AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR ENTERPRISES
GOVERNMENT OF BALOCHISTAN
AUDIT YEAR 2020-21

AUDITOR GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 15 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 the accounts of Government Commercial Undertakings and of any Authority or body established by the Federation or the Province.

This report is based on audit of the accounts of Public Sector Enterprises of Government of Balochistan for the year 2020-21.The Audit Report also contains audit observations of the previous financial years. The Director General Commercial Audit and Evaluation, Karachi, conducted audit during the period July 01, 2020 to November 15, 2020 on a 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 audit findings valuing Rs.1.000 million or more. Relatively less significant issues have been listed in the Annex-1 (MFDAC). Keeping in view audit findings, Sectoral Analysis of different departments has been given in a summarized form in the Executive Summary of the report, although the proper data for the same was not furnished by the executive despite a number of reminders. The audit observations listed in the Annex-1 shall be pursued with the relevant Principal Accounting Officers (PAOs) of the Department at Departmental Accounts Committee (DAC) level. In case where the PAOs do not initiate appropriate action, the audit observations shall be brought to the notice of the Public Accounts Committee (PAC) through the next year's Audit Report.

The Audit Report is submitted to the Governor of 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:

(Javaid Jehangir)
Auditor General of Pakistan

TABLE OF CONTENTS

ANNEXES

Abbreviations & Acronyms

AGP	Auditor General of Pakistan
BESSI	Balochistan Employees Social Security Institution
BPPR	Balochistan Public Procurement Rules
BPPRA	Balochistan Public Procurement Regulatory Authority
CCGPP	Chief Controller Government Printing Press
CMD	Curative Medicine Degree
DAC	Departmental Accounts Committee
DG CA&E	Director General, Commercial Audit & Evaluation, Karachi
GFR	General Financial Rules
GPP	Government Printing Press
MFDAC	Memorandum for Departmental Accounts Committee
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PESSI	Provincial Employees Social Security Institute
PMDC	Pakistan Medical & Dental College
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises
S&GAD	Service & General Administration Department
SECP	Securities and Exchange Commission of Pakistan
SIW	Small Industries Wing

EXECUTIVE SUMMARY

The Director General Commercial Audit & Evaluation DG (CA&E) South Karachi carried out audit and evaluation of Public Sector Enterprises (PSEs) established by Government of Balochistan which maintain their accounts on commercial basis. Section-15 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 empowers the Auditor General of Pakistan to conduct audit of companies and corporations established in public sector. DG (CA&E) Karachi is mandated to conduct regularity audit (financial audit & compliance with authority audit), performance audit and special audit of these PSEs. Out of total human resources available with DG (CA&E) Karachi 06 officers and staff (1,250 mandays) were deputed for the audit of Balochistan Government entities. An expenditure of Rs.0.627 million was incurred against above audits.

This report however does not contain comments on the annual audited accounts of 03 public sector enterprises for the financial year 2019-20 as the concerned management failed to submit their annual audited accounts within four months of closure of financial / calendar year as mandated under regulatory requirements.

Sectoral Analysis:

This office, in order to carry out Sectoral Analysis of the commercial organizations in the province working under different departments, approached management for knowing their achievements against targets agreed under the MTDF / MTBF. Majority of the organizations however either did not submit their achievements against set targets or they only provided insufficient data, which restricted audit from carrying out comprehensive Sectoral Analysis of the audited entities.

However, based on audit of Public Sector Enterprises of the Provincial Government, it was observed that some of the organizations could not meet their expenses from their revenues as they were running in losses like Small Industries Wing, Quetta. This was largely due to poor asset management in this organization. Likewise, non-compliance of rules and regulations was observed in case of BESSI, Quetta and Hub.

Audit is of the view that the under-performance of commercial organizations and their running into losses is mainly due to non-preparation of effective business plans by them which could appropriately reflect their fair objectives, targets and achievements etc.

In the above backdrop, it is strongly felt that the commercial organizations like above should do real soul-searching and revamp their affairs so that they turn into profitable concerns in future. In order to achieve this objective, the management of the organizations has to work out realistic, achievable and practicable business plans, arrange only essential procurements on economical and competitive rates in a transparent manner following the canons of value for money, probity and propriety, improve the system of asset management, comply with rules and regulations, improve internal control systems, avoid violations of repetitive nature through effective departmental accountability mechanisms.

a. Scope of Audit

This office is mandated to conduct audit of 03 formations working under 02 PAOs. Total expenditure and receipts of these formations were Rs.901.101 million and Rs.31.125 million respectively for the financial year 2019-20.

Audit coverage relating to expenditure and receipt comprises 03 formation of to PAOs/Ministries having a total expenditure and receipt of Rs. 901.101 million and Rs.31.125 million for the financial year 2019-20. In terms of percentage (10%), the audit coverage of expenditure is Rs.90.110 million and that of receipts is Rs.3.112 million.

b. Recoveries at the instance of Audit

Audit pointed out recovery of Rs.11.697 million however, the management failed to recover the amount at the instance of audit during the period.

c. Audit Methodology

Planning and Permanent Files of auditee organizations maintained in the Office of DG (CA&E) were updated before undertaking audit exercise for the year 2020-21. The desk audit helped in identifying high risk areas in operations, investment, procurements, asset & human resource management.

During field audit activities, transactions were checked on the basis of the organization's rules and regulations and government polices and directives keeping in view the international best practices. Audit also evaluated the internal control systems of the management and selected the sample on the basis of the result of the evaluation of these controls. Audit also carried out discussion with management and site.

d. Audit Impact

Audit through its findings and recommendations helped the management in different ways like:

i. Improvement in their existing working, specially related to their revenue generation and expenditure.
ii. Based on audit findings, the organizations tried to improve their working by following the rules and regulations as much as possible.
iii. Recoveries were effected at the instance of Audit in different cases.
iv. Audit aided in the process of improved transparency and accountability within the commercial entities.

Audit findings and recommendations would have multiplier impact if the DAC and PAC meetings are held regularly.

e. Comments on Internal Control and Internal Audit department

Internal controls are reflected from policies, procedures, rules, regulations and monitoring mechanism in any organizations. These controls not only guard against fraud, waste and inefficiency, but ensure reliable and accurate operational and financial information for rational decision-making. A number of internal control weaknesses were observed during the audit of Public Sector Enterprises, some of them are illustrated below:

i. Management of Receivables in almost all the organizations required immediate attention. The loans to borrowers under different schemes and trade debts were not being collected timely resulting in accumulation thereof with a risk of conversion into bad debts.

ii. Financial management needs to be strengthened by establishing a system of maintenance of accounts comprising immediate posting of financial transactions, periodical reporting within a financial year, observance of year-end procedures, timely preparation of financial statements upon close of financial year and timely audit of accounts. The Principal Accounting Officers will be in a position to control the affairs of their organizations by strengthening the financial management. The non-submission of audited accounts illustrates weakness of internal control.

f. The key audit findings of the report;

- i Loss of revenue / operating loss was reported in 04 cases- Rs.1,177.916 million[1].
- ii Irregular appointments were reported in 02 cases - Rs.33.900 million[2].
- iii Irregular procurement was reported in 03 cases - Rs.18.553 million[3].
- iv Wasteful expenditure on non-functional hospitals was reported in 01 case - Rs.126.713 million[4].
- v Non-preparation / finalization of annual audited accounts in 03 cases
- vi Non-recovery of dues was reported in 03 cases - Rs.11.700 million.

---

[1]Paras- 1.1.5.1, 1.1.5.3, 1.2.5.4 & 2.1.5.1
[2]Paras- 2.1.5.2 & 2.1.5.3
[3]Paras- 1.1.5.8, 1.1.5.10 & 2.1.5.5
[4]Paras- 1.2.5.1
[5]Paras- 1.1.5.13, 1.2.5.7 & 2.1.5.8
[6]Paras- 1.1.5.11, 1.2.5.5 & 2.1.5.7

g. Recommendations

The Principal Accounting Officers need to take necessary steps to evaluate, institute and strengthen the management, budgeting and accounting controls through adopting following measures:

i. Steps should be taken to avoid loss of revenue.

ii. Appointments should be made in accordance with rules.

iii. Management should ensure that expenditure is incurred according to the rules.

iv. Management should ensure that expenditures in incurred for fruitful propose.

v. Management should make arrangement for timely submission of audited accounts to audit authorities (**Annex-2**).

Chapter- 1
Industries and Commerce Department

1.1. Government Printing Press, Quetta

1.1.1 Introduction

Printing & Stationery Department, Government of Balochistan was established in July 1970. The Stationery Wing was responsible for procurement of all types of stationery articles and supply to all departments / offices of Government of Balochistan. It was abolished in 1985 and the control of the department was brought under the supervision of the Controller who is responsible for printing of Provincial Government Gazettes, Annual Budget, PSDP, Provincial Assembly's debates & proceedings, Judiciary reports, printing of all other material for all Departments/Offices of the Provincial Government.

(Rs. in million)

Description	Total Nos	Audited	Expenditure audited FY 2019-20	Revenue/Receipts audited FY 2019-20
Formations	02	02	90.110	3.112

1.1.2 Comments on Audited Accounts

1.1.2.1 The annual audited accounts are required to be provided to audit for review. However, the management failed to provide audited accounts of the organization for the years 2015 to 2020 despite reminders.

1.2.2.2 Audit requires that the annual audited accounts for the years 2015 to 2020 be provided immediately and timely submission be ensured in future besides fixing responsibility for non-submission of annual audited accounts. ***(Annex-2)***

1.1.3 Classified Summary of Audit Observations

Audit observations of Rs.1,214.149 million were raised as a result of audit. The amount also includes recoverable of Rs.0.565 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S#	Classification	Amount (Rs. in million)
1.	Non-production of record	-
2.	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	
A	HR / Employees related irregularities	-
B	Procurement related irregularities	9.053
C	Management of Accounts with Commercial Banks	-
4	Value for Money and service delivery issues	1031.138
5	Others	173.958

1.1.4 Compliance of PAC Directives

PAC meeting has not been convened to discuss the audit reports for the last twenty nine years.

1.1.5 Audit Paras

1.1.5.1 Loss of Government revenue due to printing and stationery from private parties – Rs.1,031.138 million

Clause 2.1 of Chapter II of Printing and Stationery Manual provides that the Government Printing and Stationery Department is a Service Department and is established for the purpose of executing the printing and binding work of the west Pakistan Government, printing, stocking and supply of standard and non-standard and other departmental forms, and procurement, stocking and supply of Stationery to Provincial Government Offices.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that an amount of Rs.669.006 million and Rs.387.154 million were released under head of “Printing & Publication” and “Stationery” respectively by the Finance Department to all provincial departments. Various departments of Provincial Government get their major printing work from third parties and the Printing Press obtained indents of Rs.24.133 million and NOCs were issued to various departments by the Press for Rs.0.889 million. Further, stationery items were purchased by the departments from private suppliers without obtaining NOCs from the Government Press. The details are as under:

A/c Head	Total Budget Released (F.D)	Total Revenue earned	Amount of NOCs issued	Remaining amount (Rs.)
3902 (Printing & Publication)	669,006,500	24,133,000	889,110	643,984,390

3901 (Stationery)	387,154,400	Nil	Nil	387,154,400
Total	**1,056,160,900**	**24,133,000**	**899,110**	**1,031,138,79**

Audit is of the view that the management failed to get the Provincial Departments printing and stationery work as majority of the printing work and stationery supply was procured through private parties. Further, the management failed to approach relevant authorities for making it mandatory to get the printing and stationery work done through Government Press.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.1.5.2 Non-maintenance of cash book – Rs.52.961 million

As per clause 4 (A) of Treasury Rules, Cash Book should be maintained in Form and an abstract of the same in such form as may be prescribed by the Accounts Officer (duly signed by the Secretary) should be submitted to the Accounts Officer each month, so as to reach him not later than the 10th of the following month.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the cash book entries were showing the details of debit/ credit of Rs.20.967 million and as per reconciled expenditure statement of AG office, total expenditure of Rs.73.884 million was incurred during the period under review. The remaining amount of Rs.52.916 million was not accounted for in the cash book. Besides, the Expenditure Register was not maintained therefore the actual expenditure incurred could not be reconciled with Cash Book. The details are as under:

(Rs. in million)

Expenditure 2019-20	Cash Book Entries	Difference
73.884	20.968	52.917

Audit is of the view that non-accountal of expenditure of Rs.52.917 million in cash book creates not only doubts about the fairness of the transactions but also violation of treasury rules.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.1.5.3 Operating loss due to poor performance – Rs.49.750 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the management incurred an expenditure of Rs.73.884 million against the generated revenue of Rs.24.133 million which resulted in operating loss of Rs.49.750 million. Further, management did not prepare / submit its annual accounts since 1988. Therefore, actual accumulated losses could not be ascertained till date.

Audit is of the view that the management failed to meet its revenue targets which indicates inefficiency and mismanagement of the organization.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.1.5.4 Unapproved system of costing of printing material – Rs.23.395 million

Clause 9.2 of the Chapter IX of Printing & Stationery Manual, 1960 states that the sale price of the all publications will be fixed by press on the basis of the approved system of costing. No department or officer will have the power to question the sale price so fixed.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the management billed an amount of Rs.23.395 million to the different government departments on account of printing material without approved system of costing. The sale price is being fixed by the Press as per past practice. The sale price is determined by adding 10% as services charges to the actual cost of raw material / stationery. Government Press, being the commercial entity, should have approved costing system to ascertain unit cost against each printing job.

Audit is of the view that fixing the sale prices of printing materials without approved standards of costing mechanism is totally unjustified and irregular.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that management may take corrective measures besides, fixing of responsibility on person(s) at fault.

1.1.5.5 Unjustified expenditure in month of June – Rs.19.960 million

Rule 96 of GFR states that it is contrary to the interest of the State that money should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. Rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that out of total budgetary allocation of Rs.20.967 million, an amount of Rs.19.960 million was incurred in the month of June 2020 which constitutes 95% of entire expenditure. The details are as under:

Month	Amount (Rs.)	Percentage (%)
July-May	1,007,049	5
June	19,960,897	95
Total	**20,967,946**	**100**

Audit is of the view that the management breached the financial regularity by incurring 95% expenditure in the month of June 2020which is unjustified.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may investigate the matter and fix the responsibility accordingly on the person (s) at fault.

1.1.5.6 Savings not surrendered in time – Rs.12.126 million

As per para 4 of Finance Department notification No.PS/FS/2019/5724-45 dated Nov, 18 2019, "…the deadline for submission of excess and surrender for the current financial year 2019-20 is March 31, 2020."

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the management failed to surrender their savings granted under different budget heads of Rs.12.126 million well in time to Finance Department, Government of Balochistan. The amount was surrendered to the Finance Department on June 26, 2020, just 5 days before the end of financial year. Resultantly, the amount could not be further utilized by the Finance Department.

Audit is of the view that due to inefficiency and negligence on the part of the management, savings were not surrendered well in time.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may investigate the matter and fix the responsibility accordingly on the person (s) at fault.

1.1.5.7 Non-disposal of printed material/stores – Rs.9.631 million

Rule 23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the printed material of Rs.9.631 million pertaining to twenty Government departments was lying in the Printing Press Store for dispatch/ disposal since long. Management also failed to take efforts to transport the material to the concerned departments despite knowing the sensitivity and specific useful life of the material.

Audit is of the view that the management kept printed material of Various departments in the store rooms which indicates slackness and poor operational management.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.1.5.8 Irregular award of stationery contract - Rs.6.744 million

Rule 12(1)of Balochistan Public Procurement Regulatory Authority (BPPRA), 2014 states that the Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism, unless the procuring agency is satisfied that (a) block acquisition of goods, services or works will unnecessarily hold up available resources;(b) technical reasons indicate that splitting or packaging will improve quality and (c) The impact of weather, geographical spread on certain procurement particularly in case of works contract will affect its execution with regard to quality and delivery schedule.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the management awarded the contract for purchase of various stationery items to M/s GMD Traders and M/s Liaqat Paper Stationery Mart of Rs.3.225 million and Rs.3.519 million respectively on split item wise basis.

Audit is of the view that management awarded the contract in violation of BPPRA Rules. Thus, the purchase of stationery items of Rs.6.774 million is irregular and unjustified.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may investigate the matter and fix responsibility on the person (s) at fault.

1.1.5.9 Unjustified allocation of budget against vacant posts – Rs.5.57 million

As per Second Schedule (A) of the Balochistan Delegation of Financial Powers and Re-appropriation Rules 2019, “abolition of posts on account of undertaking restructuring and reforms in the Department, statutory bodies, authorities or institutions shifting of the posts from one DDO code, office or department to another, full powers lies with the Administrative Department with the concurrence of S&GAD and intimation to Finance Department.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the sanctioned strength of the employees of the Printing Press was 146 and the available strength was 49 during the period under Audit. The subject posts were vacant since last many years and every year Finance Department allocated Rs.5.570 million for these vacant posts without any planning of recruitment/retrenchment.

Audit is of the view that due to inefficiency and lack of planning substantial amount is being blocked which can be utilized for any development scheme.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.1.5.10 Award of contract without competitive bidding – Rs.2.309 million

Rule 12(1) of Balochistan Public Procurement Regulatory Authority (BPPRA), 2010states that the procuring agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism, unless the procuring agency is satisfied that block acquisition of goods, services or works will unnecessarily hold up available resources. Further, rule 15(1) states that procurements over one hundred thousand rupees and up to one million rupees shall be advertised by timely notifications on the Authority's website. These procurement opportunities may also be advertised in print media in the manner and format as prescribed in these rules, if deemed necessary by the Procuring Agency.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the management procured Offset Printing Plates of Rs.1.229 million from private suppliers through quotations and incurred expenditure of Rs.1.080 million on account of local purchase in violation of BPPRA rules. Resultantly, an expenditure of Rs.2.309 million was incurred in piecemeal without adopting tendering process.

Audit is of the view that by avoiding the tendering process, undue favor was extended to the supplier and the management was deprived of the benefit of competitive rates.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may investigate the matter and fix the responsibility accordingly on the person (s) at fault.

1.1.5.11 Non-recovery of dues – Rs.0.565 million

Rule 38 of GFR states that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that an amount of Rs.0.565 million as on June 30, 2020 was lying outstanding against the Planning and Development Department, Government of Balochistan on account of printing work.

Audit is of the view that the printing work done on credit basis is in violation of rules and regulations. Non-recovery of dues prior to rendering the service reflected negligence and slackness of the management.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the amount may be recovered and responsibility may be fixed on person (s) at fault.

1.1.5.12 Non-conducting of verification of educational degrees/certificates

Serial No.28 of ESTA Code 2007 states that it is necessary to check thoroughly the genuineness of certificates where the bona fide persons employed and it is essential for the appointing authorities to verify the claims of the candidates regarding age and educational qualifications before appointment.

During audit of Government Printing Press, Quetta (GPPQ) for the year 2019-20, it was observed that the management did not verify the credentials of its available strength of 49 officials / officers i.e. age and educational qualifications.

Audit is of the view that non verification of educational degrees of the employees at the time of initial appointment till date is violation of the government rules and regulations.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.1.5.13 Non-preparation/finalization of annual accounts

Section 223 (2) of Companies' Act 2017, the financial statements must be laid within a period of four months following the close of financial year of a company.

During audit of Government Printing Press, Quetta for the year 2019-20, it was observed that the management has failed to prepare annual accounts from the year 1988-89 to-date.

Audit is of the view that the management has consistently failed to prepare the annual accounts in violation of the above rule which shows negligence and inefficiency.

The matter was reported to the management in October 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.2 Small Industries Wing, Quetta

1.2.1 Introduction

As a result of dissolution of one Unit, the President of Pakistan dissolved West Pakistan Small Industries Corporation on July 01, 1972. The projects/centers existing in Balochistan were given under the administrative control of the Industries Department by creating a Small Industries Wing in the Directorate of Industries through a notification issued by the Governor; Balochistan dated August 25, 1972. The organization is being supervised by a Director, assisted by three Deputy Directors and a Chief Accounts Officer. Following functions are being performed by the organization:

i. Maintenance of Small Industries Estate, Quetta.

ii. Service Centre Quetta.

iii. Carpet Teachers Training Institute, Quetta.

iv. 03 Sales Shops at Quetta and Karachi.

v. 35Handicrafts Development Centers in different parts of Province.

vi. 39 Tailoring / Cutting Centers in different parts of Province.

vii. 12 Leather Embroidery Centers in different parts of Province.

viii. 34 Carpet Centers in different parts of the Province.

ix. 03 Embroidery Centre Totazai, Joda Kalat, Sarwan at Kharan

x. 01 Cotton and loom Centre, Quetta.

xi. 06 Cotton Silk Centre in different parts of Province.

xii. 06 Mizri Centre in different parts of Province.

xiii. 03 Pottery Centre.

1.2.2 Comments on the Audited Accounts

1.2.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2015 to 2020 despite number of reminders.

1.2.2.2 Audit requires that the annual audited accounts for the years 2015 to 2020 be provided immediately and timely submission be ensured in future besides fixing responsibility for non-submission of annual audited accounts. **(Annex-2)**

1.2.3 Classified Summary of Audit Observations

Audit observations of Rs.215.427 million were raised as a result of this audit. This amount also includes recoverable of Rs.7.716 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S#	Classification	Amount (Rs. in million)
1.	Non-production of record	-
2.	Reported cases of fraud, embezzlement & misappropriation	-
3	Irregularities	
A	HR / Employees related irregularities	-
B	Procurement related irregularities	-
C	Management of Accounts with Commercial Banks	-
4	Value for Money and service delivery issues	-
5	Others	215.427

1.2.4 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Report for the last twenty nine years.

1.2.5 Audit Paras

1.2.5.1 Unjustified expenditure on non-functional centers – Rs.126.713 million

Rule 13 of GFR states that every controlling officer must satisfy himself not only that adequate provision existing within the departmental organization for systematic internal check calculated to prevent and detect errors and irregularities in the financial proceedings for its subordinate offices and to guard against waste and loss of public money.

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that the management was running 157 training centers in different categories i.e. carpet, wood-work, leather, embroidery etc all over Balochistan. However, 60 centers non-functional centers incurred an expenditure of Rs.126.713 million. The details are as under:

(Rs. in million)

No of Centers	Total Pay & allowance	Non-Pay expenditure	Total
60	97.481	29.233	**126.714**

Audit is of the view that the allocation and release of the Budget for non-functional centers is wasteful expenditure and unjustified.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take efforts to functionalize the said centers at the earliest.

1.2.5.2 Delay in surrendering of savings – Rs.41.895 million

As per para 4 of Finance Department notification No.PS/FS/2019/5724-45 dated Nov, 18 2019, "…the deadline for submission of excess and surrender for the current financial year 2019-20 is March 31, 2020."

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that the management failed to timely surrender their savings under different budget heads of Rs.41.895 million during the period under review.

Audit is of the view that the management failed in its duties for timely surrendering the savings which could have been utilized by the government. This shows negligence and inefficiency on part of the management.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may investigate the matter and fix the responsibility accordingly on the person (s) at fault.

1.2.5.3 Loss due to undue favor extended to the allottees – Rs.26.523 million

Industry Department, Government of Balochistan vide notification number SOI-IND-4-2/2009-1791-97 dated 6-7-2011 reduced the rates of water charges, commercial charges and commercial ground rent charges in comparison with the rates of its previous issued notification of 2010. The subject revision of the rates is as under;

Head of Account	**Notified rates in 2010 (Rs.)**	**Notified rates in 2011(Rs.)**
Water Charges		
Dia 1’ 13 connections	50 p/day	33 p/day
Dia ¾’ 10 connections	35 p/day	22 p/day
Dia ½’ 30 connections	25 p/day	15 p/day
Ground Rent	4 per Sq.ft	4 per yard
Commercial Charges	200 per Sq.ft	50 Sq.ft
Commercial Ground Rent	15 p/sq.ft / annual	5 per yard

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that the Industry Department, Government of Balochistan reduced the water, commercial and commercial ground rent charges from the allottees of Small Industries Estate in 2011 without any justification/feasibility study. Due to the unilateral reduction of rates the organization sustained further losses ***(Annex-3).***

Audit is of the view that the rates were drastically reduced to favor the estate allottees at the cost of the organization causing loss of Rs.26.523 million to the organization.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that responsibility may be fixed on the person (s) at fault, besides the rates may be rationalized based upon feasibility analysis.

1.2.5.4 Operating losses due to joint venture –Rs.11.074 million

Rule-23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that the management entered into joint venture with private party M/s Trans Balochistan Enterprises to run the wood work center at Sarki Road, Quetta on a commercial basis. An agreement was executed on September 27, 1980 for a period of 30 years. Proportionate of profit & loss share agreed was 51% Government of Balochistan and 49% Trans-Balochistan Enterprises. The land measuring 18,365 sq.ft. was allocated to Trans-Balochistan Enterprises with lease deed for 99 years. Annual accounts for the years 2016 to 2019 of the Trans-Balochistan Enterprises showing operating accumulated loss of Rs.7.955 million. Furthermore, M/s Trans Balochistan did not deposit share profit of SIW of Rs.3.119 million for the year 2015.

Audit is of the view that due to negligence of the management, joint venture went into operating losses of Rs.7.955 million. Further, profit earned of Rs.3.119 million may also be recovered.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may investigate the matter and fix the responsibility accordingly on the person (s) at fault.

1.2.5.5 Non-recovery of dues from defaulters – Rs.7.716 million

Clause 2 of Lease Agreement between SIW Quetta and tenants states that the lesser will have the right to determine the lease and to take over possession of the demised property in case of default in the payment of the rent and other charges of land in respect of demised property or on default of any other condition of this deed after giving notice.

Rule 38 of G.F.R. provides that it is primary responsibility of the departmental authorities to see that all revenues or other debts due to government, which have to be brought to account are correctly and promptly assessed, realized and credited to the public account.

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that an amount of Rs.7.716 million was lying outstanding against three units of Small Industries Estate Quetta on account of ground rent and water charges. The details are as under;

S#	Name of Units	Period	Head	Outstanding dues (Rs.)
1.	TTC	15-08-1974 to 30-06-2020	Ground Rent/ Water Charges	37,83,273
2.	Chilton Ghee Mill	01-07-2005 to 30-06-2020	Ground Rent	24,50,544
3.	Police Station	01-07-1977 to 30-06-2020	Ground Rent	17,53,095

		Total	7,716,024

Audit is of the view that due to slackness on the part of the management, an amount of Rs.7.716 million is still lying outstanding against the above units.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the outstanding amount may be recovered from the defaulting units at the earliest and responsibility may be fixed on person (s) at fault.

1.2.5.6 Blockage of funds due to idle finished goods lying in store – Rs.1.506 million

Rule 167 of GFR states that department stores which were reported to be obsolete surplus or un-serviceable may be disposed off by sale/public auction.

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that finished goods of Rs.1.506 million were lying idle since last ten years in store for disposal. However, the same were neither disposed off nor auctioned till to-date. Resultantly, it caused the blockage of funds. ***(Annex-4)***

Audit is of the view that the products were made without knowing the actual demand of the market/customers and resulted into blockage of funds.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

1.2.5.7 Non-preparation and non-submission of annual audited accounts

Section 223 (2) of Company's Act 2017, the financial statements must be laid within a period of four months following the close of financial year of a company:

During audit of Small Industries Wing (SIW) Quetta for the year 2019-20, it was observed that the management has failed to prepare the annual accounts since inception.

Audit is of the view that management has consistently failed to prepare the annual accounts in violation of the above rule which shows negligence and inefficiency.

The matter was reported to the management in September 2020, but no reply was received nor DAC convened by PAO despite reminders.

Audit recommends that the management may take corrective measures besides, fixing of responsibility on person (s) at fault.

Chapter-2
Labour and Manpower Department

2.1 Balochistan Employees Social Security Institution

2.1.1 Introduction

Social Security Scheme was launched on March 01, 1967 under West Pakistan Employees' Social Security Ordinance No. X of 1965, with the assistance of the International Labour Organization. Balochistan Employees' Social Security Institution (BESSI), however, came into being on July 01, 1978.

BESSI is an autonomous body and is guided by such instructions on questions of policy as may be given to it from time to time by the Government. The main function of BESSI is to provide medical care and cash benefits to secured workers and their dependents in the event of sickness, maternity, employment injury, death grant, iddat, disablement gratuity, disablement pension, survivors' pension and ex-gratia grant. The budgeted (provisional) receipts and expenditure could not be provided by the department.

Description	Total Nos	Audited	Expenditure audited FY 2019-20 (Rs. in million)	Revenue/ Receipts audit FY 2019-20 (Rs. in million)
Formations	01	01	-	-

2.1.2 Comments on the Audited Accounts

2.1.2.1 The annual audited accounts are required to be provided to audit for review each year. Contrary to this, the management failed to provide audited accounts of the organization for the years 2015 to 2020 despite number of reminders.

2.1.2.2 Audit requires that the annual audited accounts of the years 2015 to 2020 be provided immediately and timely submission be ensured in future besides fixing responsibility for non-submission of annual audited accounts. ***(refer Annex-2)***

2.1.3 Classified Summary of Audit Observations

Audit observations of Rs.1463.860 million were raised as a result of this audit. This amount also includes recoverable of Rs.3.416 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S#	Classification	Amount (Rs. in million)
1.	Non-production of record	-
2.	Reported cases of fraud, embezzlement and misappropriation	-
3.	Irregularities	
A	HR / Employees related irregularities	33.900
B	Procurement related irregularities	9.500
C	Management of Accounts with Commercial Banks	-
4.	Value for Money and service delivery issues	-
5.	Others	103.460

2.1.4 Compliance of PAC Directives

No PAC directives were outstanding against the organization.

2.1.5 Audit Paras

2.1.5.1 Unjustified expenditure incurred on non-functional hospitals-Rs.85.954 million

Rule 13 of GFR states that every controlling officer must satisfy himself not only that adequate provision existing within the departmental organization for systematic internal check calculated to prevent and detect errors and irregularities in the financial proceedings for its subordinate offices and to guard against waste and loss of public money.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the year 2019-20, it was observed that two 50 bed hospitals of Quetta and Hub remained non-functional and incurred annual expenditure of Rs.13.029 million and Rs.72.925 million, respectively ***(Annex-5).***

Audit is of the view that as a matter of financial prudence the hospitals should have been functional since a heavy budget was allocated. However, due to inefficiency and negligence of the management Rs.85.954 million was spent unjustifiably.

The matter was reported to the management in September 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. For Quetta Hospital, management explained the DAC that BESSI is providing medical facilities to its poor needy workers of this office along with their dependents. Further BESSI is running its 50 bedded hospital only with one medical officer and with sufficient Para medical staff due to its limited resources and requires sufficient budgetary allocation to run the hospital and prepared / maintain by the institution within its meager financial resources. DAC found reply of the management is unsatisfactory and directed the management to submit revised reply with complete justification.

For hospital in Hub, management explained the DAC that the BESSI hospital HUB is functioning properly and more than 13000 workers and their dependents visit hospital and take medicine facilities on monthly basis satisfactory.DAC found reply of the management is unsatisfactory and directed the management to submit revised reply with complete justification.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.2 Irregular appointment of Medical Officers – Rs.18.900 million

As per Pakistan Registration of Medical and Dental Practitioners Regulations 2008, no person, other than a registered medical or dental practitioner can practice medicine or dentistry. If any person who acts in contravention of the provisions of sub-section (I) will be punishable with imprisonment for a term which may extend to two years but will not be less than six months or with fine which may extend to Rs.200,000 but will not be less than Rs.100,000 or with both.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the year 2019-20, it was observed that the management appointed Dr. Ameer Muhammad and Dr. Abdul Qadir as Medical Officers (BPS-17) in 2009. The said doctors were holding the Curative Medicine Degree (MD) from Afghanistan University and not registered with PMDC which is a basic requirement for practicing medicine in Pakistan. The matter was brought into the knowledge of the Secretary labour and manpower in 2014 but no action was taken by the management till the completion of audit. The details of salary and allowances presented below.

Amount in Rs.			
S#	**Period**	**Dr. Ameer Muhammad**	**Dr. Abdul Qadir**
1.	26-09-2009 to 31-12-2009 (03 months)	150,000	150,000
2.	2010-2015 (05 years)	4,500,000	4,500,000
	2016-2019 (04 years)	3,600,000	3,600,000
	01-01-2020 to 30-08-2020 (08 months)	1,200,000	1,200,000
Total		9,450,000	9,450,000
Grand Total		**18,900,000**	

Audit is of the view that the management extended undue favour to the two officers in violation of PMDC rules. As a result their appointment and all salaries drawn to-date are irregular.

The matter was reported to the management in August 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. Management explained the DAC that Lahore high court decision on 9-10-2018 allowed the foreign MBBS/MD degree holder to practice in Pakistan. Management further explained that in the similar case Dr Abdul Qadir who is also serving in BESSI, the department taken action against him on non clearance of PMDC and terminated his service but he went in appeal to Chief Secretary against decision his appeal was accepted and re-instated his service w.e.f. 14th March 2005. DAC not satisfied with reply of the management and directed the management to submit revised reply along with full justification in the case of Dr. Ameer Muhammad and Dr Abdul Qadir.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.3 Irregular appointment of 04 Assistant Directors - Rs.15.000 million

As per Service rules of BESSI-1995 Appendix A, Sr. No.3, the reserved Quota for direct/initial appointment was fixed at 25% of the available seats and 50% quota was fixed by promotion from amongst the members of the service holding the post of Social Security Officer and 25% by promotion from amongst Accounts Officers having at least five years’ experience of services as such.

As per service rules, the percentage of available seats distribution is tabulated below:

Total Seats	Quota reserved seats for Direct appointment 25%	Quota reserved for available SSO's	Quota reserved for promotion 25%
04	01	02	01

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the year 2019-20, it was observed that the management appointed 04 Assistant Directors (BSP-17) on direct appointment quota seats while disregarding the seat quotas as per BESSI Service Rules. The details are as under:

S#	Name	Post	BPS
1.	Asmatullah S/o Miran Jan	Assistant Director	17
2.	Akbar Khan S/o Meer Alam	Assistant Director	17
3.	Kaleemullah S/o Nasurullah	Assistant Director	17
4.	Sardar Muhammad Jahangir S/o Sardar Niaz Muhammad Khan	Assistant Director	17

Audit is of the view that the management extended undue favour to the above-mentioned officers in violation of the service rules. Therefore, the said appointments and the salaries paid (Rs.15.000 million approx.) stand irregular.

The matter was reported to the management in August 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. Management explained the DAC that after approval of filling of the vacancies of the four Assistant Directors was placed before the 34th governing body of BESSI for revision of service rules revised from 25% initial recruitment to 75% and promotion quota from 75% to 25% upon which the appointment of four Assistant Directors were made. It was admitted by BESSI management during meeting that recruitment process was completed before revision of quota by governing body. DAC shows serious concern on violation of quota . DAC directed the management to conduct a fact finding inquiry in the matter at the ministry level within one month and fixing of responsibility on person(s) at fault.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.4 Loss of contribution income due to non-operational zones – Rs.10.000 million

Rule-23 of GFR states that every Government officer should realize fully that he will be held responsible for any loss sustained by the Government through fraud or negligence on his part.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the years 2019-20, it was observed that the management did not generate a single rupee of contribution during the years under financial review in the zones i.e. Gwadar, Nasirabad and Sibbi. There is no registered unit in these zones despite having expenditure on its establishment. Moreover, the record of relevant zones was called from the management but they did not provide and it was evident from the stated results of the registration and collection contribution of working establishment that the Institution sustained huge loss approximately Rs.10.000 million during last 08 years (Rs.125,00 of 3 zones *8 years=Rs.10.000 million) which indicates that the management has not taken serious efforts for collection of contribution and registration of establishments working in the above stated zones.

Audit is of the view that the management has the authority to collect contribution under arrears of land revenue which is an ultimate tool for the management which provides authority of First Class Magistrate and no employer can refuse to pay the contribution under this authority. Thus, mala-fide intention on the part of the management cannot be ruled out in non-collection of contribution despite having authority.

The matter was reported to the management in August 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. Management explained the DAC that future vision for facilitation of workers, the institution has expended their region in different areas i.e Naseerabad, Gawadar and Loralai and taken strict steps for functioning of zones.DAC directed the management to conduct fact finding inquiry in the matter at ministry level and submit conclusive report within ninety days and fixing of responsibility on person(s) at fault regarding failed to collect the contribution.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.5 Irregular purchase of medicines – Rs.9.500 million

As per BPPRA 2014 Clause-1,B-(1) & (2), Procurement over one hundred thousand rupees (100,000) and up-to one million rupees shall be advertised by timely notifications on the Authority's website and may be in print media in the manner and format prescribed in these rules. Further, all the procurement opportunities over one million rupees shall be advertised on the Authority's website as well as in the newspapers as prescribed.

During audit of Balochistan Employees Social Security Institute (BESSI) Quetta for the year 2019-20 it was observed that the management procured medicines worth Rs.9.500 million for hospitals and dispensaries from a single supplier (M/s. Ittifaq Medical Store) in violation of the above stated BPRA rules. The management arranged an interim set up for the purchase of medicines at 8% discount and placed direct orders for supply of medicines of Rs.9.500 million to the BESSI's hospitals and dispensaries.

Audit is of the view that the management made the procurements in violation of BPPRA rules thereby, depriving the organization of getting competitive market rates. Therefore, the procurements stand irregular.

The matter was reported to the management in August 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. Management explained the DAC that institution had advertised in leading newspapers with BPPRA 2014 and same (bidding papers) were also uploaded on the BPPRA web site. The mostly participated bidders / tenders were found not eligible as per prescribed criteria due to which the same had been re advertised from time to time, the institution had procured medicine from open market @ 8 % discount through an interim arrangement to continue the medical facilities to its secured workers. DAC directed the management to conduct fact finding inquiry in the matter at Ministry level within one month and fixing of responsibility on person(s) at fault.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.6 Irregular payment of conveyance allowance – Rs.4.104 million

Rule 10 of GFR states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the year 2019-20, it was observed that the management had been paying conveyance allowance of Rs.4.104 million despite having allocated official vehicles along with monthly fuel cards and repairs and maintenance expenditure to its officers ***(Annex-6).***

Audit is of the view that the management paid the conveyance allowance in violation of rules thus, the payments stand irregular and may be recovered from the officers.

The matter was reported to the management in August 2020. The irregularity was discussed in DAC meeting held on 10^{th} February, 2021. Management explained the DAC that vehicles used for field / pool purpose, the officer was only custodian of the vehicle and conveyance allowance is being deducted on regular basis from their monthly salary accordingly. DAC directed the management that recovery should be made from concerned employees and progress report of recovery be shared with audit.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.7 Non-recovery of contribution – Rs.3.419 million

Para 28 of General Financial Rules states that no amount due to Government should be left outstanding without sufficient reason and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the year 2019-20, it was observed that contribution amount of Rs.2.344 million and Rs.1.075 million was outstanding against employers of Quetta and Hub directorate respectively ***(Annex-7).***

Audit is of the view that non-recovery of contribution indicates weak internal controls and poor monitoring by the management.

The matter was reported to the management in August 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. Management explained the DAC the an amount of Rs.2,181,600 have been recovered and efforts for recovery of remaining amount is in process. DAC directed the management to get the record verified by audit and efforts made for the remaining amount.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

2.1.5.8 Non-finalization of annual audited accounts

According to Provincial Employees Social Security Institute (PESSI) Ordinance 1965, Chapter IV Finance and Audit section-32 of Accounts and Audit, (1) The Institution shall maintain accounts of its income and expenditure and of its assets and liabilities in such form and manner as may be prescribed.

(3) The accounts of the Institution shall be audited by an external auditor appointed by Government, at such times and in such manner as may be prescribed.

(4) The external auditor shall have access to the books, accounts and other documents of the Institution at all reasonable times, and may call for such explanations and information as he may require, or examine any officer of the Institution.

(5) The external auditor shall forward his report to Government together with an audited copy of the accounts of the Institution.

During audit of Balochistan Employees Social Security Institution (BESSI), Head Office, Quetta 2019-20, it was observed that the annual accounts of the Institution have not been audited in violation of the above mentioned criteria. It is the responsibility of the Government to appoint external auditor but despite lapse of several years, Government has not even appointed external auditors due to which audit of annual accounts is pending since 2017-18 to 2019-20.

The matter was reported to the management in September 2020. The irregularity was discussed in DAC meeting held on 10th February, 2021. DAC shows serious concern on non-finalization of audited accounts on commercial patterns and directed the management to comply as per Bessi ordinance 1965 to finalize accounts on priority and progress report be submitted to Audit / Administration Department within three months.

However, no relevant record was provided to audit by the management.

Audit recommends implementation of DAC directives.

ANNEXES

<u>Annex-1</u>

MFDAC Paras

The Directorate General of Commercial Audit and Evaluation, Karachi on behalf of the Auditor-General of Pakistan, conducted the audit of organizations of Government of Balochistan which maintain their accounts on commercial pattern.

As a result of audit conducted during 2020-21, various types of financial irregularities and losses of public money, etc., were detected and reported to the Departments and organizations concerned. The important irregularities/ losses and malpractices pertaining to various organizations have been printed in this report, while irregularities/losses not considered worth reporting to the PAC as listed below were left for Departmental Accounts Committees. The same will be discussed with the respective Secretaries to the Departments by the Director General, Commercial Audit and Evaluation, Karachi.

S#	Subject	Rs. in million
Balochistan Employees Social Security Institution		
1.	Irregular appointment of Social Security Officer	2.400
	Misuse of official vehicles	3.30
	Non-adjustment of advances	0.80
Small Industries Wing, Quetta		
2.	Non-recovery of dues of ground rent	0.414
3.	Wasteful expenditure due to early termination of grant-in-aid program	6.886
4.	Unauthorized allotment of official vehicles	-

Annex-2

Non-submission of Audited Accounts

Annual audited accounts of Public Sector Enterprises for the year 2019-20 were required to be submitted to the Directorate General of Commercial Audit and Evaluation, Karachi by November 30, 2020. Despite requests, the organizations (listed below) failed to submit their annual audited accounts for the year(s) indicated against each by the prescribed date. While non-submission of audited accounts needs to be explained, Audit requires efforts by concerned PAOs for immediate finalization and submission thereof:

Industries and Commerce Department	
Government Printing Press, Quetta	1988-89 to 2019-20
Small Industries Wing, Quetta	2018-19and 2019-20
Labour and Manpower Department	
Balochistan Employees Social Security Institution	2017-18 to 2019-20

Annex-3

(See Para No.1.2.5.3)

Statement showing detail loss of revenue

Year	Area	G.Rent 2011 @ Rs. 4 per yard	G. Rent 2010 Rs. 4 per Sq. ft (one Sq. yd = 9 sq. ft)	Difference	Area	Commercialization charges @ 50 (2011)	Commercialization charges @ 200 (2010)	Difference
2016-17	128,014	512,056	4,608,504	4,096,448				
2017-18	105,867	423,466	3,811,194	3,387,728	5,000	250,000	1,000,000	750,000
2018-19	88,888.25	355,553	3,199,977	2,844,424				-
2019-20	84,214.25	336,857	3,031,713	2,694,856	85,000	4,250,000	17,000,000	12,750,000
Total		**1,627,932**	**14,651,388**	**13,023,456**		**4,500,000**	18,000,000	**13,500,000**
G. Total		**26,523,456**						

Annex-4

(See para No.1.2.5.7)

Statement showing details idle finished goods

S#	Name of Finished Good	Amount (Rs.)
1.	Ladies Suits	511,323
2.	Marbles	355,314
3.	Marbles (Broken)	146,600
4.	Catalogue	185,000
5.	Embroidery	128,517
6.	Others	81,743
7	Cotton cloths bed sheet	98,000
	Total	**1,506,497**

Annex-5

(See para No.2.1.5.1)

Statement showing expenditure on non-functional hospital

S#	Description	Expenditure budgeted/ incurred 2019-20 (Rs.)
1.	Pay of officers & Staff posted at 50-bed Hospital	502,770
2.	Allowances of officers & Staff posted at 50-bed Hospital	3,346,067
3.	Total repair & maintenance expenditure	1,300,000
4.	Total Commodities & Services	2,890,000
5.	Transportation	1,200,000
6.	Communication/Telephone	150,000
7.	Utilities	1,540,000
8.	Medical Charges	2,100,000
9.	Pay of officers 50-bed Hospital, Hub	1,320,240
10.	Pay of Staff posted at 50-bed Hospital, Hub	13,730,756
11.	Allowances of officers & Staff posted at 50-bed Hospital	12,375,365
12.	Total Purchases of goods	250,000
13.	Total repair of goods	415,000
14.	Total commodities	1,667,000
15.	Transportation	870,000
16.	Utilities	762,000
17.	Communication/Telephone	35,000
18.	Medical Charges	41,500,000
Total		**85,954,198**

<u>Annex-6</u>
(See Para No.2.1.5.6)

Statement showing unjustified payment of conveyance allowance

S#	Description	Conveyance Allowance Rs.5,000 pm	POL average monthly Rs.30,000 & Rs.25,000 respectively	Repair & Maintenance average monthly Rs.4,000 & Rs.3,000 respectively	Total Cost in Rs.
1.	Mr. Amjad Rasheed, Vice Commissioner	120,000	720,000	96,000	936,000
2.	Mr. Ghulam Murtaza, Deputy Director	120,000	600,000	72,000	792,000
3.	Mr. Qabil Khan, Sr. Social Security Officer	120,000	6000,00	72,000	792,000
4.	Mr. Bashir Ahmed, Pharmacist	120,000	600,000	72,000	792,000
5.	Mr. Asmatullah, Asst: Director Quetta	120,000	600,000	72,000	792,000
Total		**600,000**	**2,520,000**	**384,000**	**4,104,000**

Annex-7

(See para No.2.1.5.7)

Statement showing non-recovery of contribution

S#	Name of Establishment	Total amount (Rs.)
1.	Wake up Food	64,800
2.	Educational Services	324,000
3.	Ghazi Steel Industry	216,000
4.	Gilani Hospital	162,000
5.	Hameed & Sons	21,600
6.	Serena Hotel	1,144,800
7.	Balochistan Gasoline	21,600
8.	Hot & Chilli	86,400
9.	Quetta Travels	43,200
10.	Shalimar Television	75,600
11.	Yadrum Security	162,000
12.	Haji Nizam-ud-din	21,600
13.	Pak Paper Sick Ltd Hub	163,590
14.	Shafi Glucose Ltd, Hub	55,071
15.	Bilal Labour C/o Shafi Glucose Ltd, Hub	70,485
16.	Shaban Steel Mills Hub	83,479
17.	Chemi Dyestuffs Ltd, Hub	24,030
18.	Madina Metal Ltd, Hub	27,588
19.	Un-Food Ltd, Hub	27,876
20.	Razzak Steel Mills Ltd, Hub	58,329
21.	Shaikh Tube Mills Ltd, Hub	46,125
22.	Central Forest Ltd, Hub	18,381
23.	Gelcaps Ltd, Hub	26,723
24.	Gohar MSP C/o Boalan Casting Ltd, Hub	66,154
25.	Professional Ind Services (Pvt), Ltd, Hub	150,120
26.	Professional Management C/o Agri Autos Ltd, Hub	29,060
27.	Allied Industries C/o Agri Autos Ltd, Hub	15,120
28.	Professional Management C/o Mainettee Pak Ltd Hub	59,355
29.	Professional Management C/o Maintte Pak, Ltd, Hub	61,830
30.	Habib Corporation C/o Otsuka Pak, Ltd, Hub	70,260
Total		**3,419,000**