenditure on water intensive irrigation was due to improper planning.

¹⁸ Irrigation Department. Presentation on District-Wise Groundwater Monitoring and Future Plan for Balochistan. 2021

3. Absence of mechanism for monitoring of ground water

According to Impact Evaluation of Small Dams Study by Irrigation Department, 2019, “Development of an appropriate monitoring plan through instrumentation is of utmost importance for dam safety and assessing the recharge of shallow aquifer”.

In the Irrigation Department there existed no mechanism for monitoring of ground water level in the districts of Balochistan. While scrutinizing the PC-I of different dams, it revealed that there existed no provision for purchase of piezometer and construction of monitoring wells, V notch weirs, which indicated that the mechanism for monitoring ground water level was not in place. In the sub-basins of Pishin Lora basin only there was a system of monitoring of ground water level but the same was neither reliable nor systematic as detailed below¹⁹:

S. No.	Sub Basin	Automatic Water Level Recorder Wells	Observation Wells	Open Well
1	Quetta	3	12	8
2	Pishin	0	0	10
3	Mastung	0	0	0
4	Mangochar	0	0	0
5	Kuchlak	0	0	9
Total		3	12	27

Lack of proper monitoring mechanism has led to unreliable groundwater data.

4. Insufficient release of funds in respect of ongoing PSDP schemes - Rs. 975.051 million

As per Planning Commission Manual for Development Projects Section 1.35 (b) ongoing vs new projects, “preference is accorded to ongoing projects for their early completion. At present some 80% of total development expenditure is allocated to ongoing projects and remainder to new projects.” Further, according to BPFM Act 2020, Para 16, (2) “No development project

¹⁹ Irrigation Department. Presentation on District-Wise Groundwater Monitoring and Future Plan for Balochistan. 2021

shall be considered for inclusion in demands for grants unless it is provided with a budget allocation of at-least thirty three percent of its total cost for the coming year.”

Allocation for the financial year 2019-20 on 12 dam projects remained less than 1% percent and these projects were kept under title “Schemes to be reassessed for socio economic viability (Annexure - II) in the PSDP. The Irrigation Department, GoB had incurred an expenditure of Rs. 975.051 million on these projects during the financial years 2010-11 to 2018-19. The expenditure against these projects till June 30, 2019 on an average remained more than 50% of estimated cost (expenditure against some projects was more than 80%). Allocation of less than 1% after having spent more than 50% of estimated cost and placing these dam projects for reassessment raised question on priorities of the government viz a viz ground water recharge, as detailed in Annexure-1.

(Rs. in million)

S. No.	No. of Schemes	Estimated Cost of the Projects	Expenditure Incurred Upto June 30, 2020	% of Expenditure	Allocation for the year	Remaining Amount
1	12	1,907.740	975.051	51%	1.200	932.684

Allocation of less than 1% funds and reassessment of schemes after incurrence of more than 50% expenditure raised questions over the priorities of government over the grave issue of water scarcity.

5. Absence of modern/artificial recharge technique to improve groundwater

According to Water Programme Documents Series prepared by IUCN in the year 2000 Balochistan Programme for Natural and Artificial Recharge Techniques to improve groundwater in Balochistan includes “i) Recharge/leaky Dams, ii) Check Structure, iii) Inverted Wells, iv) Water-shed Management, etc.” Moreover, the PCRWR in 2017 successfully launched the following techniques in different areas of Balochistan, as detailed below:

S. No.	Technique	Area
1	Leaky Dams	Marget, Panjpai, Kan Mehterzai, Chashma Achozai
2	Check Structures	Margat, Barak Nallah, Killah Abdullah

S. No.	Technique	Area
3	Inverted Wells	Downstream of Leaky dams like in Marget
4	Watershed Management	Kan Mehterzai, Werzumba, Nasirwal, Ferozi Khan, Marget

The Irrigation Department was not using the modern/artificial recharge techniques to improve underground water table. The successful experiments for artificial recharge techniques by PCRWR were not adopted by the Irrigation Department. Adoption of modern techniques will not only increase groundwater level but also save the government expenditure as these techniques require less spending.

Due to non-adopting of modern/artificial recharge techniques the groundwater level is decreasing day by day.

6. Non-observance of precautions for sedimentation of reservoirs leading to ineffectiveness of dams for ground water recharge

According to PCRWR report on Sustainable Groundwater Management in Balochistan 2017, “flash floods carry huge sediments along with them. The sediment settles in the upstream of the dam body thereby reducing the recharge drastically and after one year, these dams act as evaporation ponds.” Furthermore, World Meteorological Organization under its Operational Hydrology Report No. 47, offers manual on “Sediment Management and Measurement” describes ways and methods of managing and measuring sedimentation for preserving long term reservoir capacity for permanent usage.

The groundwater depletion level despite presence of 450 small, medium and large reservoirs revealed that the recharge through these reservoirs has not happened due to sedimentation. For example the water table in Quetta is depleting at an annual rate of -25 feet despite presence of Hingi dam, Shagai dam, Spinkarez Dam, Tabai dam, Walitangi dam, and dozens of other small dams. In the district Zhob despite presence of Subakzai dam, and number of small dams, the water table is depleting at an average rate of -27 feet²⁰. The management was required to take necessary steps for sediment management and measurement using a variety of techniques.

²⁰ Pakistan Engineering Services, Camoes Consultants. Impact Evaluation of Constructed Small and Medium Dams in Balochistan. Irrigation Department, Government of Balochistan, 2019

Due to non-observance of mandatory precautions given under the relevant manual, the capacity of dam reservoirs and lives would be reduced.

7. Coordination gap between Irrigation department and PCRWR

As per Section 4, Chapter II of Pakistan Council of Research in Water Resources (PCRWR) Act, 2007, the functions of the council shall be; a) conduct, organize, coordinate and promote research on all aspects of water resources including irrigation, drainage, reclamation, navigation, drinking water, industrial water and sewerage management; b) design, develop and evaluate water conservation technologies for irrigation, drinking and industrial water; f) advise the government and submit policy recommendations regarding water quality, development, management, conservation and utilization of water resources; i) undertake contractual research, provide consultancy services and collaborate with other organizations in the public and private sector.

There was no coordination between Irrigation department and PCRWR regional office since inception of the office. The expertise, research work and water conservation technologies of PCRWR could have been utilized for the betterment of the Irrigation department during planning, design, development, and implementation stages of the projects but no such coordination was made by the management. The PCRWR could have been engaged to provide consultancy services but on the contrary, private consulting firms were hired at Rs. 1,755.926 million for the projects.

Lack of communication with the national research organization hindered better planning and design in various disciplines of water sector.

8. Non-establishment of Groundwater Management and Monitoring Authority

According to section 11 of the PCRWR report regarding Sustainable Groundwater in Balochistan, "A Groundwater Development and Management Authority should be established with the mandate to monitor and regulate groundwater and implement viable natural and artificial recharge technologies along-with strict control over excessive groundwater utilization."

Provincial Groundwater Management and Monitoring Authority does not exist. The establishment of the authority was necessary for the sole purpose of monitoring and management of the groundwater to lay down policies and

rules for conserving and regulating groundwater resources, along with determining the existing extraction of groundwater.

Due to absence of a dedicated authority, the sensitive issue of groundwater depletion has remained unattended.

9. Ineffective and obsolete techniques of irrigation leading to wastage of groundwater and non-using modern techniques to save groundwater

The Food and Agriculture Organization of the United Nations (FAO), under clause 6 of priority agriculture water issues, Modernizing Irrigation, “Irrigation institutions need to adopt a service orientation and improve their performance in economic and environmental terms. This entails: adopting new technologies; modernizing infrastructure; applying improved administrative principles and techniques; and promoting the participation of water users.”

The irrigation methods being practiced in the province are conventional and obsolete namely, flood irrigation for agriculture purpose leading to wastage of groundwater. Using modern techniques, like drip irrigation, capturing and storing water, sprinkles, high efficiency irrigation system, etc. would not only save groundwater but also will help farmers to increase productivity.

Due to non-adopting of modern irrigation techniques for agriculture purpose the groundwater is over utilized which is adversely affecting the water table.

10. Non-rehabilitation of Karez system

According to World Bank, Case Study on Karez Rehabilitation in Balochistan in year 2019, “a single tube well provides a little more than half of the total volume of water provided by a Karez but with large capital and operational costs. However, a Karez provides double this amount of water almost free of cost. Karez should be protected because they are masterpieces of engineering, part of the local cultural and social integrity, a buffer against drought, and the best hope for poor communities that cannot afford to continue to install tube wells.”

The groundwater has been diminishing at an accelerated rate, with the level in some basins declining by more than 5 meters per year. This decline has

seriously impacted the Karez systems, many of which have dried up and according to the case study mentioned above, out of 1,328 karez there were only 1,053 left which are also in continuous diminishing stage due to increase in number of tube wells that have increased from 5,000 in 1985 to more than 40,000 in 2014²¹.

11. Non recycling of wastewater/ Water reuse

Global best practices in water treatment includes water reuse, also commonly known as water recycling or water reclamation, which is a process that reclaims water from a variety of sources then treats and reuses it for beneficial purposes such as agriculture and irrigation, potable water supplies, groundwater replenishment, industrial processes, and environmental restoration.

The Irrigation / PHE Departments have not taken any initiative to recycle wastewater which can ultimately be used for the following²²;

- a. Irrigation for agriculture
- b. Irrigation for landscaping such as parks, rights-of-ways, and golf courses
- c. Municipal water supply
- d. Process water for power plants, refineries, mills, and factories
- e. Indoor uses such as toilet flushing
- f. Dust control or surface cleaning of roads, construction sites, and other trafficked areas
- g. Concrete mixing and other construction processes
- h. Supplying artificial lakes and inland or coastal aquifers
- i. Environmental restoration

Further, Quetta Water Supply and Environmental Improvement Project (QWSEIP) constructed two sewerage treatment plants i.e., Sabzal and Samungli. QWSEIP spent an amount of Rs. 1,643.173 million on these plants but they are nonfunctional.

²¹ Muhammad Ashraf, Faizan ul Hasan. *Groundwater Management in Balochistan, Pakistan: A Case Study of Karez Rehabilitation*. World Bank, 2019

²² United States Environmental Protection Agency. Basic Information about Water Reuse. [Online] [Cited: 16 1 2022.] <https://www.epa.gov/waterreuse/basic-information-about-water-reuse#uses>

Due to non-recycling of waste water total burden is shifted on extraction from groundwater which is ultimately depleting the groundwater level.

12. Non-preparation of Initial Environmental Examination and Environmental Impact Assessment of the projects

As per Clause 12 (1) of Pakistan Environmental Protection Act 1997, “No proponent of a project shall commence construction or operation unless he has filed with the Federal Agency an initial environmental examination or, where the project is likely to cause an adverse environmental effect, an environmental impact assessment, and has obtained from the Federal/Provincial Agency approval in respect thereof.”

In Irrigation Department different projects in respect of dams’ construction were initiated without preparation of Initial Environmental Examination. As the management was under legitimate obligation to obtain approval from Provincial Agency by submitting Environmental Impact Assessment but no such study was on record.

The situation implied non-compliance with the PEPA Act 1997.

23.1.9 Departmental Responses

Audit observations were issued to the department in November, 2021, and then DAC meeting was held on January 12, 2022. Responses of the department are as follows:

1. Balochistan Ground Water Rights Administration Ordinance 1978 and Balochistan Ground Water Rights Administration Rules 2014 are intact but not enforced. The Chairman Provincial Water Board said that the District Water Committees are dormant and resultantly more than 75,000 tube-wells have been dug illegally. The matter of regulation of groundwater has been discussed in meetings of Provincial Water Board several times, but no action has been taken to enforce the rules. The DAC directed that the Provincial Water Board must activate the same committees at the earliest to regulate ground water exploitation.
2. The matter of subsidy on agriculture tube-wells is a policy issue therefore does not pertain to irrigation department. The DAC directed that the matter may be taken up at appropriate level for rationalization of number of tube-wells.

3. The matter of monitoring mechanism was raised several times on different forums that no scheme of construction of dam should be approved without inclusion of observation well/piezometer etc., but no action was taken by the concerned authorities. It was further informed that the observatory wells in Pishin Lora Basin have already dried up. The DAC directed that the matter may be accorded top priority.
4. The matter of capping ongoing schemes pertains to P&D Department. DAC directed that Irrigation department take up the matter with P&D department for conducting an independent/third party inquiry under intimation to audit, further latest progress of these schemes (both financial and physical) may also be intimated to audit.
5. A PC-I amounting to Rs. 276.00 million has already been formulated and is reflected in PSDP 2020-21 at S. No. 1066, which will be specifically dedicated to modern artificial recharge techniques. The DAC directed that the matter may be processed at the earliest.
6. The matter of sedimentation of reservoirs has been taken up at different levels, and it is suggested that a geologist, hydrologist and geophysicist may be accompanied with the site selection team of reservoirs. The DAC directed that the same may be processed at the earliest and furthermore, a team may be deputed to work out the manner of de-sedimentation of already constructed dams.
7. Agreed with audit on the issue of coordination gap between Irrigation department and PCRWR, a focal person should be nominated for the purpose. The DAC directed that a focal person may be nominated to coordinate with PCRWR.
8. The matter of Establishment of Groundwater Management and Monitoring Authority is a policy issue, hence doesn't come under the jurisdiction of the department. The DAC directed that the matter may be taken up at the appropriate level.
9. The Chief Engineer Planning and Monitoring office has been detached from the office of WRPD&M, hence no planning has been made on modern techniques of irrigation. The DAC directed that the matter may be taken up with Agriculture & Cooperatives Department.
10. The District Water Committees have failed to check extraction of water, which has caused drying up of Karezes. The DAC directed that a detailed study may be undertaken to assess feasibility of Karez rehabilitation in the districts where water table is stable, and be shared with audit.
11. The matter of recycling of water pertains to PHE Department, despite repeated requests the DAC meeting was not called.

12. Preparation of initial environmental impact assessment doesn't pertain to the office of DG WRMD&P. The DAC directed that in future Environmental Impact Assessment of all the projects may be carried out by a technical team of the department in collaboration with environment department.

23.1.10 Recommendations

The primary objective of the thematic audit was to come up with such findings and recommendations, which may help the GoB in mitigating the grave issue of depletion of ground water level in Balochistan. For sustainable management of water resources there is need to focus on the following important points²³:

- i)** The dormant Provincial Water Board and the District Water Committees, responsible for regulating groundwater exploitation be made functional and exploitation of groundwater be kept in check.
- ii)** The number of subsidized agricultural tube-wells may be rationalized, especially in the urban areas.
- iii)** In order to have clear picture of the high-risk areas and updated and reliable data of the ground water, the Irrigation Department needs to extend the system of monitoring to the whole of province at the earliest.
- iv)** Funds be released to ongoing capped projects. Furthermore, ground water recharge projects be accorded priority in future.
- v)** Simple artificial recharge technologies like leaky dams, injection wells and recharging galleries may be promoted at wide scale.
- vi)** Extensive watershed management programs should be launched for reducing the sediment load in the reservoirs and enhancing the natural recharge of precipitation.
- vii)** A Focal Person from Irrigation Department may be nominated for coordination with PCRWR.
- viii)** A Groundwater Management and Monitoring Authority as recommended by the PCRWR, be established, or the current office the DG WRDM&P be reorganized with clear mandate of Groundwater Management and Monitoring.

²³ Muhammad Ashraf, Ashfaq Ahmed Sheikh. Sustainable Groundwater Management in Balochistan. Islamabad : Pakistan Council of Research in Water Resources, 2017

- ix)** In order to control the unchecked extraction of groundwater and for its judicious use, simple and low-cost high efficiency irrigation systems should be promoted and low delta high value crops should be introduced.
- x)** A study should be undertaken for rehabilitation of the Karez System which not only carries traditional and historical significance but also is cost effective.
- xi)** Water treatment plants be installed for utilization of wastewater in coordination with PHE Department.
- xii)** Environmental Impact Assessment of all the projects may be prepared by a technical team of the department in collaboration with Environment Department.

23.1.11 Conclusion

Balochistan has been facing groundwater stress for decades as levels continue to decline due to decreasing rainfall, increasing temperatures, prolonged droughts, and unchecked increase in number of tube wells. The government needs to balance dependence on the surface water and ground water. As such, the use of groundwater must be reviewed, and an appropriate and rational policies be forwarded by Irrigation Department in collaboration with PHE Department and the PCRWR. Water conservation techniques such as trickle/drip sprinkle, etc. should be adopted. In areas where water levels are critically low extraction of groundwater for agriculture purposes should be banned.

Additionally, the provincial government needs to adopt better checks and balances by establishing regular groundwater monitoring network. Excessive use of water in stressed areas needs to be curtailed. The looming crisis of depletion of aquifers can be averted only through serious and coordinated efforts on the part of the Irrigation Department, the PHE Department and all other relevant stakeholders.

Annexure - 1

**Insufficient release of funds in respect of ongoing PSDP schemes –
Rs. 975.051 million**

(Rs. in million)

S. No.	Project ID	Project Name	Estimated cost of the projects	Expenditure upto June 30, 2019	% of expenditure	Allocation during the FY 2020-21	% of Allocation during the FY 2020-21	Amount to be released
1	Z2010.0556 Kachhi Approved	Irrigation Schemes in Kachhi District.	129.878	113.878	87%	0.100	0.07%	16
2	Z2011.0420 Gwadar Approved	Repair of Bandat and Small Dams Gwadar.	100	79.500	79%	0.100	0.10%	20.500
3	Z2011.0703 Nasirabad Approved	Construction of Untum Flood Protection Scheme in District Nasirabad.	195.310	157.772	80%	0.100	0.05%	37.538
4	Z2012.0530 Killa Saifullah Approved	Extension and Improvement of Karezes, Killa Saifullah.	50	40	80%	0.100	0.20%	10
5	Z2012.0537 Killa Saifullah Approved	Development Schemes of District, Killa Saifullah (Extension and Improvement of Karezes in District, Killa Saifullah	230.259	50	21%	0.100	0.04%	180.259
6	Z2016.1138 Awaran Approved	Protection wall of Naal River at Jhao.	400	268.240	67%	0.100	0.02%	131.760
7	Z2017.1727	Construction of Small	100	60	60%	0.100	0.10%	40

S. No.	Project ID	Project Name	Estimated cost of the projects	Expenditure upto June 30, 2019	% of expenditure	Allocation during the FY 2020-21	% of Allocation during the FY 2020-21	Amount to be released
	Ziarat Approved	Dams/Karezat Flood Protection Walls and Drilling of Bores Laying of Pipe Line in District Ziarat						
8	Z2012.0173 Kech Approved	Construction of Shromag Kocha Dam Buleda in PB-49 District Turbat.	34.130	13.520	39%	0.100	0.29%	20.610
9	Z2012.0174 Kech Approved	Construction of Simsori Dam Buleda in PB-49 District Turbat.	50.658	20.545	40%	0.100	0.19%	30.113
10	Z2012.0176 Kech Approved	Construction of Dambany Dam Bit Buleda in PB-49 District Turbat.	17.500	11.596	66%	0.100	0.57%	5.904
11	Z2017.1409 Pishin Approved	Construction of Dams in District Pishin.	300	10	3%	0.100	0.03%	290
12	Z2017.1585 Zhob Approved	Construction of Small Dams in District Zhob.	300	150	50%	0.100	0.03%	150
Total			1,907.740	975.051	51%	1.200	0.06%	932.684

Thematic Audit of Performance of Balochistan Revenue Authority

23.2 Assessment of strategy adopted by Balochistan Revenue Authority (BRA) for maximum revenue collection

23.2.1 Introduction

The Director General Audit, Balochistan conducted thematic audit on assessment of strategy adopted by Balochistan Revenue Authority for maximum revenue collection during July to November, 2021 with a view to report significant findings to stakeholders on the role of Balochistan Revenue Authority. Balochistan Revenue Authority is an autonomous body responsible for collecting sales tax on services for Balochistan. Its planned to be a modern, progressive and credible organization for optimizing the revenue by providing quality service and promoting the compliance with tax and related laws. It was established to enhance the capability of tax system to collect due taxes through application of modern techniques and providing tax payer assistance. The jurisdiction of the authority extends to the geographical limits of the province, and Balochistan Sales Tax on Services is levied at the rate of 6% on works at source while 15 % on rest of the services rendered as per Schedule II of the BSTS Act 2015.

Thematic audit of BRA was planned in order to assess strategic planning of the organization for maximum revenue realization. It is a general principle that each organization/entity should prepare a strategy and a strategic plan, which is an action designed to achieve a specific goal or series of goals with in an organizational framework. It is all about integrating organizational activities and utilizing and allocating the scarce resources within the organizational environment so as to meet the present objectives. Significant time and resources were utilized for developing an understanding of the role of BRA. This report highlights material issues and weaknesses identified relating to role of BRA, enhancement of tax base and tax net, shortcomings in its compliance with the BRA Act, 2015 and audit of tax returns. Audit assessed the overall strategy of the organization in respect of the true revenue collection potential with suggestions for improvement of the system. The recommendations if complied with, would certainly increase the total provincial receipts to cover the annual budget deficit.

23.2.2 Background

Balochistan is an arid region with 44 % of the total land mass and 6 % of the total population of the country¹. The province is least developed with an overwhelming dependence on federal transfers received from the federal divisible pool and through straight transfer of funds, with minimum provincial receipts. There is no substantial service sector and industrial establishment in Balochistan except a few factories in Hub, district Lasbela, while majority of the population is dependent on agriculture and livestock sectors. Due to deteriorating law and order situation of the province, no foreign direct investment has yet come forth. Consequent upon 18th amendment in the Constitution of the Islamic Republic of Pakistan, 1973 and pursuant to Articles 8 and 9(2) of 7th National Finance Commission, the sales tax on services has been devolved to the provinces i.e., the collection of sales tax on services has been authorized to the provinces. In compliance of the same, the Government of Balochistan established its own Revenue Authority titled “Balochistan Revenue Authority” to regulate the matter relating to the administration, management, imposition, levy, collection and payment of duty, cess and sales tax on services on behalf of Government of Balochistan effective from July 01, 2015.

The revenue collection of BRA has increased exponentially over the period of time, and has most of the years achieved rather surpassed its annual targets of tax collection. As detailed below:

(Rs. in billion)

Financial year	BSTS Target²	BSTS Collection	BIDC Target	BIDC Collection
2015-16	1.500	2.100	-	-
2016-17	4.500	4.600	-	-
2017-18	4.700	7.200	-	-
2018-19	7.000	8.800	-	-
2019-20	11.000	11.000	1.000	2.600
2020-21	14.500	13.158	3.018	2.129

From the chart above, it is evident that the exponential increase suggests greater revenue collection potential of the authority, which can only be possible through a proper and well defined strategy. Secondly, the annual targets surpassing suggest that the target setting is not based on proper mechanism,

¹ Encyclopedia Britannica

² <http://www.finance.gob.pk>

thereby not only limiting the operational activities below the potential and ultimately resulting in lesser revenue realization.

23.2.3 Establishing the Audit Theme

23.2.3.1 Reasons of selection

Balochistan Revenue Authority is a prime body responsible for generating and collecting tax revenue i.e., tax on services and cess for Balochistan. Comparing the BRA with Sindh Revenue Board (SRB) and Punjab Revenue Authority (PRA), it is felt that the BRA is functioning way below the revenue realization potential of the province. The province is least developed with an overwhelming dependence on federal transfers received from the federal divisible pool and through straight transfer of funds, with minimum provincial receipts.

Pakistan adopted the 2030 agenda to achieve the SDGs. SDG Goal 17, target 1 aims to “Strengthen Domestic resource mobilization to improve capacity for tax and other revenue collection”. Owing to the above reasons this theme was selected to assess the strategy adopted by BRA for achieving their long-term goals i.e., maximum revenue collection.

23.2.3.2 Purpose/Objectives

The main objective is the assessment of strategy adopted by Balochistan Revenue Authority, Quetta regarding the matters of Sales Tax on Services in Balochistan including management, imposition and collection of the said tax.

23.2.3.3 Scope

Scope of the thematic audit extends to the Balochistan Revenue Authority that is functioning through its centralized office at Quetta with no regional offices at other stations of the province. Focus of the audit is mainly the strategic planning of the authority with reference to their revenue collection potential. The audit was conducted with following TORs:

- To assess whether Revenue target setting mechanism was in place and was working effectively.
- To check the Modus operandi of the revenue collection.
- To scrutinize the Sectors/areas covered.

- To check whether any sector/area was not covered.
- To evaluate the registration process.
- To check whether any problems with withholding agents exist and suggest improvements.
- To comment on the Organizational and HR issues.
- To assess automation progress of the authority.
- To check and assess whether operations are transparent and efficient.

23.2.4 Legal framework governing the theme

The legal framework governing the theme includes:

- Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.
- Balochistan Revenue Authority Act, 2015 (Act No. VII of 2015)
- Balochistan Sales Tax Act, 2015 (Act No. VI of 2015) further amended through Finance Act, 2020.
- Balochistan Sales Tax on Services Rules, 2018.
- Balochistan Sales Tax Special Procedure (Withholding) Rules, 2018.
- Balochistan Infrastructure Development Cess Act, 2019.

23.2.5 Stakeholders and governmental organizations identified as directly/indirectly involved

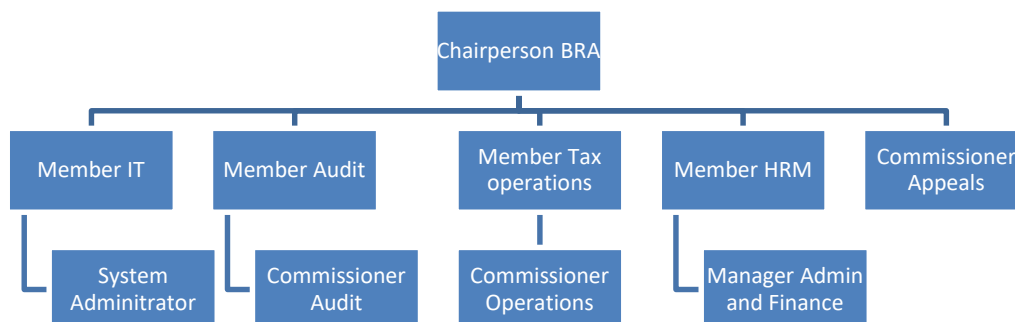
- Finance Department, Government of Balochistan, Quetta.
- Balochistan Revenue Authority, Quetta.
- The Accountant General Balochistan, AGPR sub office Quetta, CMA (QC) as withholding agents.
- Private sector organizations/corporations.

23.2.6 Role of important organizations

BRA was established as "Body Corporate" and autonomous body in July 2015. It comprises of a Chairperson and not less than four Members, one each for Tax Operations, Audit, Information Technology and Human Resource, respectively. A Chairperson and Members are to be appointed by a designated Government Committee through open merit on performance based market

salary, for a period of three years. It seeks guidelines pertaining to policy, planning, reforms and budget from the Advisory Council which comprises of 7 official members and 6 private members nominated by the Government. Meetings of Advisory Council are held after every 6 months to be chaired by the Chief Minister. BRA executes overall policies and general administration of the services, while the Commissionerates operate the actual task of taxpayers' registration and de-registration, audit and assessment, enforcement and collection of sales tax on taxable services as prescribed in Second Schedule. The Appellate Forums comprising of the Commissioner (Appeals) and Appellate Tribunal are to be established besides administrative forums like Tax Ombudsman and ADRC to redress taxpayers' grievances.

Organizational Chart of Balochistan Revenue Authority



BRA also maintains a comprehensive database of all registered taxpayers including their nature of business/services, taxes paid and other related information along with maintaining a data bank containing information from third parties necessary to perform the objects and purposes of the Act. Such data is being utilized to broaden the tax base and for the financial analysis leading to proper economic assessment, audit and detection of tax evasion. It also issues notifications, orders, advices, circulars, rulings and instructions for the enforcement of any provision of the Act, Rules and Regulations made thereunder.

BRA has contracted arrangements with Pakistan Revenue Automation Limited (PRAL) to provide information technology (IT) support to BRA during

its formative phase. The sales tax on services is being collected through the designated branches of National Bank of Pakistan, where PRAL's infrastructural and technical support is available for the facilitation and assistance of the taxpayers in working out their tax assessments and filing of returns. BRA intends to make appropriate investments to develop its own IT capacity to serve its taxpayers in due course. Further, BRA has been able to achieve its tax revenue target since its inception i.e., 2015 except in FY 2020-21.

23.2.7 Organization's Financials

The Balochistan Revenue Authority is funded by Government of Balochistan through Annual Grant-in-Aid.

(Rs. in million)

Financial years	Receipt	Expenditure
2020-21	160.177	133.603
2019-20	102.568	118.983
2018-19	91.789	53.184

23.2.8 Field Audit Activity

23.2.8.1 Methodology

A risk-based assessment was carried out for this entity. The audit was conducted in accordance with the Code of Ethics and standards adopted by the Auditor-General of Pakistan which are in line with the International Standards for Supreme Audit Institutions (ISSAIs). Thematic audit of the Balochistan Revenue Authority was conducted under BRA Act, 2015 & BSTS Act, 2015 and focus was made on successful establishment, functioning of the Authority for assessment and collection of sales tax on services.

23.2.8.2 Audit Analysis

23.2.8.2.1 Review of Internal Controls

The three main types of Internal Controls: detective, preventative and corrective were evaluated. It was observed that the detective controls were not

properly in function. Audit detected various weaknesses in internal controls which were detailed in significant audit observations. Due to lack of proper detective internal controls, the other two preventative and corrective controls were also inadequate and resulted in financial, managerial and procedural irregularities.

23.2.8.2.2 Critical Review

Audit reviewed the approach adopted by Balochistan Revenue Authority for maximum revenue collection and it revealed that the BRA adopted no strategy for achieving their long-term goals (maximum revenue collection) since its inception i.e., 2015. Strategy is significant because it is impossible to foresee the future without perfect foresight. In the absence of strategic planning, BRA did not set goals/milestones it intended to achieve. Furthermore, BRA lacked organizational purpose, desired future state, aim, pathway to reach desired goals, action plan, and track progress towards goals.

It was observed that BRA did not reach its true potential due to a myriad of reasons. The advisory council and authority meetings were not called, members of the authority were not appointed, core staff i.e., auditors, inspectors, surveyors etc., were not recruited. Due to absence of guidance and supervision in shape of advisory council and authority and absence of vital human resource (members and staff) seriously hampered working/core functions of the organization, and resulted in non-exploration of new taxable sectors.

The Provincial Government's own collections remained Rs.18.369 billion out of which BRA's contribution was Rs.12.972 billion.³ It was observed that the BRA did not reach its true potential of collecting BSTS from different service providers: medical practitioners and consultants, architects and town planners, property dealers, builders and developers, legal practitioners and consultants etc.

The audit team conducted a case study regarding the potential of generating sales tax on services from medical practitioners and consultants. In this regard, two major private hospitals of Quetta were chosen on sample basis. These hospitals comprised 34 doctors in total, i.e., General medical practitioners and General surgeons. It was found that in total, there were 22 General medical

³ Financial statement of GoB, 2020-21

practitioners and on an average each one was charging Rs.1000 to Rs.1500. On average there were 50 to 60 patients in appointment list of each doctor daily. There were 12 General surgeons and on an average each one was charging Rs. 30,000 to Rs. 100,000 per procedure. Whereas, on an average there were 5 to 8 patients a day in the appointment list of each General Surgeon. These hospitals also provided X-Ray, C.T. Scan and Laboratory Test facilities. The X-Ray department charged Rs. 1,000 per X-ray, C.T Scan was done at the rate of Rs. 3,500 and Lab tests ranging from Rs.1,000 to Rs.10,000. The average influx of patients per day in X-Ray, C.T. Scan and Lab tests was around 150, 30 and 600, respectively. Detail of projected revenue and applicable sales tax on services thereon for one month is given below:

(Rs. in million)

Type of medical service	No. of doctors	Average No. of patients a day	Fee charged on an average	Total Fee collection per day	BSTS 15% a day	Total fee collection per month	BSTS 15 % per month
General Medical Practitioners	22	50 to 60	1,000 to 1,500	1.513	0.227	39.338	5.901
General Surgeons	12	5 to 8	30,000 to 100,000	5.070	0.760	131.82	19.773
X-Ray	2	75	1000	0.150	0.023	3.900	0.585
C.T. Scan	2	15	3500	0.105	0.016	2.730	0.410
Lab Tests	2	300	1000 to 10,000	3.300	0.495	85.800	12.870
Total				10.138	1.521	263.588	39.539

The above case study suggests that there is a huge potential in Health Sector for generating sales tax on services. It was found that this sector had not been explored. Similarly, there are other sectors which need to be brought under the tax net.

23.2.8.3 Significant Audit Observations

1 Non adoption of strategic plan

“A strategy is a comprehensive plan that includes determining the long-term objectives, adopting the required course of action and allocating the

necessary resources. A strategic plan is a document used to communicate with the organization the organization’s goals, the actions needed to achieve those goals and all of the other critical elements during the planning exercise.”⁴

In the Balochistan Revenue Authority, neither a strategy was adopted nor a strategic plan was formulated for achieving their long-term goals. A strategic plan is a road map towards achieving strategic objectives set by an organization. An effective strategic plan lays down a framework of activities and helps synergize action and activities towards achievements of goals.

In absence of a strategic plan the organization lacked planned activities leading upto benchmarks and goals, instead working was haphazard without any set targets.

2 Absence of revenue target setting mechanism

Consequent upon 18th amendment in the Constitution of the Islamic Republic of Pakistan, 1973 and pursuant to Articles 8 and 9(2) of 7th National Finance Commission, the sales tax on services has been devolved to the provinces i.e., the collection of sales tax on services has been authorized to the provinces. BRA is responsible for collecting sales tax on services in Balochistan. Service tax is an indirect tax levied by the government on services offered by the service providers. As per international best practice tax revenue targets should be Specific, Measurable, Achievable, Realistic and Timely (SMART).

The revenue target setting mechanism in place was not as robust. The annual revenue target was set randomly and there was no backup working based on tax net and tax base expansion; analysis of revenue target increases for different years did not show uniformity, for certain years the increase was very high and for other years it was abnormally low as detailed below:

(Rs. in Billion)

Financial year	BSTS Target⁵	Difference in % from previous financial year	BIDC Target	Difference in % from previous financial year
2015-16	1.500	-	-	-

⁵ <http://www.finance.gob.pk>

2016-17	4.500	200%	-	-
2017-18	4.700	4.5%	-	-
2018-19	7.000	50%	-	-
2019-20	11.000	57%	1.000	-
2020-21	14.500	32%	3.018	202%
2021-22	22.000	52%	4.516	50%

Absence of mechanism for setting tax revenue target resulted in setting of unrealistic targets.

3 Non-preparation of Annual Report

According to Section 23 of the BRA Act, 2015 the Authority shall, within three months of the close of a financial year, submit to the Government an annual report.

The report shall consist of:

- a) The statement of accounts;
- b) A comprehensive statement of the work, activities and performance of the Authority during the preceding financial year; and
- c) Such other matters as may be prescribed and as the Authority may consider appropriate.

BRA did not prepare annual report as required under its Act. The annual report is performance appraisal of the authority reporting on achievements and indicating hurdles / bottlenecks in the working of the authority. Reports of SRB were consulted as a reference which were found comprehensive.

Non preparation of the annual report resulted in violation of BRA ACT 2015.

4 Non-appointment of members and non-convening of meetings of the Advisory Council and of the Authority

According to Section-13 of the BRA Act, 2015, there shall be an Advisory Council of the Authority, (2) “the Council shall meet at least once every six months.” Further, according to Section-3 and 7 of the BRA Act, 2015,

⁵ <http://www.finance.gob.pk>

“there shall be an Authority consisting of the following members (a) a Chairperson, (b) Not less than four members including, Tax Operation Member, Audit Member, Information Technology Member and Human Resource Member (2) the Authority shall meet at least once in a month.”

The appointment of members of the Balochistan Revenue Authority had not been completed. Only Member IT was appointed and three posts of the members viz. Tax Operations Member, Audit Member and Human Resource Member were lying vacant.

The local office had not convened the meetings of the Advisory council and the Authority as required by the law since its inception i.e., 2015. The Advisory council and the Authority were required to convene the meetings at least once in every six months and at least once in a month, respectively. Furthermore, the Advisory Council was established in January, 2021.

Due to non-appointment of the members and non-convening of meetings of Advisory Council and Authority, the core functions were adversely affected resulting in under performance.

5 Non-conducting of audit of tax returns

According to Balochistan Sales Tax on Services Act, 2019, Chapter V, Book Keeping and Audit Proceedings section 33(1) & (3), “An officer authorized by the Authority or the Commissioner may, on the basis of the return or returns submitted by a registered person or the records or documents which are in his possession or control or in the possession or control of his agent; and where such record or documents have been kept on electronic data maintained under this Act and the rules, conduct an audit of such person.”

In BRA during the financial years 2018-19 and 2019-20, number of BSTS returns submitted by the taxpayers was 2753 and 3566 respectively. Audit of tax returns was not conducted. The returns as shown by the tax filers were assumed correct. Had returns been audited more recoveries would have been affected.

Non-conducting of audit of the returns/accounts submitted by the tax payers led to less realization of Sales Tax on Services.

6 Non-inclusion of various service providers in BSTS net

As per BSTS Act, 2015, vide Second Schedule “The Government of Balochistan has levied BSTS @ 15% on various service providers such as property dealers, Builders and developers, agents (Shipping, travel, recruiting), marriage halls, beauty parlors/saloon, architects/town planners, education sector, etc.”

Thematic audit of the BRA revealed that no BSTS was collected from different categories of service providers resulting in loss of revenue to the Government, as detailed in Annexure A.

Non realization of BSTS from different sectors resulted in a loss to the Government.

7 Undue delay in passing of orders by the Commissioner Appeals

As per section 65 (5) of the BSTS Act, 2019, “An order passed by the Commissioner (Appeals) under sub-section (1) shall be passed not later than one hundred and twenty days from the date of filing of appeal or within such extended period, not exceeding sixty days, as the Commissioner (Appeals) may, for reasons to be recorded in writing, fix.”

In BRA, the Commissioner Appeals received several applications for appeals by appellants during the financial years 2018-19, 2019-20 and 2020-21, but failed to pass orders within 120 days or extended period of 60 days without any justification, as detailed below:

S. No.	Financial year	No. of Appeals	Orders made	Orders pending
1	2018-19	81	3	78
2	2019-20	7	Nil	7
3	2020-21	3	2	1
Total		91	5	86

Non-Passing of orders by the Commissioner Appeals within the prescribed time limit was unjustified.

8 Non-verification of Zero/Null filers

According to Balochistan Sales Tax on Services Act, 2019, Chapter V, Book Keeping and Audit Proceedings section 33(1) & (3), “An officer authorized by the Authority or the Commissioner may, on the basis of the return or returns submitted by a registered person or the records or documents which are in his possession or control or in the possession or control of his agent; and where such record or documents have been kept on electronic data maintained under this Act and the rules, conduct an audit of such person.”

In BRA, the analysis of return filing for the financial years 2019-21 revealed that the majority of the taxpayers who had furnished their tax returns were null or zero filers.⁶ The majority of the filers had shown that they had not provided any taxable services. Audit found that the BRA had not taken any action to verify/audit their returns and was completely relying on the returns furnished by the firms, as detailed in Annexure B.

Non verification/audit of returns may lead to the risk of not identifying tax evasion or fraud by the tax payers and thus, causing less realization of BSTS.

8 Non-imposing of penalties against non-filers

Under section-35 of the BSTS Act, 2019, “Where any person fails to furnish a return within due date, such person shall be liable to pay a penalty of five thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of hundred rupees for each day of default shall be levied.”

There were several registered tax payers who had not furnished their tax returns in the financial years 2019-20 and 2020-21 but no penalties were imposed by BRA against the defaulters as detailed in Annexure C.

Non-imposition of penalties on defaulters led to improper tax collection.

⁶ Pakistan Revenue Automation Limited (PRAL)

23.2.9 Departmental Responses

Audit Observations were reported to the department on December 15, 2021, and the DAC meeting was held on January 14, 2022. Responses of the department are as following.

1. A consultant is being hired through GPP (Governance Policy Project) by World Bank for the purpose of preparing Strategic Plan. The DAC directed that strategic plan will help the management to achieve its goals therefore, it must be processed at the earliest.
2. The annual targets are set by the FD/GoB in close consultations with BRA The DAC emphasized that the mechanism be made more robust for more realistic targets.
3. The Annual Report of the year 2020-21 has been prepared and is in process of submission/approval by Advisory Council to be chaired by the Chief Minister. The DAC appreciated the management's efforts towards preparation of the annual report and stressed that it should be prepared annually as required under BRA Act, 2015.
4. Request has been made to CM for convening the meeting of Advisory Council at the earliest. Member IT is working since 21/02/2019, advertisement has been published for selection of three members. The DAC directed the management to call a meeting of the Advisory Council at the earliest. Further, appointment of members as per the laid down criteria be insured.
5. Due to lack of relevant staff the audit of tax returns was delayed, however after hiring auditors and inspectors through GPP the audit of tax returns of tax payers is in process. The DAC directed that further progress be shared with the audit.
6. Due to lack of staff and data regarding various service providers the collection of BSTS was delayed however, after hiring the 2 surveyors through GPP surveys are being conducted to bring all the taxable services and service providers under tax net. The DAC directed that new avenues for collection of BSTS be explored.
7. Commissioner appeals actually serve as quasi-judicial office therefore has to observe all pre-requisite formalities before deciding any appeal. The DAC directed the management to pass orders within the stipulated time.

8. Due to shortage of relevant staff the practice of verifying zero/null-filers was delayed, after the hiring of auditors and inspectors through GPP, the process of verification of zero/null filers shall be enhanced. DAC directed that audit of null returns be ensured.
9. BRA is newly established and the current strategy is to attract maximum service providers to register rather than penalize them. Furthermore, the designated officer has issued notices of imposition of penalties to the non-filers. The DAC was of the view that relevant section of BRA merits attention.

23.2.10 Recommendations

1. Strategic Plan must be prepared at the earliest for maximum revenue collection.
2. A proper mechanism for tax revenue target setting be formed and service sectors unexplored be considered while setting targets.
3. The Authority should prepare the Annual report and submit it to the Government.
4. Appointment of the remaining three members be made besides convening of meeting regularly as required by the law under intimation to audit.
5. Effective steps may be taken for audit of the returns/accounts of taxpayers.
6. Steps be taken towards inclusion of new sectors and the missing sectors pointed out by audit in the tax net.
7. Commissioner Appeals must pass orders in respect of the appeals filed by the appellants in the given time.
8. Majority of the filers who had shown zero service provision be audited, so that tax realization is increased.
9. Rules and regulations should be implemented in letter and spirit so that the tax management and collection can be improved.

23.2.11 Conclusion

Thematic audit of BRA revealed that the authority was facing organizational issues since its inception. It was observed that an ad hoc approach was adopted to run the authority on a day-to-day basis. The organization did not have its core staff and mandatory members were also not appointed. The advisory council of the authority was formed in January, 2021 i.e., after almost

6 years of the authority’s formation and still no meeting of the advisory council has been held. BRA lacked any specific strategy or a strategic plan for achieving their long-term goals. Absence of a robust target setting mechanism, non-conducting of audit of non-fillers / zero / null filers, non-exploration of new service sectors seriously hampered performance of the authority.

A fully functional and robust BRA will not only help the province realize its true revenue potential but also help us achieve our obligations towards attaining SDG goal 17 target of strengthening domestic resource mobilization and improving domestic capacity for tax and other revenue collection.

23.2.12 References

- Balochistan Revenue Authority Act, 2015.
- Balochistan Sales Tax on Services Act, 2015.
- Balochistan Sales Tax on Services Rules, 2018.
- Balochistan Sales Tax Special Procedure (withholding) Rules, 2018.
- Financial Statements of BRA.
- Pakistan Revenue Automation Limited (PRAL).
- Balochistan Infrastructure Development Cess Act, 2019.
- Financial statements of Government of Balochistan.

Annexure A

S. No.	Description
1	Property dealers, Builders and Developers
2	Agents (Shipping, travel, recruiting)
3	Marriage Halls, Beauty Parlors and Saloon
4	Architects and Town planners
5	Medical Practitioners and Consultants
6	Legal Practitioners and Consultants
7	Laboratories and Medical Centers
8	Education Sector
9	Cable TV operators
10	Exploration of Minerals (Coal, Marble etc.)
11	Event Management
12	Investment Advisory
13	Tracking Services
14	Transport/Travel

S. No.	Description
15	Freight Forwarding
16	Stockbrokers, Underwriters, Foreign exchange companies, Forex dealers or Money changers
17	Guest Houses
18	Investment Bank
19	Sports
20	Stevedores, Tour operators, Real estate agents
21	Landscape designers, Interior decorators
22	Rent a car or automobile rental service
23	Outdoor Photographers and Videographers
24	Healthcare center, gyms or physical fitness centers etc.
25	Auto-workshops including motor mechanic shops, air conditioning fitting and cleaning services
26	Call centers, internet cafe, Ready mix concrete services, Car parking services, Tuition and coaching centers, Vocational centers

Annexure B

S. No.	Month/Year	No. of Filers	No. of payment filers	No. of Null/Zero filers	Comparative Percentage of Zero/Null filers
1	July-2019	3,243	531	2,700	83%
2	August-2019	3,304	541	2,752	83%
3	September-2019	3,376	559	2,810	83%
4	October-2019	3,465	574	2,878	83%
5	November-2019	3,529	598	2,920	83%
6	December-2019	3,597	602	2,621	73%
7	January-2020	3,672	568	3,098	84%
8	February-2020	3,684	629	3,043	83%
9	March-2020	3,693	738	2,946	80%
10	April-2020	3,716	669	3,043	82%
11	May-2020	3,733	697	3,029	81%
12	June-2020	3,777	787	2,984	79%

S. No.	Month/Year	No. of Filers	No. of payment filers	No. of Null/Zero filers	Comparative Percentage of Zero/Null filers
13	July-2020	3,798	730	3,066	81%
14	August-2020	3,832	734	3,088	80%
15	September-2020	3,866	745	3,114	80%
16	October-2020	3,887	748	3,134	81%
17	November-2020	3,919	762	3,156	80%
18	December-2020	3,962	793	3,160	80%
19	January-2021	3,957	759	3,188	80%
20	February-2010	3,929	762	3,158	80%
21	March-2021	3,906	772	3,129	80%
22	April-2021	3,874	919	2,951	76%
23	May-2021	3,797	898	2,893	76%
24	June-2021	3,496	760	2,733	78%

Annexure C

S. No.	Month/Year	No. of non-filers
1	July-2019	172
2	August-2019	233
3	September-2019	253
4	October-2019	233
5	November-2019	308
6	December-2019	380
7	January-2020	442
8	February-2020	553
9	March-2020	652
10	April-2020	664
11	May-2020	665
12	June-2020	662
13	July-2020	744
14	August-2020	791
15	September-2020	815

16	October-2020	890
17	November-2020	944
18	December-2020	995
19	January-2021	1,101
20	February-2010	1,256
21	March-2021	1,360
22	April-2021	1,478
23	May-2021	1,624
24	June-2021	1,978
Total		19,193

Thematic Audit Agriculture Department

23.3 Role of Balochistan Agriculture Research Institutes in enhancing productivity and sharing outcomes with farmers.

23.3.1 Introduction

The Director General Audit, Balochistan conducted thematic audit on Role of Balochistan Agriculture Research Institutes in enhancing productivity and sharing outcomes with farmers during July to November, 2021 with a view to report significant findings to stakeholders on the role of Balochistan Agriculture Research Institutes. In this regard various entities of the Agriculture and Cooperatives Department and Balochistan Agriculture College, Baleli and Lasbela University of Agriculture, Marine and Water Sciences (LUAWMS), Uthal were selected. Significant time and resources were utilized for developing an understanding of the research activities and sharing of outcomes with growers.

Agriculture is one of the major sectors along with Livestock that accounts for 54% of the region's GDP and employs 65% of the labor force.¹ Largest of the 4 provinces of Pakistan, Balochistan covers 44% of the country's total land area. In the face of increasing population growth like in other developing countries, limited possibilities of further extension of cultivated land, increasing resource degradation and wide gap between potential and national average yield, productivity growth takes an important place to face the challenges of the future to combat against food insecurity. Productivity enhancement issue has been focused for every country of the world so as to increase the agricultural supply.

This report summarizes significant areas requiring improvement in the organizational coordination gaps and emphasis on government for diverting the resources for corrective actions to combat food insecurity developed in the past years due to short rainfalls, reduction in water tables, shifting of farmers from Agriculture towards Real Estate. Recommendations made in the report, if implemented, can improve the overall role of the department

¹ GRASP Balochistan Survey 2020

and will support the growers of the province to earn better livelihood besides enhancement in the crops production.

23.3.2 Background

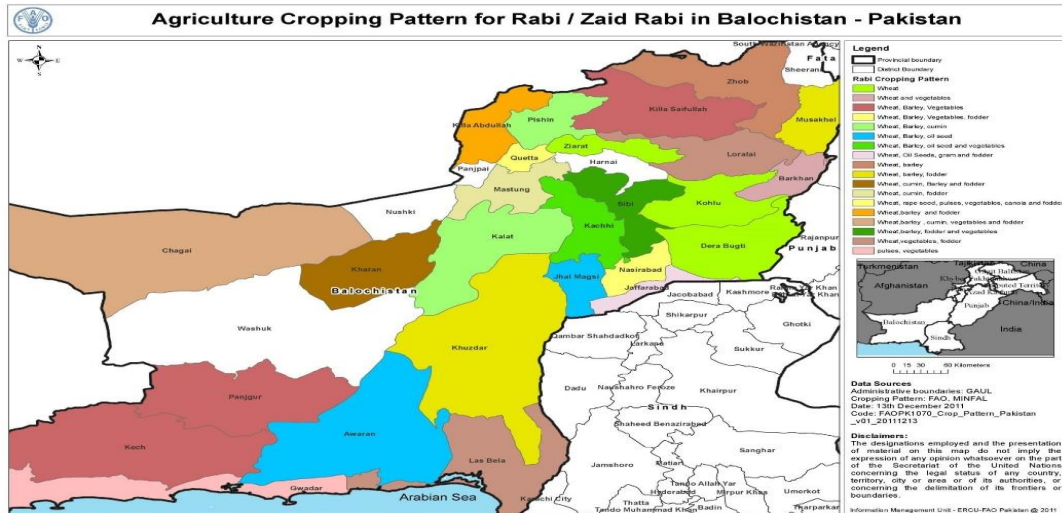
Balochistan has a history of droughts but the recent droughts (1997-2002) were the longest dry spells in many years. Balochistan is an arid region with occasional rainfall. The monthly average rain in the dry region is between 2 and 25 mm² which is very low as compared to other parts of the country. During the period from 1997 to 2002, a famine like situation developed due to lack of rain in the region. The drought in affected parts of the province led to the following consequences; Rise in food prices in the affected areas. A very low level of food in-take causing different diseases and malnutrition to affected populations. Fodder shortage affecting livestock-rearing, which plays an important role in the rural economy. Apple trees and orchards destroyed by almost 80%.

The province of Balochistan got affected specially in the sectors like livestock, agriculture which badly affected the overall economic scenario of the province.

Agricultural sector is indispensable to the economic growth, food security, employment generation and poverty alleviation particularly, at the rural level in developing countries. In Pakistan it contributes 19.2 percent to the GDP and provides employment to around 38.5 percent of the labour force. More than 65-70 percent of the population depends on agriculture for its livelihood. Agricultural growth rate has been constrained by shrinking arable land, climate change, water shortages, and large-scale population and labour shift from rural to urban areas. Increasing agricultural productivity, therefore, requires adoption of new approaches.³

² PDMA Balochistan (www.pdma.gob.pk/droughts)

³ Information Management Unit – FAO Pakistan



However, this sector has remained prone to several challenges like climate change, variance in temperature, water shortage, and changes in pattern of precipitation along with increase in input prices. The Government of Balochistan through Agriculture and Cooperatives Department is running 128 Directorates to closely monitor and support agricultural activities throughout the province. The primary goal of the government is to enhance financial inclusion in the agriculture sector to boost productivity and exports, thereby enabling a rural development-driven economic growth.

Realizing the importance of agriculture, the government is also focusing on pro-agriculture set of policies to tap maximum benefits by introducing the agri-input regime to increase yields of major Rabi and kharif crops. The government approved “Agriculture Transformation Plan” with the objective to enhance national agricultural output and livelihood of farmers.

The Director General Agriculture (Research), Balochistan is responsible for carrying out research through 36 Directorates all over the Province and their mandate is defined in Balochistan Rules of Business, 2012. The Research Wing is the hub for carrying out research on new varieties of crops with high yields and disease resistant, introduction of low delta crops, farm machinery, seeds, fertilizers, pesticides and low cost cultivation and harvesting methods. The secondary function of the wing is to disseminate the outcomes of those research by Advisory Services through Extension Wing of the Agriculture and Cooperatives Department, Balochistan.

23.3.3 Establishing the Audit Theme

23.3.3.1 Reasons of selection

Agriculture Sector in Balochistan employs 65% of the population meaning thereby 3/4th of the population depends on agriculture for its livelihood. Agriculture in the province falls behind in terms of productivity and per acre yield, when compared with the rest of the provinces. Water is scarce, and agriculture is dependent on tube wells and Karezat for irrigation purposes, and recently the province has been facing drought like conditions and hence there is a dire need for introducing crops which do not require excessive water. Farm inputs and farming methods are traditional and archaic hence productivity is low. Grain production throughout the world has quadrupled since 1950. The Parliament of Pakistan adopted the 2030 Agenda to achieve the SDGs goal. SDGs Goal 2 is aimed at ending hunger, achieving food security and promoting sustainable agriculture. Agricultural research department, extension department and Educational institutes have been working towards improving agriculture in the province. This audit theme was selected in order to assess the performance of Agriculture and Cooperatives Department GoB and educational institutes in enhancing agricultural productivity in the province.

23.3.3.2 Purpose/Objectives

The main purpose of the audit was to assess the role of Agriculture Research Institutes for carrying out research and introduction of new crop varieties with maximum yields, sharing of research outcomes with the growers for enhancing productivity and earning better livelihood in line with the SDGs. Findings of the report will be useful for the policy makers of the Agriculture and Cooperatives Department, Government of Balochistan and Agriculture University of Balochistan. The Recommendations made in the report will be helpful in devising new strategy for enhancement of agriculture productivity and resultantly improving livelihood of the common people.

The major objective of the audit was to assess the role of Research Directorates of the Agriculture and Cooperatives Department of Balochistan in carrying out research and dissemination of outcome of research to the growers for better yield products. Effort was made to check the performance of the key Directorates of the department with special reference to the mandate given to them through Balochistan Rules of Business 2012.

23.3.3.3 Scope

The scope of audit was set forth with the following TORs for the financial year 2020-21:

- i. To check the research outcomes.
- ii. To check the application of outcomes of agriculture research in field.
- iii. To check whether awareness workshops have been conducted.
- iv. Training courses to Agriculture Officers/Capacity building.
- v. Crops on which no research has been conducted.
- vi. Research on crops in Agriculture College and University.

The following formations were selected for audit:

S. No.	Name of Formations	Specific Area
1	Secretary, Agriculture and Cooperatives	Principal Accounting Officer
2	Agriculture College, Baleli, Quetta	Educational and Research Institute of Agriculture and Cooperatives Department
3	Director General (DG) Agriculture (Extension), Quetta	Controlling office for Extension Services and Advisory Services to Farmers
4	DG Agriculture (Research), Balochistan, Quetta	Overall controlling office of the Research Directorates
5	Director Agriculture Research Fruit Sub Station Wayaro, Lasbela	Research Farm
6	Agriculture Wayaro Farm, Uthal	Research Farm
7	Agriculture Research Field Experiment Station, Loralai	Research Farm
8	Director Agriculture Adaptive Research, Quetta	Introducing new agriculture technologies for Adaptive Research
9	Director, Agriculture Research Headquarter Planning & Coordination ARI, Quetta	Assists Director General Agriculture (Research) in Planning and Scheduling of Research Trials
10	Director, Agriculture Research Water Management & High Efficiency Irrigation System, Quetta	Introducing new methods of Agriculture by using less water

11	Director Agriculture Planning, Quetta	Assists Director General Agriculture (Extension) in Planning and Coordination between P&D Department
12	Director Agriculture Research Vegetable Seed Production ARI, Quetta	Vegetables
13	Director, Agriculture Research Cereal Crops ARI, Quetta	Cereal Crops
14	Director, Agriculture Research Plant Protection, Quetta	Pests and Pesticides
15	Director Agriculture Research Special Crops ARI, Quetta	Saffron, Mushrooms, Broccoli
16	Director, Agriculture Research Food Technology & Post Harvest ARI, Quetta	Preserving and Packaging of Agricultural Products
17	Lasbela University of Agriculture, Water and Marine Sciences, Uthal	Educational Institute for Research
18	Directorate Of Crop Reporting Service Quetta I.C sample based sub offices	Report on Agriculture Statistics
19	Agriculture Research Oil Seed Crops ARI, Quetta	Research of Edible Oil crops
20	Director Agriculture Information, Quetta	Overall Agriculture Information Services in the Province
21	Agriculture Business ARI, Quetta	Reporting on Farmers issues and data collection
22	Director Soil Fertility, Quetta	Soil Characteristics and its nutrient value
23	Agriculture Research Fodder ARI, Quetta	Fodder
24	Director Agriculture Research (Pulses) ARI, Quetta	Pulses
25	Director Agriculture Research Floriculture- ARI Sariab Quetta	Floriculture
26	Horticulturist Filed Experiment Station Bolan at Kachhi	Sugarcane
27	Director Agriculture Research Dates, Turbat	Dates
28	Agriculture Training Institute, Quetta	Trainings of Field Assistants

23.3.4 Legal frame work governing the Theme

The Legal Framework governing the theme includes:

- Primary Legislation:
 - Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.
 - Balochistan Rules of Business, 2012 (Schedule I Section B, Agriculture & Cooperative Department)
 - Balochistan Agriculture Research Board, Act 1998
 - Draft Agriculture Policy 2021-2030

- Secondary Legislation:
 - Balochistan Public Procurement Rules, 2014
 - National SDGs Framework for Pakistan, 2018

23.3.5 Stakeholders and governmental organizations identified as directly/indirectly involved

- Secretary, Agriculture and Cooperatives Department, GoB including subordinate Directorates
- Lasbela University of Agriculture, Water and Marine Sciences, Uthal
- Agriculture College Baleli
- Farmers

23.3.6 Role of important organizations

Secretary, Agriculture and Cooperatives Department is the Principal Accounting Officer of the Department.

Directors General Agriculture (Research) and (Extension) Balochistan are responsible for implementing all planned research and extension programs in the Province.

The research programs include:

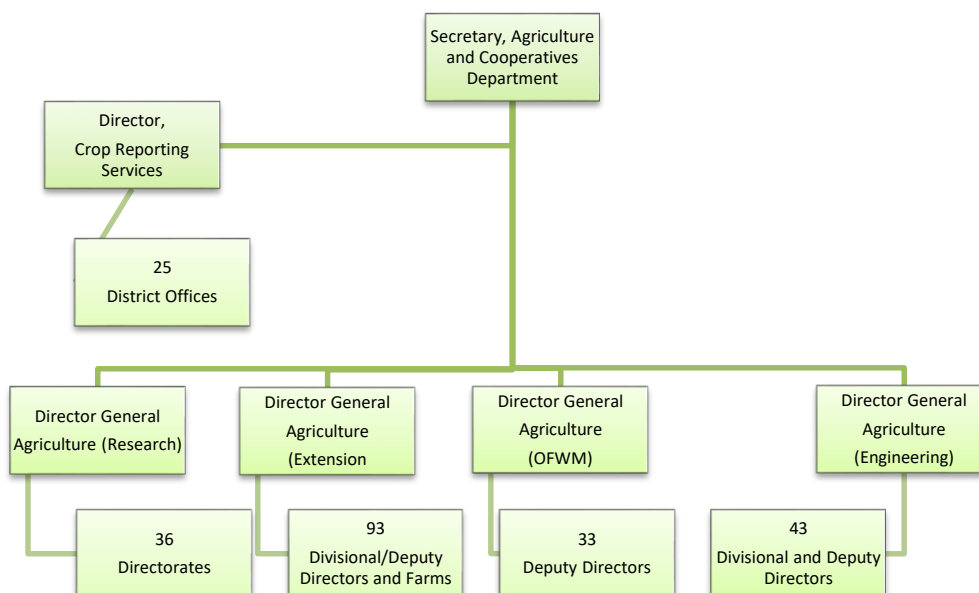
- (i) Introduction of new crop varieties with higher yields and disease resistant.
- (ii) Introduction of low delta crops with higher yields
- (iii) Formulation of new and low cost tools and inputs for agriculture

The extension programs include:

- (i) Dissemination of information/technology (e.g. fertilizer, seeds, farm machinery and equipment, and pest control);
- (ii) Dissemination of research findings; and
- (iii) Technical skill development through farmers’ field training and farm visits, awareness campaigns, and community mobilization.

Organizationally, in Balochistan the Agriculture and Cooperatives Department is divided into four Director General Offices i. Director General Agriculture (Research), ii. Director General Agriculture (Extension), iii. Director General (On farm water management) and iv. Director General Agriculture (Engineering). The Organogram of the department is appended below:

Organizational Chart of Agriculture and Cooperatives



Department, Balochistan

23.3.7 Organization's Financials

The Agriculture and Cooperatives Department Balochistan is financed by the Government of Balochistan:

(Rs. in million)

S. No.	Object Head	Budget	Expenditure
Research Wing			
1	Employee Related Expense	5,819.008	5,448.601
2	Operating Expenses	505.716	471.392
Extension Wing			
3	Employee Related Expense	10,283.819	7,502.120
4	Operating Expenses	970.656	907.596

(Budget and Expenditure for the financial years 2016-2021)

Further, in addition to employee related expenditure and operating expenses following PSDP schemes were executed by the department as a part of promotion of Agriculture in the Province.

(Rs. in million)

S. No.	Name of the project	Project Cost	Expenditure	Status
Agriculture Research				
1	Production enhancement of field crops through research innovation in Balochistan P-I	363.250	363.250	Completed
2	Intensifying horticultural development by improvement of crop productivity/P-II	77.733	77.733	Completed
3	Establishment of Hi Tech Tissue Culture Centre ARI Sariab, ARI Component/P-III	26.603	26.603	Completed
4	Remaining work of Agriculture Research Centre Kehan Zehri/P-IV	35.000	35.000	Completed
5	Green Tunnel Saragurgae, Jameel Ur Rehman, Quetta-MPA/P-V	4.000	3.400	Completed

S. No.	Name of the project	Project Cost	Expenditure	Status
6	Rehabilitation of research infrastructure ARI Component/P-VI (including Civil Works)	156.800	156.800	Completed
7	Oil Extraction Machines for Olive and Fruit Khuzdar, Nal, Musakhel/P-VII	35.000	31.765	Completed
8	Construction of Boundary Wall and Installation of Tube well at Vegetable Seed Farm Quetta	80.000	80.000	Completed
Sub Total		778.386	774.551	
Agriculture Extension				
9	Introduction of low water required crops	200.000	200.000	Completed
10	Strengthening of Agriculture Training Institute	500.000	500.000	Completed
11	Promotion and Development of Olive Crop	200.000	50.000	On going
12	Promotion and Development of Saffron Cultivation	50.000	20.000	On going
13	Promotion and Development of Pistachio	39.000	20.000	On going
14	Promotion of Tunnel Farming in Balochistan	150.000	109.000	On going
15	Date Plant in Panjgoor (Machinery Procured only)	400.000	40.000	Civil Works
Sub Total		1,539.000	939.000	
Grand Total		2,317.386	1,713.551	

23.3.8 Field Audit Activity

23.3.8.1 Methodology

The audit methodology included understanding the audited entity, conducting risk assessment, defining detailed audit objectives, developing audit program evaluating results, reporting and follow up to achieve the audit objectives.

Each entity was studied in detail before execution of field activities. The departments' functions, workings and core activities were taken into consideration before planning the audit. Risk areas were discussed and assessed by review of previous years audit reports and recent studies on ground water recharge.

Besides the Secretary Agriculture and Cooperatives Department along with senior management of the department were interviewed before the start of the audit following a joint session with all the Directors General, Principal Balochistan Agriculture College and respective Directorates for taking view point of the department.

Qualitative methodology

During field audit activities, qualitative methodology was also adopted by conducting one-on-one in-depth interviews with the Directors and Executives of the offices.

Quantitative methodology

During field audit activities, data was also collected by using quantitative methodology by conducting field visits and surveys of different farmers' fields and government farms. Quantifiable data (was collected from field offices by review of accounts and related documents and analysed by performing statistical, mathematical, or computational techniques.

The audit was conducted in accordance with the Code of Ethics and standards adopted by the Auditor-General of Pakistan which are in line with the International Standards for Supreme Audit Institutions (ISSAIs). All the selected entities were visited by the auditors and field audit was executed in line with the TORs of the Thematic Audit Plan. Farmers' field visits and interviews were conducted at selected districts to assess the farmers' facilitation by the department.

23.3.9 Audit Analysis

23.3.9.1 Review of Internal Controls

The three main types of Internal Controls: detective, preventative, and corrective were evaluated. It was observed that the detective controls were not

properly in function. Audit detected various weaknesses in internal controls which were detailed in significant audit observations. Due to lack of proper detective internal controls, the other two preventative and corrective controls were also inadequate and resulted in financial, managerial and procedural irregularities.

Thematic Audit of the Agriculture and Cooperatives Department indicated that effective internal controls were missing in most of the offices.

Due to absence of proper Internal Control System in the department, certain issues have been observed, such as:

- Efforts to enhance productivity and improvement of agriculture infrastructure were insignificant,
- Monitoring system was not effective,
- Coordination between the different hierarchal levels was missing,
- Non-observance of prescribed procedures in the execution of development schemes,
- Dissemination of Agriculture Information to the growers was meager,
- Crop Reporting Services were not reliable due to insufficient evidence.

23.3.9.2 Critical Review

The Department contrary to its mandate given under Balochistan Rules of Business, 2012 did not perform its functions of research and extension services. Research Wing of the department had utilized Rs. 31.975 million⁴ during the financial years 2016-17 to 2020-21 on purchase of seeds, fertilizers and pesticides for carrying out adaptive research and multiplication of seeds and fruit plants which basically is not the job of a research organization; rather such activities fall in the ambit of working of Extension Wing.

Balochistan, is a water scarce province and 97% of all water available in the province is utilized by agriculture⁵. It is therefore, imperative that holistic research should have been carried out to find out ways and means for reducing the consumption of water at least by some considerable percentage so that the scarce quantity of water could be saved for future generations.

⁴ Budget and Expenditure Reports for the financial years 2016-17 to 2020-21

⁵ Water Management in Balochistan (<https://www.fao.org>)

In the uplands of Balochistan, fruit orchards mostly, apple orchards, are irrigated using flood irrigation which is a crude method of irrigation that wastes approximately 30-40% volume of water. This irrigation practice by the farmers, especially apple growers has resulted in depletion of ground water resources in the upland river basins of Balochistan such as Pishin Lora Basin, Nari River Basin, Zhob River Basin; with very little economic return. Not only this, but the water used for irrigation is precious groundwater, which is pumped using highly subsidized electricity on agriculture Tube-wells.

Research has made no effort to develop low water requiring fruit varieties for replacing the high delta fruits. Similarly, no efforts by research wing have been reported on development of efficient irrigation methods for deployment in high delta fruit orchards. Additionally, no research has been carried out to determine the water requirement of different crops in different climatological zones of Balochistan despite staff of more than 100 Research Officers in all districts.

With the climate change the mean temperature in the province has risen by approximately 0.8 degrees to 1 degree Celsius⁶. This increase in temperature will impact and reduce the production and quality of the grain crops resulting in inducing a situation of food insecurity in the province with consequent result of increasing import bills. Similarly, the rise in temperatures will also increase the water requirement of all the crops being grown in the province along with a time creep in their sowing and harvesting times; a phenomenon which will greatly impact the production levels of crops if not taken into account properly.

Soil health plays a vital role in crop production and similarly, use of micro and macro nutrients also are much important for obtaining desired crop yield and production. On the contrary, efforts of the Research Directorate for determining nutrient requirement of soils in different agriculture pockets of Balochistan were missing. No efforts were made to prepare soil catalog of Balochistan which comes in the ambit of Directorate of Soil Fertility and Soil and Water Testing Labs. The Research Directorate also does not have research based authentic data /information regarding fertilizer/nutrient requirement of different crops in different climatic zones of Balochistan.

Another impediment is that no research data is made available regarding cultivation technology of different crops in Balochistan. The farmers therefore,

⁶ Climate Change Indicators of Pakistan (Pakistan Meteorological Department)

use esoteric and traditional methods of cultivation, especially sowing and irrigation because of which the crop yield remains less besides putting pressure on natural resource base on one hand and degradation of land and depletion of water on the other. The research wing has also not made any effort to address the problems of the farming communities of Balochistan which they face during each cropping season while cultivating crops.

It is a general practice of research organizations that they publish research journals of their organization and publicize the outcomes of the research carried out in their organization. It is worth mentioning that there were 11 PhD research scholars in Research Wing and 19 PhD scholars in Extension Wing, but no significant research papers and research work was done by them, and no such effort was seen to have been made by the Research Department nor was the data of research scholars available. No consolidated report by any wing of research, was presented to audit for its review and record.

Audit also observed that Directorates of Cereal Crops, Pulses, Oilseed, Special Crops, Food Technology and Post-Harvest, Vegetable Seed, Fruit Sub Station, Wayaro and Dates Farm, Turbat besides having sufficient staff and area for cultivation did not introduce new varieties of their relevant research.

23.3.9.3 Significant Audit Observations

1 Ineffective role of Research Directorate

According to Balochistan Rules of Business 2012, the functions of Research Directorate are as follows:

1. Enhance productivity through development of better varieties and improved management practices.
2. Promoting high value crops, fruits and vegetables
3. Genetic improvement of crop varieties.
4. Control of diseases and insect/pests.

The Director General Agriculture (Research), made no effort to develop low water requiring crop varieties for replacing high delta crops with low delta crops. Similarly, no efforts by research wing have been reported on development of efficient irrigation methods for deployment in high delta fruit orchards which could lead to water conservation in the drying aquifers of

Balochistan. Having large number of researchers on each crop and fruit, the research department have not carried out any research to determine the crop water requirement of different crops in different climatological zones of Balochistan, which has now become utmost necessity in the current climate change regime. Similarly, no research has been reported regarding nutrients requirement of different crops, in different soil strata in Balochistan. Moreover, research department did not establish germ plasm units for the local varieties of crops and no new variety has been developed to combat climate change.

Ineffective role of research directorate hindered enhancement in productivity.

2 Lack of coordination between research and Extension Wing and decreasing productivity of crops.

According to Balochistan Rules of Business 2012, enhancing productivity through better varieties and improved management practices, is the fundamental domain of Research Directorates, Balochistan.

The function of Research Directorate towards above mandate is to conduct research and trials, obtain results and furnish outcomes to Extension wing for onward dissemination with the growers.

Research Directorates neither carried out advanced research nor shared the results of the basic results being carried out in different locations of the province, with the extension wing of the department for further dissemination to the growers. It led to the fact that there was no significant increase in per hectare yield of various crops for the years 2015-16 and 2019-20, and it was observed that during the past five years the production has significantly decreased. Statistical analysis of Crop years 2015-16 and 2019-20 of major and cash crops is given below:

Yield in Kgs/Hectare			
Crop	2015-16	2019-20	Increase/Decrease
Wheat	2,275	2,027	↓
Grams (Masoor, Moong, Mash etc.)	4289	3851	↓
Vegetables	15,810	15,245	↓
Fodder	32,553	31,829	↓
Rice	3,277	3,259	↓
Sugar Cane	48,293	50,800	↑
Cotton	1,325	1,265	↓

Source: Agriculture Statistics 2015-16 and 2019-20

Lack of coordination between different wings of department led to non-achievement of higher production.

3 Non-engagement with farmers by Agriculture Extension Wing

Extension is defined by Food and Agriculture Organization (FAO) as, “systems that should facilitate the access of farmers, their organizations and other market actors to knowledge, information and technologies; facilitate their interaction with partners in research, education, agribusiness, and other relevant institutions; and assist them to develop their own technical, organizational and management skills and practices.”

Director General Agriculture (Extension) Balochistan is responsible for implementing all planned extension programs at the union council level through Deputy Director Agriculture (Extension) in each district of the Province.

The extension programs include:

- (i) Dissemination of information/technology (e.g., fertilizer, seeds, farm machinery and equipment, and pest control);
- (ii) Dissemination of research findings; and
- (iii) Technical skill development through farmers’ field training and farm visits, awareness campaigns, and community mobilization.

Extension Wing of Agriculture and Cooperatives Department Balochistan was not planning any extension programs rather it was procuring plants, farm machinery, seed and fertilizers and installation of Green Tunnels for Tunnel Farming through PSDP schemes. Trainings to farmers through farm visits, awareness campaigns and use of social media for dissemination of research and new technologies were not carried out. The field assistants were not trained to scientifically understand and help farmers in land preparation and to mitigate problems of farmers.

Non engagement with farmers by Agriculture Extension Wing resulted in non-implementation/ non-sharing of research outcomes.

4 Lack of action in respect of Sustainable Development Goal -2

The SDG 2.3 aims “to double the productivity and income of small scale agriculture producers” and 2.4 aims “at sustainable food production and resilient agricultural practices.”

The Parliament of Pakistan passed a unanimous resolution in February 2016 to adopt the 2030 (SDG) Agenda as the national development agenda. In the office of Secretary Agriculture and Cooperatives Departments, Balochistan audit observed that the department did not take any step towards implementation of SDG-2 as no awareness existed in the department and funds were also not allocated for the purpose.

Non implementation of SDG-2 depicted lack of awareness and commitment on the part of department.

5 Non-existent comprehensive information strategy

According to Balochistan Rules of Business 2012, the Director Agriculture Information, Balochistan was responsible for “Dissemination of Agricultural Information among the growers.”

There existed no strategy to disseminate agricultural information to the farmers. On random visit, it was noticed that thousands of pamphlets/booklets were lying undisbursed in the store room of the Directorate. No E-news letters were developed by the management. No effort was made for broadcasting of FM Radio program for disseminating agricultural information in the province. Besides, no social media activity and official social media accounts of Agriculture and Cooperatives Department Balochistan were seen. Further, the official website of Agriculture Department also did not carry such useful information for consumption of growers.

Lack of information strategy resulted in non-dissemination of information to the stakeholders.

6 Non- functional Balochistan Agriculture Research Board

According to Balochistan Agriculture Research Board, Act 1998, the objectives of the Board are as under:

- To plan research work and evaluate and to monitor impact of research on Agriculture sector.
- To approve research master plan for taking funds from Government.
- To attract/sponsor/offer different projects scholarship in terms of financial and technical assistance, and attract foreign funding.

The Balochistan Agriculture Research Board Act, 1998 was passed by the legislature for the purpose of monitoring and promoting agriculture research activities in Balochistan. Audit observed that the concerned quarters made no efforts to enforce this Act. Further, due to non-implementation of this Act, foreign funding could not be obtained and its benefits could not reach the farmers. In Punjab province, Research Board was constituted and presently 84 research projects costing Rs. 1.480 billion⁷ are being executed by the Board.

Non-functioning Board deprived the agriculture sector of research activities, funding and benefits to the growers.

7 Non-sharing of Research Outcomes with Agriculture Department by the Balochistan Agriculture College and LUAWMS, Uthal

Balochistan Agriculture College was established in 1987 where graduation degree in various specialized courses in Agriculture are offered. The college students carry out different research work in Agriculture during their graduation programs. Further, Faculty of Agriculture in LUAWMS, Uthal was established in May 2006, the faculty of Agriculture aims at providing quality academic training (training, research and out-reach) in plant production and plant protection through management practices against ecological and biotic constraints under the agro-climatic conditions of Lasbela district.

Agriculture Faculty of Lasbela University of Agriculture, Water and Marine Sciences is running six programs such as:

- | | |
|-------------------------------|---|
| (1) Agronomy: | Deals in research activities of major crops such as wheat, cotton, pulses. |
| (2) Horticulture: | Deals in controlled research area such as vegetables, and all kinds of tropical fruits. |
| (3) Soil science: | Deals in soil study and its nutrient values. |
| (4) Plants breeding genetics: | Deals in research work on new genetics and parameters. |
| (5) Plant Pathology: | Deals in making pesticides by the herb like ferula. |
| (6) Entomology: | Deals in tackling chewing insect and sucking insect and to develop pesticides herbs. |

⁷ <http://parb.agripunjab.gov.pk/parbprojects> (Punjab Agriculture Research Board)

Agriculture College Baleli and LUAWMS, Uthal have carried out 3 and 115 researches respectively in various fields but none of the research outcomes were shared with Agriculture and Cooperatives Department for practical implementation through the agriculture department.

Due to non-dissemination and non-sharing of research outcomes, the research work remained unutilized.

23.3.10 Departmental Responses

The DAC meeting was held on January 3rd and 8th 2022 wherein the departments replied:

- 1) The department informed that despite disparity in Operational and Development budget 95% and 5% respectively, research is being conducted. Audit was of the view that in the wake of climate change and depleting water reservoirs the department needed to invest more in research in order to cater for future food requirements of the province. The Forum directed that the matter for provision of sufficient budget may be taken up at highest level.
- 2) The department informed that regular meetings are conducted with the Extension Wing of the department besides, a joint field day is also conducted at regular intervals for sharing of research outcomes. DAC directed that research carried out during the last five years with its impact in terms of better yields be shared with audit.
- 3) Director General Agriculture (Extension) apprised the forum on the initiatives that have been taken for sharing of knowledge with the growers. He explained that they were working in all the districts of the province. However, reaching out to every farmer was not possible due to far-flung areas and human and financial constraints. The forum directed the management to make efforts for making Model Farms functional in a way whereby local farmers can gain knowledge of agricultural technologies. The forum further directed that the DG Agriculture (Extension) may activate their human resource for the purpose and farmers be facilitated at their doorsteps.
- 4) The department informed that a draft Agriculture Policy has been devised, which also includes SDGs and is at approval stage from the competent authority. The forum directed that the department shall work on the achievement of SDGs targets specific to goal 2.

- 5) The department informed that they have established WhatsApp groups in all of the 33 districts which includes farmers and researchers. The forum directed the department to adopt a comprehensive information strategy.
- 6) The management informed that the Act is in need of amendments which have been proposed but not incorporated. The forum directed the Administrative Department to make efforts for establishment of the board under intimation to audit.
- 7) The management of LUAWMS, Uthal admitted that a formal mechanism of collaboration with the agriculture department, identifying research areas and sharing results with farmers and authorities is missing. The forum directed that a formal mechanism be devised to identify research areas and share the research outcomes with the Agriculture department and farmers.

23.3.11 Recommendations

- 1 Audit recommends that the matter for provision of sufficient budget may be taken up at highest level and research may be conducted on high delta crops, soil fertility, and nutrient requirements of soil in different agriculture pockets of the province.
- 2) Audit recommends that research carried out during the last five years with its impact in terms of better yields be shared with audit.
- 3) Audit recommends that research carried out during the last five years with its impact in terms of better yields be shared with audit.
- 4) Audit recommends that the department shall work on the achievement of SDGs targets specific to goal 2.
- 5) Audit recommends that the department adopt a comprehensive information strategy.
- 6) Audit recommends that Balochistan Agricultural Research Board may be made functional under intimation to audit.
- 7) Audit recommends that there shall be an information-sharing platform and information shall be shared on regular intervals between the educational institutes and Agriculture and Cooperatives Department.
- 8) Research department may also initiate climate smart research aiming climate smart agriculture for the entire climatic zones of the province. Additionally, intense research should be initiated on crop water requirement of different crops during climate change regimes with a

view to conserve scarce water resources through better water management practices.

- 9) Research Directorate should devise a long-term Research policy and strategy including climate smart breeding and research for each climatic zone and crop in respect of Balochistan and should allocate the resources accordingly. The department also needs to make efforts on research in promoting low delta crops, high efficiency irrigation systems, model farming, low-cost inputs, oil seeds (i.e., castor seed, sunflower, soybean, canola), packaging facilities and farm to market infrastructure. Besides, Economic Market Committees need to be made functional as out of 33 districts only in 3 districts the committees are functional.
- 25.6.1 Agriculture Research Board and Cooperative Bank are required to be made functional.
- 25.6.2 One reason for non-adoption of new and innovative farming methods, farm inputs, farm mechanization was identified as lack of resources on the part of farmers. Micro financing needs to be introduced to address this issue.
- 25.6.3 Extension Services through new techniques by involvement of social media i.e., web pages, YouTube Channels, Facebook pages, WhatsApp Groups may be introduced. It will not only increase the GDP of the province, but also increase per capita income of the whole province.

23.3.12 Conclusion

The thematic audit was undertaken with a view to report significant systematic issues in agriculture research and dissemination of its findings. To help minimize the potential effects of a widening gap between food supply and food demand, the government requires holistic strategy for the agriculture sector. Investments need to be made in agriculture research, extension, education, infrastructure, and high efficiency irrigation, trade, macroeconomic policies that will give rise to a substantial increase in the productivity growth and production.

It would be appropriate if the Balochistan Agriculture Research Board and Agriculture Cooperatives Bank are made functional which would help in eradicating the Research related bottlenecks at the provincial and regional levels. This will also help the poor farmers to get soft loans to boost productivity.

The department needs to work to achieve SDG-2 targets. Resource allocation need to be revisited and made more efficient to gain maximum benefit in research. The Agriculture Policy and its targets can be achieved only when the policy is implemented and a strategy based information is disseminated among the farmers of the province.

Annexure 1

MFDAC PARAS
Agriculture and Cooperatives Department

S. No.	AIR Para No.	Para Heading	Financial year
DG, OFWM			
1	4	Irregular expenditure of without obtaining administrative approval Rs.139.346 million	2019-20
2	5	Irregular expenditure and doubtful distribution of fodder seeds Rs. 21.324 million	2019-20
3	14	Expenditure without technical sanction Rs.676.894 million	2019-20
Director General Agriculture Extension			
4	3	Over payment due to wrong calculation of premium Rs. 0.736 million	2017-2018
DG, OFWM			
5	6	Irregular expenditure on NSR without rate analysis -Rs. 1.945 million	2018-19
6	5	Overpayment due allowing higher rates Rs.0.117 million	2018-19
7	9	Irregular expenditure without completion reports Rs. 69.838	2018-19
Director Research Floriculture			
8	3	Irregular expenditure without completion reports Rs. 35.996 million	2018-19
Agriculture Engineering, Bolan			
9	3	Irregular expenditure on repair of machinery Rs.1.309	2018-19
Agriculture Engineering, Mastung			
10	2	Irregular expenditure of Rs.0.840 million	2018-19
Agriculture Engineering, Kalat			
11	3	Irregular expenditure on repair of machinery Rs.1.039 million	2019-20
Agriculture Engineering, Awaran			

S. No.	AIR Para No.	Para Heading	Financial year
12	3	Irregular expenditure on repair of machinery Rs.1.140 million	2018-19
Project Director, Up-gradation of Agriculture College into Agriculture University, Quetta			
13	2	Overpayment due to allowing excess quantity beyond PC-1 provision Rs. 16.421 million	2018-19
DG OFWM, Awaran, Chagahi, Gwadar, Kharan, Lasbealla, Noshki, Panjgur, Surab, Washuk			
14	1	Non-obtaining of performance security Rs.54.114 million	2019-20
Deputy Director OFWM Barkhan			
15	10	Irregular excess deduction of security deposits	2019-20
Agriculture Engineering, Kalat and Agriculture Model Farm Quetta			
16	1, 1	Irregular cash payments to firms Rs.1.615 million	2019-20
Deputy Director Agriculture Engineering, Bolan, Mastung, Awaran			
17	1	Non-realization of subsidized hiring charges of bulldozers hours – Rs. 1.892 million	2019-20

Balochistan Development Authority (A.R. 2019-20)

S. No.	AIR No.	Description of Para
1	1	Overpayment due to wrong calculation - Rs. 1.106 million
2	2	Less realization of tonnage fee from vessels-Rs. 68.289 million
3	5	Unauthorized/irregular expenditure due to allowing excess quantity - Rs. 44.456 million
4	9	Unauthorized payment of secured advance- Rs. 13.95 million
5	10	Irregular expenditure due to allowing market rate - Rs. 10.476 million
6	12	Non deduction of mobilization advance - Rs. 63.375 million
7	14	Unauthorized payment of mobilization advance - Rs. 27.688 million

S. No.	AIR No.	Description of Para
8	15	Unauthorized award of works to unregistered firm with BRA-Rs. 13.746 million
9	16	Overpayment due to inadmissible earthwork for shoulders - Rs. 0.632 million
10	17	Overpayment by allowing excess quantities of laying material in road structure - Rs. 0.243 million
11	20	Less realization of rent from the cotton ginning factory - Rs. 0.750 million

Gwadar Industrial Estate Development Authority (FY 2020-21)

S. No.	AIR Para	Description	Remarks
1	3	Overpayment due to allowing excess quantity of aggregate - Rs. 0.551 million	Overpayment

Sardar Bahadur Khan Women's University, Quetta (FY 2018-19)

S. No.	AIR Para	Description	Remarks
1	2	Non-deduction of conveyance allowance, stoppage of pay and annual increment	Overpayment
2	3	Irregular appointment of Project Director	Irregular
3	4	Irregular appointment of Assistant Security Officer beyond PC-I provisions	Irregular
4	6	Excess payment due to allowing excess work beyond PC-I - Rs 1.486 million	Excess
5	11	Overemployment in the project beyond PC-I	Excess
6	12	Non-compliance with previous year Audit Paras	Non-compliance
7	13	Misreporting/variance of student fees collection - Rs. 63.960 million	Non-compliance
8	17	Irregular renting out the university property	Irregular
9	18	Illegal drawl of dual salary - Rs. 0.204 million	Illegal
10	19	Less deduction of conveyance allowance - Rs. 0.143 million	Overpayment

S. No.	AIR Para	Description	Remarks
11	21	Doubtful/unauthorized project payment - Rs. 28.600 Million	Unauthorized
12	22	Misreporting and unreal submission of PC-IV	Unauthorized
13	25	Less deduction of retention/security deposit - Rs. 1.150 Million	Non-compliance
14	27	Non-maintenance of record in auditable form	Irregular
15	28	Irregular recruitment of Sub-campus staff	Overpayment
16	30	Irregular drawl of House Rent Allowance - Rs. 1.109 Million	Non-compliance
17	31	Non-deduction of income tax from salaries - Rs. 0.187 Million	Irregular
18	1	Non-production of record - Rs. 522.673 million	Non production

Board of Revenue (FY 2019-20)

S. No.	AIR Para	Description	Remarks
1	2	Less/non realization of Abiana Rs. 8.622 million	Non/less realization
2	3, 1	Irregular expenditure due to non-calling of open tender - Rs. 13.101 million	Irregular

Communication & Works Department (FY 2019-21)

S. No.	Description	Remarks
1	Overpayment due to allowing incorrect rate - Rs. 2.586 million	Overpayment
2	Overpayment due to non-deduction of premium - Rs. 1.067 million	Overpayment
3	Overpayment due to non-deduction of structure work - Rs. 3.924 million	Overpayment
4	Overpayment due to allowing inadmissible item/stacking charges and premium - Rs. 1.770 million	Overpayment

Secondary Education

S. No.	Paras	Description
Head Master Government Boys High School, Nokundi 2018-19		
1	3	Non-reconciliation of expenditure – Rs. 14.433 million
2	4	Non-production of records – Rs. 39.729 million
Government Boys High School, Khormaghi, Washuk 2016-19		
3	2	Non-production of record – Rs. 5.630 million
Head Master, Government Boys High School, Sakhani, District JhalMagsi 2014 to 19		
4	5	Non-reconciliation of expenditure – Rs. 56.755 million
Deputy District Officer Education, Female, Zhob 2016-19		
5	1	Unauthorized expenditure on repair of office building Rs.0.398 million
Deputy District Officer Education (Male), Kohlu 2015-19		
6	1	Excess expenditure incurred without budget allocation – Rs. 49.894 million
7	2	Non-accountal of costly store items – Rs. 1.419 million
8	3	Irregular repair of office building – Rs. 0.780 million
9	4	Irregular expenditure on POL – Rs. 0.931million
10	5	Irregular expenditure on repair of vehicle – Rs. 0.695 million
11	6	Non-reconciliation of expenditure – Rs. 586.355 million
District Officer Education (Female), Zhob 2016-19		
12	1	Drawl of leave salary without budget – Rs. 0.391 million
13	2	Unauthorized expenditure on repair of office building – Rs. 0.248 million
Deputy District Officer Education Male (KakarKhurasan), Zhob 2016-19		
14	2	Unauthorized expenditure on repair of office building – Rs. 0.358 million
15	3	Drawl of leave salary without budget – Rs. 3.255 million
Deputy District Officer Education Male, Zhob 2016-19		
16	1	Drawl of leave salary without budget – Rs. 9.974 million
17	2	Irregular expenditure on repair of vehicle – Rs. 0.199 million
18	3	Irregular expenditure on purchase of stationery and recovery of GST – Rs. 0.318 million and - Rs. 0.043 million respectively
19	6	Doubtful expenditure in june, 2018 – Rs. 0.235 million

S. No.	Paras	Description
20	7	Excess expenditure above the budget allocation – Rs. 10.098 million
Head Master, Government Boys High School Dairy Farm, Kohlu 2014-19		
21	1	Non-accountal of costly store items – Rs. 3.949 million
22	4	Non-reconciliation of expenditure – Rs. 48.276 million
Principal, Government Boys Higher Secondary School, Mawand 2014-19		
23	1	Non accountal of costly store items – Rs. 4.841 million
24	3	Non-reconciliation of expenditure – Rs.74.590 million
Head Mistress Government Girls High School, GreshaNall 2014-19		
25	2	Non-reconciliation of expenditure – Rs. 17.670 million
District Officer Education (Male), Zhob 2016-19		
26	1	Drawl of leave salary without budget and non-production of record – Rs. 3.980 million
Principal, Government Boys Model High School, Kohlu 2014-19		
27	2	Non-accountal of costly store items – Rs. 3.137 million
28	3	Excess expenditure above budget grant – Rs. 10.338 million
29	4	Non-reconciliation of expenditure – Rs. 132.536 million
Government Boys Model High School, Washuk 2014-19		
30	3	Non-reconciliation of expenditure – Rs. 39.284 million
Head Master, Government Boys High School, Nokjoo, Khuzdar 2016-19		
31	2	Non-reconciliation of expenditure – Rs. 32.720 million
32	3	Non-maintenance of stock account – Rs. 2.419 million
Head Mistress Government Girls High School, Noorgama, Zehri 2014-19		
33	2	Non-reconciliation of expenditure – Rs. 41.872 million
34	3	Non-maintenance of stock account – Rs. 3.790 million
Head Mistress, Government Girls High School, Kohlu 2014-19		
35	2	Non-accountal of costly store items –Rs. 3.730 million
36	4	Non-reconciliation of expenditure Rs. 747.655 million
Deputy District Officer Education (Male), District JhalMagsi 2016-19		
37	5	Non-reconciliation of expenditure – Rs. 195.021 million
Head Master, Government Boys High School, GreshaNall, Khuzdar 2014-19		
38	2	Non-reconciliation of expenditure – Rs. 33.244 million

S. No.	Paras	Description
39	3	Non-maintenance of stock account – Rs. 3.113 million
Head Master, Government Boys High School, Hurry Nall, Khuzdar 2018-19		
40	2	Non-reconciliation of expenditure – Rs. 1.103 million
Head Master, Government Boys High School, Haji Azad Khan Kishingi, Nushki 2017-19		
41	1	Non-maintenance of stock account – Rs. 4.811 million
42	4	Non-reconciliation of expenditure – Rs. 18.736 million
43	5	Non-production of record
Headmistress, Govt Girls High School, Nushki 2014-19		
44	2	Non-maintenance of stock account – Rs. 2.807 million
45	6	Non-production of record
Headmistress, Govt Girls High School, Killi Imam Bakhsh, Nushki 2017-19		
46	2	Non production of record
Headmistress, Govt Girls Model High School, Nushki 2018-19		
47	4	Non-reconciliation of expenditure – Rs. 49.368 million
48	5	Non-production of record
Headmaster, Govt Boys High School, Zarocho, District Nushki 2014-19		
49	2	Non-maintenance of stock account valuing – Rs. 3.256 million
50	5	Non-reconciliation of expenditure – Rs. 19.583 million
51	6	Non-production of record
Headmaster, Govt Boys High School, Jorakain, District Nushki 2015-19		
52	3	Non-reconciliation of expenditure – Rs. 37.471 million
District Education Officer, Washuk 2017-19		
53	2	Non-reconciliation of expenditure – Rs. 47.830 million
Headmaster, Govt Boys High School, Ahmed Wall, District Nushki 2014-19		
54	2	Non-reconciliation of expenditure – Rs. 72.328 million
Headmaster, Govt Boys High School, Muhammad Khan District Nushki 2014-19		
55	3	Non-reconciliation of expenditure – Rs. 95.456 million
Principal, Government Boys High School, Hairdin, Sohbatpur 2014-20		
56	1	Non-reconciliation of expenditure – Rs. 73.891 million
57	2	Non-maintenance of stock account – Rs. 5.844 million
District Officer Education (Female), Jaffarabad 2018-19		

S. No.	Paras	Description
58	1	Non-reconciliation of expenditure – Rs. 224.442 million
District Officer Education (Male), Jaffarabad 2018-20		
59	1	Non-reconciliation of expenditure – Rs. 477.651 million
Head Master, Government Boys High School, Manjhipur, Sohbatpur 2014-20		
60	1	Non-reconciliation of expenditure – Rs. 157.817 million
61	3	Non-accountal of stock and store items – Rs. 3.917 million
Headmaster Government Boys High School, Cattle Farm, Jaffarabad 2014-20		
62	1	Non-maintenance of stock account – Rs. 5.167 million
Headmaster, Government Boys High School, Jamaldini, District Nushki 2014-19		
63	1	Non-maintenance of stock account – Rs. 2.780 million
64	3	Non-reconciliation of expenditure – Rs. 57.857 million
Head Master, Government Boys High School, Killi Sharif Khan, Nushki 2014-19		
65	1	Non-reconciliation of expenditure – Rs. 92.299 million
Head Master, Government Boys High School, KilliBadini, District Nushki 2015-19		
66	1	Non-reconciliation of expenditure – Rs. 63.926 million
Head Mistress, Government Girls High School, Gareabad, Nushki 2014-19		
67	1	Non-maintenance of stock account – Rs. 3.581 million
68	3	Non-reconciliation of expenditure – Rs. 92.869 million
Head Mistress, Government Girls High School, Sardar Mengal, Nushki 2014-19		
69	1	Non-reconciliation of expenditure – Rs. 49.987 million
Head Mistress, Government Girls High School, KilliJamaldini, Nushki 2014-19		
70	1	Non-reconciliation of expenditure - Rs. 57.716 million
Head Mistress, Government Girls High School, Killi Sharif Khan, Nushki 2014-19		
71	1	Non-reconciliation of expenditure - Rs. 72.217 million
Head Mistress, Government Girls High School, Killi Sardar Badini, Nushki 2017-19		
72	1	Non-reconciliation of expenditure - Rs. 20.863 million

S. No.	Paras	Description
Head Mistress, Government Girls High School, Khairazi, District Nushki 2015-19		
73	2	Non-reconciliation of expenditure - Rs. 22.394 million
District Education Officer, Sohbatpur 2016-20		
74	1	Non-reconciliation of expenditure - Rs. 15.952 million
District Education Officer, Jafferabad 2016-20		
75	4	Irregular drawl of conveyance allowance amounting to - Rs. 0.240 million
Head Mistress, Government Girls High School, Manjhipur, Sohbatpur 2014-20		
76	1	Non-reconciliation of expenditure - Rs. 54.104 million
77	2	Non-maintenance of stock account - Rs. 4.377 million
Head Master Government Boys High School, Noor PurJamali, Jaffarabad 2016-20		
78	1	Non-reconciliation of expenditure - Rs. 40.993 million
79	2	Non-maintenance of stock account - Rs. 4.639 million
Head Mistress, Government Girls High School, Dera Allah Yar, Jaffarabad 2014-20		
80	1	Non-maintenance of stock account - Rs. 11.843 million
81	2	Non-reconciliation of expenditure - Rs. 165.062 million
Head Mistress, Government Girls High School, Adam Pur, SohbatPur 2014-20		
82	1	Non-reconciliation of expenditure - Rs. 23.923 million
83	3	Non production of record
Headmistress, Government Girls High School, Rojhan Jamali, Jaffarabad 2014-20		
84	2	Non-accountal of stock and store items - Rs. 11.246 million
Principal, Cadet College, Kohlu 2015-20		
85	1	Recovery on account of conveyance allowance - Rs. 1.215 million
PD Construction of Cadet Colleges in Balochistan		
86	1	Overpayment by allowing excess quantities of laying material on road structure Rs. 1.230 million

Energy Department

S. No.	AIR Para No.	Para Heading	Financial years	Remarks
Secretary Energy Department, Government of Balochistan				
1	2	Unjustified expenditure - Rs. 210.00 million	2018-20	Without billing
2	6	Irregular expenditure - Rs. 179 million	2018-20	Reconciliation
3	7	Doubtful expenditure Rs - 25.948 million	2018-20	Reconciliation
4	8	Loss due to production of electricity on deficit rates - Rs. 86.460 million	2018-20	Reconciliation
5	9	Doubtful expenditure - Rs. 29.410 million	2018-20	Reconciliation
6	6	Irregular unjustified payment through Administrative Department - Rs. 6,174.294 million	2020-21	Verification
7	9	Non obtaining of detailed accounts - Rs. 175.338 million	2020-21	Verification
Director, Energy Department (North)				
8	1	Non- production of record - Rs. 181.29 million	2019-20	Non-Production
9	4	Non-utilization of public fund - Rs. 11.960 million	2019-20	Non-utilization

Forest Department

S. No.	AIR Para No.	Para heading	Financial year	Remarks
Deputy Conservator of Forest, Quetta 2016-18				
1	4	Irregular expenditure – Rs. 5.600 millions	2016-18	Irregular expenditure
Divisional Forest Officer, Kohlu 2014-20				
2	4	Non-production of record - Rs. 93.361 million	2014-20	Non Production
District Forest Officer, Khuzdar 2017-20				
3	2	Unlawful/illegal execution of work without technical sanctions - Rs. 14.490 million	2017-20	Unlawful execution
Deputy Conservator of Forest, Quetta 2018-19				

4	1	Non-maintenance of record for disbursement of 108,002 plants	2018-19	Non-maintenance of record
5	6	Limitation of scope due to nonproduction of record of sales of plants/revenue	2018-19	Non production

LIEDA

S. No.	Para No.	Para Heading	Financial year	Remarks
1	08	Non-recovery of non-utilization fee from un-functional industrial units - Rs. 113.808 million.	2020-21	Recovery

Irrigation Department for the financial year 2019-20 and 2020-21

S. No.	Financial year /AIR	Name of divisions	Observation	Amount
1	2019-20 (AIR-06)	Khirthar Canal Division, Usta Muhammad	Non disposal of material obtained from jungle clearance	4.728
2	2019-20 (AIR-06)	Irrigation Division, Turbat	Irregular payment to the consultants	30.324
3	2019-20 (AIR-03)	PD, Construction of 100/200 Dams, Killa Abdullah,	Unauthorized payment due to incorrect item of work	0.296
4	2020-21 (AIR-05)	Project Director, Construction of Winder Dam Project, Lasbela	Irregular payment of plant mobilization and demobilization cost to the contractor	21
5	2020-21 (AIR-01)	Irrigation Department, Ziarat	Overpayment due to incorrect item of work	0.579

Livestock Department

S. No.	AIR Para No.	Para Title	Remarks
Superintendent, Government Poultry Farm, Khuzdar (2013-17)			
1	4	Non-reconciliation of receipt amount - Rs. 2.800 million	Irregular
Manager, Poultry Farm, Pishin (2015-20)			
2	1	Non-deduction of income tax - Rs. 0.106 million	Recoverable
3	5	Selling of eggs on price lower than cost	Irregular
Superintendent, Government Poultry Farm, Khuzdar (2013-17)			
4	1	Improper issuance of feed – Rs. 1.453 million	Irregular
Superintendent, Government Poultry Farm, Khuzdar (2019-20)			
5	4	Improper issuance of feed – Rs. 0.991 million	Irregular
Superintendent, Bhagnari Cattle and sheep farm Usta Mohammad (2018-19)			
6	1	Unauthorized sale of animals - Rs. 0.689 million	Unauthorized
7	8	Non-reconciliation of revenue receipt with the Treasury Office - Rs. 8.004 million	Irregular
The Superintendent, Bhagnari Cattle and Sheep Farm, Usta Mohammad			
8	9	Loss due to non-depiction of wheat straw - Rs. 2.744 million	Loss
9	5	Loss due to sale of wheat on lesser rate - Rs. 1.600 million	Loss
Superintendent, Red Sindhi Cattle Farm, Hub			
10	4	Irregular expenditure by splitting up / non tendering - Rs. 1.073 million	Irregular

Finance Department

S. No.	AIR Para No.	Para	Remarks
1	4	Unauthorized payment of Cash Award – Rs. 52.604 million	Unauthorized

Health Department

S. No.	AIR Para No.	Para	Remarks
Chief Executive Officer, Peoples Primary Healthcare Initiative, Balochistan, Quetta			
1	15	Overpayment due to allowing higher rate for transportation - Rs. 1.520 million	Overpayment
Additional Director MSD Quetta			
2	4	Excess payment on purchase of medicines Rs. 119.405 million	Excess payment

Industries & Commerce Department

S. No.	AIR Para No.	Para	Remarks
Executive Engineer, Industries and Commerce Department, Balochistan, Quetta			
1	3	Overpayment due to allowing inadmissible higher rate - Rs. 1.925 million	Overpayment

P&D Department

S. No.	AIR Para No.	Para	Remarks
Project Director, Development package, Turbat			
1	1	Overpayment due to allowing excess quantity - Rs. 1.010 million	Overpayment
2	4	Unauthorized payment of Cash Award – Rs. 107.765 million	Unauthorized

PHE Department

S. No.	AIR Para No.	Para	Remarks
Executive Engineer, PHE Division, Kharan			
1	3, 5	Inadmissible payment for cost of specials - Rs. 1.730 million	Inadmissible

Annexures