CONSOLIDATED AUDIT REPORT ON THE ACCOUNTS OF

(GOVERNEMNT OF BALOCHISTAN)

FOR THE

AUDIT YEAR 2023-24

AUDITOR GENERAL OF PAKISTAN

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PREFACE

Articles 169 and 170 of the Constitution of the 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 the accounts of Federal Government, Provincial Governments and the accounts of any authority or body, established by these Governments. Auditor-General of Pakistan, being Auditor-General of Azad Jammu & Kashmir (AJ&K) and Gilgit-Baltistan (GB) also conducts audit in both these Regions under their respective legal provisions.

This consolidated Audit Report (Balochistan) is based on audits of the accounts of 595 of Balochitan Government for the financial year 2022-23, conducted by 5 Field Audit Offices, and also contains some audit observations for the previous years. The audit was conducted during 2023-24 on a test check basis to report significant audit findings to the stakeholders. The report includes only the systemic issues and audit findings carrying high monetary value. Relatively less significant issues shall be pursued with the respective Principal Accounting Officers (PAO) in meetings of Departmental Accounts Committee (DAC) and in cases where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee in the next year's Audit Report. Sectoral analysis has been added in this report covering strategic review and overall perspective of audit results.

Two new concepts, Impact and Citizen Participatory Audits, have been introduced. Impact Audit is an attempt to determine the impact of a new programme or recent change to an existing programme, with its specific focus on results. Citizen Participatory Audit has been conducted based on the recommendation of and in collaboration with Civil Society Organizations, the objective being to establish a new working relationship with citizens in public delivery areas..

Audit findings indicate the need for adherence to the regularity framework besides instituting and strengthening the internal controls to avoid violation of rules and regulations.

Most of the audit observations included in this report have been finalized in the light of written responses of the management and discussions in the DAC meetings.

- Sd -

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

Islamabad
Dated: . .2024

EXECUTIVE SUMMARY

a. Scope of Audit

Department of Auditor-General of Pakistan (DAGP) is mandated to conduct audit of 5,233 formations working under different PAOs/Departments in Province of Balochistan. Audit coverage relating to expenditure for the current audit year, under compliance audit category, comprises 595 formations having a total expenditure of Rs. 198.809 billion and receipts of Rs. 9.985 billion for the financial year 2022-23.

In addition to this compliance audit report, DAGP conducted Financial Attest Audits, Special Audits, Performance Audits, Forensic Audits, etc. Reports of these audits are published separately.

b. Recoveries at the instance of audit

As a result of audit, a recovery of Rs. 22.341 billion was pointed out in this report. Recovery effected from January to December 2023 was Rs. 1.179 billion that has been verified by audit.

c. Audit Methodology

Desk audit was carried out to understand systems, procedures and control environment of audited entities. Permanent files of the audited entities were updated and utilized for understanding the institutional framework. Audit methodology included:

i. Understanding the business processes with respect to control mechanism.
ii. Identification of key controls on the basis of prior years' audit experience/special directions from the Auditor General's office.
iii. Prioritizing risk areas by determining significance and risks associated with the identified key controls.
iv. Design/update audit programmes for testing the identified risk conditions.
v. Selection of audit formations on the basis of:
    a. Materiality/significance.
    b. Risk assessment.
vi. Selecting samples as per sampling criteria/high value items/key items.
vii. Execution of audit programmes.
viii. Identification of weaknesses in internal controls and development of audit observations and recommendations relating to non-compliance with rules, regulations and prescribed procedures.
ix. Evaluating results.
x. Reporting.
xi. Follow-up.

Audit Impact

Following the audit findings, the departments have implemented the following corrective actions:

a) Lasbela Industrial Estates Development Authority (LIEDA) drafted the LIEDA allotment, cancellation, transfer, and surrender of industrial and commercial plots, Rules 2023, which was approved by Cabinet on January 17, 2023.
b) 15 Laser Levelling Machines were distributed to farmers in different districts enabling them to use the facility in farming.
c) Six model farms were made functional which started disseminating agriculture related information amongst the farmers.
d) The Quetta Water and Sanitation Authority (Q-WASA) operationalized three out of seven dysfunctional tube wells.
e) The Transport Department, Government of Balochistan operationalized 8 Green Buses in Quetta district.
f) The Commissioner, Appeals, BRA resolved 84 out of 86 pending appeals, directly impacting taxpayers whose relief appeals were addressed.

d. Comments on Internal Controls and Internal Audit Department

The present report has identified a range of irregularities, which have been recurring over the years. The recurrence of these irregularities indicates that systemic issues were cropping up either due to inadequate oversight mechanism or inappropriate design of internal controls.

Although many Audit Entities have internal audit setups, but the financial irregularities observed during the current audit reflect that this function failed to deliver effectively. The efficient functioning of internal audit would have helped the management in effective implementation of internal controls and strengthening the internal control environment in audited entities. It is high time that positions of Chief Finance & Accounts Officers (CF&AO) and Chief Internal Auditors (CIA), as enacted through PMF Act coupled with Financial Management and Powers of Principal Accounting Offices Regulations 2021, are put in place in all Ministries/Divisions and their services are effectively utilized to strengthen Public Financial Management (PFM) System.

e. Key Audit Findings of the Report

Major audit findings included in this Audit Report are:

i. Misappropriation and embezzlement of public money and fictitious payments
ii. Maintenance of accounts with commercial banks outside government treasury
iii. Poor asset management
iv. Blockage of capital amount
v. Blockage of revenue
vi. Issues of contract management
vii. Defective and unexecuted works

viii. Design related issues in civil work
ix. Double booking of expenditure
x. Encroachment of railway land
xi. HR/ employees related issues
xii. Less deduction / levy of income tax
xiii. Less realization of sales tax
xiv. Non-deposit of income tax
xv. Incorrect claim of tax credit
xvi. Excessive refunds by Tax Authorities
xvii. Irregular Investments
xviii. Irregular mutations of land
xix. Violation of PPRA Rules & Regulations
xx. Non-achievement of stated objectives of Development Schemes
xxi. Non-preparation of annual appropriation accounts and annual financial statements
xxii. Non-production of auditable record by certain Organizations
xxiii. Non-reconciliation of accounts
xxiv. Non-settlement of circular debt
xxv. Non-utilization of allocated funds
xxvi. Splitting of work to avoid open competition
xxvii. Weak internal controls
xxviii. Payments without approval of competent authority
xxix. Water contamination and low-quality standards of water supplied by the Water Filteration Plants (WFPs).
xxx. Non-functional/operational WFPs.
xxxi. Improper selection of Water-Source Sites.
xxxii. Non-availability of essential data / record.
xxxiii. Discouragement of destitute students due to non-facilitative environment.
xxxiv. Cumbersome procedure in terms of Foreign Currency Accounts (FCAs).
xxxv. Irregular appointment of daily wagers and contract staff.
xxxvi. Irrational teacher-to-student ratio.
xxxvii. Huge gap between expenditure and revenue.
xxxviii. Release of Grant-in-Aid without codal formalities.
xxxix. Non-completion of research activities and irregular transfer of funds.

AUDIT REPORT

ON

THE ACCOUNTS OF

GOVERNMENT OF BALOCHISTAN

AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

DIRECTORATE GENERAL AUDIT (PROVINCIAL), BALOCHISTAN

Chapter 1

Public Financial Management Issues Observed in Certification Audit of Accountant General, Balochistan, Quetta

1.1 Non-reconciliation of cash balance resulting in variation between cash and book balance - Rs. 7,714 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 Para 6.3.5.2.

Certification Audit of the Accounts of Government of Balochistan for the financial year 2022-23, revealed 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, 2023, as detailed below:

(Rs. in Million)

Description	Balance as per Financial Statements	Balance as per SBP-HQ	Variation
Account 1,2,3 (30.6.2023)	23,006.82	15,292.448	7,714.375

IPSAS Financial Statements and Finance Accounts

The difference occurred due to non-reconciliation with SBP.

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.

The matter was reported to the Accountant General Balochistan and Finance Department on 12th October, 2023 to which the Accountant General Balochistan replied that they had completed their working regarding variation between cash and book balances from 2015-16 to 2022-23 and furnished the same to Finance Department, Government of Balochistan and relevant authorities. Response from their end was awaited. The Finance Department, Government of Balochistan replied that the differences were due to un-posting of paid cheques. The working on such differences be initiated by Accountant General Balochistan for resolution.

In the DAC meetings held on 1st 2nd and 6th November 2023, it was decided to establish a joint team consisting of the Accountant General Balochistan and Finance Department, Government of Balochistan. This team will be responsible for conducting annual district-wise reconciliations with the aim of reducing variations, both in terms of receipts and payments. Monthly progress reports will be shared with the Audit. Moreover, any balances lingering unresolved for an extended period may be brought to the attention of the CGA office. This step was essential for formulating policy decisions that will facilitate the prompt clearance of these longstanding discrepancies.

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

Audit recommends implementation of DAC directives.

1.2 Variation in debt balances/non-reconciliation with Finance Department - Rs. 5,645.887 million

According to Para 11.7.1.3, Chapter 11 of the APPM, AG/AGPR shall then verify the information submitted in the Credit Report to their own liability records and registers, before incorporating into the Consolidated Monthly Accounts. The AG/AGPR shall investigate and agree with the EAD/MoF any differences which may arise during their verification of the Credit Report. As per Balochistan Rules of Business, 2012, the Finance Department, is responsible for floating and administering debts which includes responsibility to maintain complete record of all debts raised and repaid. Further, according to Para 2.2.9.1 and 2.2.9.2 of Financial Reporting Manual (FRM), “Debt Report is required to be prepared which will provide an analysis of the national debt position at the end of each month.”

Certification Audit of the Accounts of Government of Balochistan for the financial year 2022-23, revealed that there was difference of Rs. 5,645.887 million in foreign debt between FD, GoB and Finance Accounts, as detailed in below:

(Rs. in Million)

Description	As per FD	As per FS/ Finance Accounts	Difference
Opening Balance 01.07.2022	51,706.450	49,383.053	2,323.397
Receipt	9,971.963	9,526.886	445.077
Closing Balance 30.06.2023	74,907.824	72,030.411	2,877.413
Total			**5,645.887**

Source: Page No. 81 of Finance Accounts 2022-23. Financial Statement Note 16 and 23.

Variation occurred due to non-reconciliation.

Non-compliance of financial rules resulted in misreporting.

The matter was reported to the Accountant General Balochistan and Finance Department on 12th October 2023 to which the Accountant General Balochistan replied that the difference in opening balance was due to non-submission of pervious year debt report by Finance Department, Government of Balochistan. The difference in receipt occurred due to direct punching of figures in the SAP System by TO, Quetta without reconciliation with Finance Department, Government of Balochistan. The Finance Department, Government of Balochistan replied that the balances of debt as on 1st July 2022 and 30th June 2023 shared by this department with the DG, Audit were duly reconciled with EAD and SBP. Further, the Accountant General Balochistan and TO, Quetta was requested to make journal entry as per the reconciled statements for rectification of variations.

In the DAC meetings held on 1st 2nd and 6th November 2023, it was decided that Finance Department, Government of Balochistan will direct the TO, Quetta for resolution of the issue within a weeks’ time so that necessary corrections are made in the final Accounts under intimation to Audit.

In accordance with the DAC decision, a Journal Entry (JE) of Rs. 445.077 million was executed and integrated into the Accounts which led to a partial rectification of opening and closing balances in the Finance Accounts. Audit emphasized for clearance of remaining balances under intimation to Audit.

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

Audit recommends implementation of DAC directives.

1.3 Difference in Grants - Rs. 1,098.166 million

According to Para 7.1.1.2 of the APPM, the overall reporting framework, in which source transactions recorded at DAOs/AG/AGPR level are consolidated to produce:

- Monthly, Quarterly and Half-Yearly Accounts - used to provide balances of receipts and payments for the Federal and each of the Provincial Governments.
- Annual Accounts - used to provide annual statements of receipts and payments, assets and liabilities of the Federal and each of the Provincial Governments.
- Combined Annual Accounts - used to provide consolidated statements of receipts and payments, assets and liabilities for the Federation as a whole, incorporating the Federal Government and each of the Provincial Government's figures.

Certification Audit of the Accounts of Government of Balochistan for the financial year 2022-23, revealed that there was variation of Rs. 1,098.166 million in different grants between AGB and FD, Government of Balochistan records, as detailed below:

(Rs. in Million)

Development Grant	**Grant as Per FD**	**Grant as Per Finance Accounts**	**Difference**
C03603-Federal Government Development Grants	24,123.848	24,178.238	54.390
C03601-Foreign Governments	3,949.052	4,965.575	1,016.522
C03604-Federal Government Non-development Grants	27.270	0.015	27.254
		Total	**1,098.166**

Variation occurred due to non-reconciliation.

Non-reconciled figures may result in improper financial reporting.

The matter was reported to the Accountant General Balochistan and Finance Department on 12th October 2023 to which the Accountant General Balochistan replied that the journal entry of Rs. 27.270 million was not incorporated in the accounts. The Finance Department, Government of Balochistan replied that the difference in Federal Developments Grants of Rs. 54.390 million be rectified by the Accountant General Balochistan.

In the DAC meetings held on 1st 2nd and 6th November, 2023, it was decided that the record of rectified amount by the Finance Department, Government of Balochistan be provided to Audit for verification. Further, the amount wrongly booked be rectified by the Accountant General Balochistan at the earliest under intimation to Audit.

In accordance with the DAC decision, Journal Entries (JEs) totaling Rs. 0.015 million and Rs. 27.270 million were duly processed, leading to the partial clearance of the balance in Accounts. The Audit has emphasized the urgency of promptly clearing the remaining balances at the earliest under intimation to Audit.

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

Audit recommends implementation of DAC directives.

1.4 Lack of reconciliation between DAOs and NBP - Rs. 2,604.764 million

According to para 6.4.3.2 & 6.4.3.3 of the APPM, on receiving the daily bank returns from the Main Designated Branch, the delegated officer in the Account Section of the DAO/AG/AGPR shall check that (i) supporting documents detail (i.e. paid cheques, receipt vouchers, transfer advice) agrees with the bank scroll, (ii) bank scroll entry agrees with a payment advice note entry previously sent to the Main Designated Branch of the bank. Where there are any discrepancies in the bank scroll, the officer shall immediately inform the Main Designated Branch and resolve any differences in writing.

Certification Audit of the Accounts of Government of Balochistan for the financial year 2022-23, revealed that figures of receipts/payments booked by various DAO's did not tally with the figures reported by SBP/NBP, as detailed below:

(Rs. in Million)

All Districts except Quetta	Amount reported by NBP through SBP		Amount reported by SAP		Difference	
	Receipt	Payment	Receipt	Payment	Receipt	Payment
	A	B	C	D	E = A-C	F = B-D
	6,177.108	241,855.842	7,209.090	243,428.625	1,031.982	1,572.782
Total Receipt and Payment (E+F)						**2,604.764**

The differences occurred due to inadequate reconciliation.

Lack of reconciliation of expenditure/ receipt between the NBP/SBP and DAOs resulted in incorrect figures.

The matter was reported to the Accountant General Balochistan and Finance Department on 12th October 2023 to which the Accountant General Balochistan replied that the issue had been taken up with all the stakeholders. The Finance Department, Government of Balochistan replied that the department in collaboration with the Accountant General Balochistan and DG, (T&A) will reconcile the monthly accounts.

In the DAC meetings held on 1st 2nd and 6th November 2023, it was decided that joint teams would be formed between the Finance Department, Government of Balochistan, Accountant General Balochistan, State Bank of Pakistan and National Bank of Pakistan to resolve the reconciliation issues at districts. Monthly progress reports will be shared with the Audit.

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

Audit recommends implementation of DAC directives.

1.5 Irregular/misclassified expenditure of Pension - Rs. 110.044 million

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

Certification Audit of the Accounts of Government of Balochistan for the Financial Year 2022-23, revealed that an expenditure of Rs. 110.044 million was incurred on pay and allowances and charged to grant BC21006 - Pension Civil, as detailed in Annexure 1.1.

Irregularity incurred due to weak financial management.

The incurrence of expenditure from other head of account resulted in misclassification.

The matter was reported to the Accountant General Balochistan on 12th October, 2023 to which it was replied that the expenditure to the retired employees was incurred from pay and allowances and was charged to grant BC21006 - Pension Civil as per SOP.

In the DAC meetings held on 1st 2nd and 6th November 2023, it was decided that Finance department through Accountant General Balochistan will take up the matter with CGA, Islamabad for creation of a cost center for streamlining the payment of arrears of Pay & Allowances to the pensioners.

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

Audit recommends implementation of DAC directives.

1.6 Non-maintenance of fixed asset statements

According to Section 2.2.70 of the FRM, “based on information supplied by the Departments on a specified form of Fixed Assets Registers as set out in Chapter 13 of APPM, shall be signed by the PAO of each Department before 7th of each month. After which, the AGB will prepare the fixed asset statement.”

Certification Audit of the Accounts of Government of Balochistan for the financial year 2022-23, revealed that no record of fixed assets was maintained by the Accountant General Balochistan as required under the relevant rules.

Non-compliance was due to weak internal controls.

Non-compliance of rules resulted in non-reporting of actual position of the fixed assets of Government of Balochistan.

The matter was reported to the Accountant General Balochistan and Finance Department on 12th October, 2023 to which the Accountant General Balochistan replied that the matter regarding fixed assets of Government of Balochistan had already been taken-up with all the PAOs and TOs/DAOs. The Finance Department, Government of Balochistan replied that the Financial Management Information System of the Government of Balochistan including Federal Government currently did not have the Asset Module.

In the DAC meetings held on 1st 2nd and 6th November 2023, it was decided that Accountant General Balochistan and Finance Department, Government of Balochistan will take up the matter with the PAOs for the early implementation of Asset Module. Regarding issues related to system Accountant General Balochistan and Finance Department, Government of Balochistan would take up the matter with CGA office. Further, as a pilot site, implementation of the module through system will be initiated from S&GAD, Government of Balochistan within next three months under intimation to Audit.

No progress was intimated to Audit till the finalization of this report.

Audit recommends implementation of DAC directives.

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. 22,616.956 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 21,961.177 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Agriculture Grant No.BC21026	12,922.887	12,329.144	**(-)593.743**	**4.59**
Non-Development Cooperatives Grant No.BC21031	176.264	149.168	**(-)27.096**	**15.37**
Total Non-Development	**13,099.151**	**12,478.313**	**(-)620.839**	**4.74**
Development Grant No. BC12226 Function No.042103	9,517.805	9,482.864	**(-)34.941**	**0.37**
Grand Total Non-Development & Development	**22,616.956**	**21,961.177**	**(-)655.779**	**2.90**

2.1.3 Audit profile of Agriculture and Cooperatives Department

(Rs. in Million)

S. No.	**Description**	**Total numbers**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	291	44	9,151.111	21.868
2.	Assignment accounts	3	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	-	-	-	-
5.	Foreign Aided Project (FAP)	2	2	949.867	-

2.1.4 Classified summary of Audit Observations

Audit observations amounting to Rs. 8,927.572 million were raised in this report during the current Audit of Agriculture and Cooperatives Department. This amount also includes recoveries of Rs. 261.942 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	8,623.393
2.	Loss	42.237
3.	Government tax and duties	187.46
4.	Recoverable	74.482

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
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	8	20
13.	2001-2002	6	-	6	0
14.	2002-2003	25	-	25	0
15.	2004-2005	7	-	7	0
16.	2005-2006	10	8	2	80
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	7	1	88
27.	2018-2019	13	9	4	69.2
28.	2019-2020	8	0	8	0
29.	2020-2021	3	0	3	0
30.	2021-2022	11	0	11	0
31.	2022-2023	12	0	12	0
Total		**424**	**28**	**396**	**6.60**

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

2.2 AUDIT PARAS

2.2.1 Loss on procurement of tractors on higher rate - Rs. 42.237 million

As per Rule 46 of BPPR, 2014, "There shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder."

The DG, Agriculture Engineering Department, Balochistan, Quetta during the financial year 2022-23, incurred expenditure amounting to Rs. 299.953 million and purchased 234 tractors @ Rs. 1.282 million per tractor instead of quoted rate of Rs. 1.101 million, resulting in loss of Rs. 42.237 million, as detailed below:

(Rs. in Million)

S.No.	Quantity	Quoted Rate	Payment Per unit	Difference Per unit	Excess
1.	234	1.101	1.282	0.180	42.237

Allowing higher rates than approved occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected.

2.2.2 Wasteful expenditure due to lack of research - Rs. 200 million

According to Rules of Business, 2012, of GoB, the Agriculture and Cooperatives Department is responsible for enhancing agriculture productivity through the use of improved varieties and management practices, as well as promoting the genetic improvement of crop varieties.

The Directorate of Research Dates Farm, Turbat, during the financial year 2022-23, incurred an expenditure of Rs. 200 million on establishment and operating charges without undertaking any projects for advance crop genetic improvement, despite having eight research officers and an advanced laboratory. The negligence of management resulted in lack of improving farm yield for dates, mangoes and citrus varieties.

Non-initiation of research activities occurred due to weak planning, which resulted in non-improvement of crops varieties.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends initiating research activities for improvement of crops varieties against hefty payments.

2.2.3 Non/less realization of government taxes - Rs. 187.460 million

According to BSTS Act, 2015[1], Income Tax Ordinance, 2001[2], General Sales Tax Act, 1990[3] and Stamp Act, 1899[4], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10%, 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, stamp duty @ 0.25% of cost of contract and Sales Tax @ 17%.

Various offices of Agriculture and Cooperatives Department, GoB, during the financial years 2021-23, made payments to the GCs without/less deduction of due government taxes/duties, resulting in revenue loss of Rs. 187.460 million, as detailed in Annexure 2.1.

(Rs. in Million)

S. No.	Description	Taxes/ duties Deducted	Taxes/ duties to be Deducted	Amount
1.	BSTS	56.522	141.305	84.656
2.	Income tax	149.105	213.007	63.902
3.	Stamp duty	0	14.686	14.686
4.	GST	10.09	34.306	24.216
Total		**215.717**	**403.304**	**187.46**

Non/less deduction of government taxes/duties occurred due to weak financial controls, which resulted in revenue loss to the government.

The matter was reported to the department during July to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of government taxes.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 2.2.3, 2.2.2 and 3.2.1 having financial impact of Rs. 95.361 million, Rs. 84.120 million and Rs. 132.636 million respectively. Recurrence of same irregularity is a matter of serious concern.

2.2.4 Non-recovery of cost of motorcycles - Rs. 74.482 million

According to Rule 668 of Treasury Rules, Vol.-I, "Advances granted under special orders of competent authority to government Officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary".

[1] Section 3 of BSTS Act, 2015

[2] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[3] Act, 1994 General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[4] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan

The DG, Agriculture Extension, Quetta, procured motorcycles for office employees in 2020-21 at a cost of Rs. 79.420 million. However, during the financial year 2022-23, the management failed to collect due installments from employees, resulting in non-recovery of Rs. 74.482 million.

Non-recovery of installments occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of due installments from the concerned employees.

2.2.5 Irregular execution of development works - Rs. 3,539.694 million

As per B&R Code 2.82, "No work shall commence unless properly detailed design and estimates have been sanctioned by the competent authority, except real emergency works, which must also be immediately reported to the authorities competent to accord technical sanction". According to Para 5.02 of Manual for Development Projects, 2021, "The monitoring of the development projects or programmes should be done internally by the PD and sponsoring/executing agency. The sponsoring/executing agency may also hire third-party consultants for monitoring of the project."

Various offices of OFWM, during the financial years 2021-23, awarded various development works to contractors amounting to Rs. 3,539.694 million, without obtaining prior technical sanction of the estimates from the competent authority and third-party validation, as detailed below:

(Rs. in Million)

S. No.	Financial Years	Amount
1.	2021-22	1,466.834
2.	2022-23	2,072.86
Total		**3,539.694**

Execution of work without technical sanction and third-party validation occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department during July to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that technical sanctions and third-party validation reports be provided to Audit.

2.2.6 Non-verification of the beneficiaries - Rs. 2,197.440 million

As per Agriculture and Cooperatives Department's Notification dated[5], October 27, 2022, criteria regarding selection of farmer for seed distribution in flood affected area was set

[5] No. SOA (Dev:) 5-7/2014-15 Misc/6035-99

as: free distribution of approved quality of seeds by respective district level committee among the registered and deserving farmers, who have placed their claims on seeds distribution app.

The Director Agriculture, P&S, Quetta, during the financial year 2022-23, incurred an expenditure of Rs. 2,197.440 million on wheat seeds. Audit, on a test check basis in various districts, found that farmers were not registered, and land ownership documents were missing. Moreover, neither the seed distribution app was launched by DG Agriculture Extension, nor was a proper monitoring and supervisory mechanism in place.

Expenditure without following the SOPs occurred due to weak internal controls, which resulted in irregular payment.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends provision of requisite documents for verification.

2.2.7 Delay in supply of seeds and non-utilization of funds - Rs. 110 million

As per Para 4 of the minutes of the meeting held under the chairmanship of the Secretary, Ministry of National Food Security & Research on September 13, 2022, with special reference to the flood affected farmers for the provision of subsidized seeds, fertilizers for wheat and oil seed crops. The requisite funds were proposed to be arranged before the sowing season of Rabi crops i.e., September 25, 2022."

The Director Agriculture, P&S, during the financial year 2022-23, procured seeds for distribution to the flood affected farmers. However, the distribution in some of the districts occurred during the latter part of the winter season, which required an increased seed rate, i.e., more than 55-60 Kgs per acre, compared to the usual seed rate of 40-50Kg per acre. As a result, the department could not distribute 385,000 bags and only distributed 362,000 because wheat cultivation time in many districts had ended. Hence, Rs. 110 million could not be utilized, and as many as 4000 to 5000 farmers were deprived of availing this facility.

Delay in distribution of seeds and non-utilization of funds occurred due to weak internal controls, which resulted in non-achievement of set targets.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the matter be inquired, and delay be justified.

2.2.8 Irregular expenditure under flood relief activities - Rs. 1,467.300 million

As per DG, OFWM, Quetta's letter dated May 5, 2023[6], "DDA will submit the completion report on judicial stamp paper bearing signature of beneficiary/farmer dully countersigned by the DDA concerned; all the relevant record comprising of farmer application, copy of CNIC, verified copy of land holding documents, feasibility and survey report finished will be maintained by the concerned field office."

[6] No. 140-41/100-1/DG/OFMM

Various offices of OFWM, during the financial year 2022-23, incurred an expenditure of Rs. 1,467.300 million on land leveling in flood-affected areas through tractors without any assessment of the land.

The following irregularities were observed:

1. Reports of survey conducted by the OFWM for flood effected farmers were not available; besides, GPS coordinates were not available to rule out any duplication of schemes.
2. No clear selection criteria for farmers were set, and the list of beneficiaries was not available in the record.
3. Tender documents in some of the offices were not available.
4. Completion reports of land levelling schemes had not been prepared.

Expenditure without fulfilling codal formalities occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department during October to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that inquiry be conducted against the officials at fault.

2.2.9 Irregular payment without lab test - Rs. 322.817 million

As per S.I. No. 27.1.3.2 of BCSR, 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:

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

Various offices of OFWM, during the financial years 2021-23, incurred an expenditure of Rs. 322.817 million on purchase of PVC/UPVC pipes of 2" to 4" dia (class B and C) from different firms, without conducting lab tests to ensure that above-mentioned standards were met.

Expenditure without conducting essential lab tests occurred due to weak internal controls, which resulted in irregular payment.

The matter was reported to the department during July 2022 to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends provision of lab test reports.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para number 2.2.3 having financial impact of Rs. 51.855 million. Recurrence of same irregularity is a matter of serious concern.

2.2.10 Irregular award of contracts - Rs. 226.560 million

As per Rule 4 of BPPR, 2014, "While procuring goods, works or services, Procuring Agencies shall ensure that procurements are conducted in a fair and transparent manner and the object of procurement brings value for money to the agency and the procurement process is efficient and economical. And Rule 02 (b) ibid, "all bids received shall be opened and evaluated in the manner prescribed in the NIT or bidding document."

The following offices of OFWM, GoB, during the financial year 2022-23, awarded the contracts amounting to Rs. 226.560 million:

(Rs. in Million)

S. No.	Name of offices	AIR No.	Name of firm	Name of scheme	Amount
1.	DD, OFWM, Washuk	04	M/s A.K Askari International	1,000 Drilling and development of bores and inst: of solar pumping system to operate bores in border TSE-21220470373	110.713
2.	DD, OFWM, Awaran	04	M/s Bazinjo Builder and Co. GC	Land Leveling through tractor hours. TSE-222301231883	115.847
Total					**226.56**

The following irregularities were observed:

- The office at S.No.1 delayed opening of financial bids for over two months after opening of technical evaluation without any justification.
- The office at S.No.2 did not award the work to the lowest bidder without assigning any reason.

The irregularity occurred due to weak internal controls, which resulted in irregular award of contracts.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends regularization of expenditure by the competent authority.

2.2.11 Cost overrun due to delay - Rs. 155.130 million

As per DG, Agriculture Engineering Department's Notification [7]dated May 17, 2021, committees were constituted for each District of Balochistan for distribution of Green Tractors on 50% cost sharing basis under the scheme. The programme was launched in September 2020, with a target completion date of October 2022, to distribute 1,000 tractors to farmers on a 50% cost-sharing basis.

[7] No. 2154-2287

The DG, Agriculture Engineering Department, Quetta, during the financial years 2020-23, incurred an expenditure of Rs. 550.931 million under the Balochistan Green Tractor Programme. However, due to delays, the program fell short of its goals, resulting in increase in the cost of tractors and limiting the number of tractors to 912 instead of 1,000, as detailed below:

(Rs. in Million)

Year	Rate per Tractor	Diff. of rate	Tractors to be provided	Tractors Provided	Diff.	Cost overrun
a.	**b.**	**c.**	**d.**	**e.**	**f.**	**(cxe)**
2020-21	1.037	-	578	578	-	-
2021-22	1.282	0.245	234	234	-	57.33
2022-23	2.015	0.978	188	100	88	97.8
Total			**1,000**	**912**	**88**	**155.130**

Delay in completion of the programme occurred due to improper planning, which resulted in cost overrun.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

2.2.12 Irregular distribution of green tractors - Rs. 100.725 million

As per DG, Agriculture Engineering Department's Notification [8]dated May 17, 2021, committees were constituted for each District of Balochistan for distribution of Green Tractors on 50% cost sharing basis under the scheme. The programme was launched in September 2020, with a target completion date of October 2022, to distribute 1,000 tractors to farmers on a 50% cost-sharing basis. The eligibility criteria would be as under:

- Applicant must be registered in Agriculture Extension department and possessing land of 12.5 acres, duly verified by the DC,
- Applicant has neither availed ZTBL loan nor is defaulter of the same.

The DG, Agriculture Engineering Department, Quetta, during the financial year 2022-23, incurred an expenditure of Rs. 100.725 million for procurement of 100 tractors from M/s Millat Tractors Limited. However, the local office failed to provide any documentation proving that the recipient farmers met the program's eligibility criteria, such as owning at least 12.5 acres of land and not having outstanding loans from ZTBL.

Irregular distribution occurred due to weak internal controls, which resulted in irregular payments and non-achieving of objectives.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

[8] No. 2154-2287

Audit recommends provision of justification for distribution of tractors without observance of eligibility criteria.

2.2.13 Award of contract without obtaining performance security - Rs. 192.769 million

According to Rule 44 of BPPR, 2014 "Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of the contract price." Further, according to Para 29(5)/b of BPPRA, "Bid Security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee."

Various offices of Agriculture and Cooperatives Department, GoB, during the financial years 2021-23, awarded contracts amounting to Rs. 1,927.690 million to different GCs without obtaining performance security @ 10% amounting to Rs. 192.769 million and non-forfeiting bid security @ 2% amounting to Rs. 40.814 million.

Non-obtaining of performance security and non-forfeiture of bid amount occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department during January to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of bid security in case of completed projects and obtaining performance securities for the ongoing projects.

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para number 2.2.11 having financial impact of Rs. 54.114 million. Recurrence of same irregularity is a matter of serious concern.

2.2.14 Irregular expenditure on flood damages - Rs. 32.223 million

As per Agriculture and Cooperatives Department's Notification dated[9], November 14, 2022, "An amount of Rs. 32.213 million was re-appropriated to various Agriculture Engineering Offices on account of POL charges for utilization of bulldozers in connection with relief works in flood effected areas/district. The concerned DDOs will ensure that all expenditures are made strictly in accordance with the Balochistan Delegation of Financial Powers. Further, the concerned DDO will be held responsible for any violation of policy in vogue."

The DG, Agricultural Engineering Department, Quetta, during financial year 2022-23, incurred expenditures amounting to Rs. 32.223 million on account of purchase of POL for flood damages works, as detailed below:

(Rs. in Million)

S. No.	Name of Office	Hours Worked	Expenditure on POL
1.	Agriculture Engineer, Duki	1,070	5.708
2.	Agriculture Engineer, Chagai	358	2.084

[9] USA(B)1-2/2022-23/5814-17

3.	Agriculture Engineer, Sherani	628	4.100
4.	Agriculture Engineer, Jaffarabad	618	3.270
5.	Agriculture Engineer, Dera Bugti	620	3.409
6.	Agriculture Engineer, Harnai	446	2.605
7.	Agriculture Engineer, Barkhan	746	4.488
8.	Agriculture Engineer, Gwadar	244	1.500
9.	Agriculture Engineer, Nushki	600	2.991
10.	Agriculture Engineer, Awaran	500	2.068
Total		**5,830**	**32.223**

Audit observed the following irregularities in execution of flood rehabilitation works:

- No SOPs were prepared for managing flood related expenditures.
- No survey reports detailing damages in the districts and progress reports were available in record.
- No work completion certificates, work orders/detailed estimates, logbooks, and inventory list of machinery were available in record.
- No monitoring reports were available to ensure proper utilization of funds.
- No physical inspection reports and lists of beneficiaries along with CNIC details were available.
- Payments were made to the contractors without recording detailed measurement and entries in the log-sheets and bills were paid on the basis of a single page showing total quantity of work done.

Expenditure without devising policy and fulfilling codal formalities occurred due to weak administrative controls, which resulted in irregular payments.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

2.2.15 Irregular payment without inviting open tenders - Rs. 19.419 million

According to Rule 15(2) of BPPRRs, "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."

The following offices of Agriculture and Cooperatives Department, GoB, during the financial years 2021-23, incurred an expenditure of Rs. 19.419 million without calling open tenders:

(Rs. in Million)

S. No.	Name of offices	Financial Year	AIR No.	Amount
1.	Agriculture Engineer, Dera Murad Jamali	2021-22	2	4.793
2.	Agriculture Seed Farm, Gandawa	2022-23	1	2.391
3.	Agriculture Engineer, Khuzdar	2022-23	6	6.635
4.	Agriculture Engineer, Kohlu	2022-23	1	5.600
Total				**19.419**

Procurement of goods without inviting open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during July to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends regularization of expenditure by the competent authority.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 3.2.8 having financial impact of Rs. 23.402 million. Recurrence of same irregularity is a matter of serious concern.

2.2.16 Non-maintenance of record - Rs. 59.316 million

As per PC-I of the Project[1], "Different cereals were procured for distribution in project districts of Balochistan through DDs, Agriculture Extension among the progressive farmers free of cost, with the condition to collect 15% of the yield from the farmers for next year's distribution among the farmers of the same district to enhance the production of the crops for the achievement of sustainable goals in yield."

The Director, Oil Seed Agriculture Extension, Balochistan, Quetta, during the financial year 2021-22, incurred an expenditure of Rs. 59.316 million on procurement of seeds, fertilizers, and pesticides for free distribution among the farmers. The management failed to maintain essential records, including seed usage by area, delivery reports, beneficiary lists, and detail of 15% yield collected from farmers, as detailed below:

(Rs. in Million)

S. No.	Name of contractor	Description	V. No., date	Amount
1.	M/s Naeem and Co., GC	Purchase/supply of certified Wheat, Rice, Barley, Onion, Carrot, Okra, Peas, Fertilizers and Pesticides	235, 12.05.2022	59.316

Expenditure without essential documentation was irregular, and occurred due to weak internal controls within the organization.

The matter was reported to the department in December 2022, but no reply was received.

In the DAC meeting held in January 2023, the department assured submission of all related documents to audit. The DAC directed the management to produce the relevant record to audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

[1] Seed Production, Multiplication and Certification Programme in Balochistan

Chapter 3

3.1 Board of Revenue (BoR)

3.1.1 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.

3.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 4,718.905 million were allocated to the department during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 4,210.280 million was incurred by the department, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final grant	**Actual Expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21055	4,433.905	3,925.352	(-)508.553	11.47
Development Grant No. BC12255 Function No.011205	285.000	284.928	(-).072	0.03
Grand Total Non-Development & Development	**4,718.905**	**4,210.280**	**(-)508.625**	**10.78**

The department did not surrender the saving of Rs. 508.625 million against non-development and development, which indicated improper budgeting and financial mismanagement.

3.1.3 Audit profile of BoR, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited 2022-23	Expenditure audited:	Revenue/ Receipts audited:

				financial year 2022-23	financial year 2022-23
1.	Formations	48	19	6,959.499	11.615
2.	Assignment Accounts	1	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	-	-	-	-
5.	Foreign Aided Project (FAP)	-	-	-	-

3.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 14,651.91 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 398.23 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	14,253.68
2.	Overpayment	58.739
3.	Loss	24.419
4.	Government tax and duties	315.072

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.	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	13	3	81.25
7.	2018-2019	32	8	24	25
8.	2019-2020	13	0	13	0
9.	2020-2021	6	0	6	0
10.	2021-2022	5	0	5	0
11.	2022-2023	15	0	15	0
Total		**164**	**21**	**143**	**12.80**

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

3.2 AUDIT PARAS

3.2.1 Irregular retention of Government money - Rs. 8,811.370 million

According to Rule 283 (2) of TRs, VoI.-I, "If for any reason, payment cannot be made within the course of the month the amount drawn for the payee shall be refunded to Government." Further, according to Finance Department's Notification dated August 23, 2008[1], "No account in the Commercial Bank can be opened for public money, without the prior permission of the FD, GoB."

The following offices of BoR, GoB, during the financial years 2021-23, retained irregularly an amount of Rs. 8,811.307 million in different bank accounts:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Financial Year	Amount
1.	DC, Lasbella at Uthal	3	2021-22	1,182.721
2.	DC, Khuzdar	5	2021-22	987.990
3.	DC, Gwadar	7,2	2021-22	4,601.704
4.	DC, Dera Bugti	1	2021-22	10.609
5.	DC, Lasbella at Uthal	7	2022-23	811.806
6.	DC, Quetta	3	2022-23	756.749
7.	DC, Khuzdar	2	2022-23	433.337
8.	Commissioner Kalat Division	4	2022-23	7.945
9.	Commissioner Loralai Division	1	2022-23	5.246
10.	DC, Chagi	1	2021-22	13.200
Total				**8,811.307**

Irregular retention of government money was due to weak financial management, which resulted in blockage of funds.

The matter was reported to the department in December 2022 and during March to December 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the office at S.No.1 replied that the amount pertained to land acquisition. The office at S.No.2 replied that the amount was withheld for necessary payments to individuals. The DAC directed the office at S.No.1 to conduct a fact-finding inquiry under intimation to audit. The office at S.No.2 was directed to provide a comprehensive report detailing all liabilities, payments made to date, and outstanding obligations to Audit. The DAC meeting in respect of offices at S.No.3 to 10 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

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

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 4.2.1 and 5.2.2 having financial impact of Rs. 9,640.888 million and Rs. 19,144.236 million respectively. Recurrence of same irregularity is a matter of serious concern.

[1] No. SO (B&A)1-1/Misc./S&GAD/2008-09/520-52

3.2.2 Non/less realization of outstanding dues - Rs. 242.753 million

According to Rule 17 of Ushar (Assessment and collection) Rules, 1994, "If the ushar demanded is not paid within fifteen days after the period specified it shall be recorded as arrears of land revenue order." Further, as per Balochistan Occupiers Rates Abiana Rules, 1999, "The Abiana in respect of water supply from irrigation schemes, canals, bed works, weirs, tube wells etc., for irrigation purpose will be received as per rates given in the schedule." Furthermore, as per Section 7 of the Balochistan Agriculture Income Tax, Act, 2000, "Agricultural income tax is to be charged at the prescribed rates on crop basis."

Various offices of BoR, GoB, during the financial years 2021-23, failed to recover Ushar, Abiana and Agricultural Income Tax according to the prescribed rates from farmers amounting to Rs. 242.753 million, as detailed in Annexure 3.1.

Non/less realization of government dues occurred due to weak internal controls, which resulted in revenue loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the offices at S.No.1 and 2 replied that recovery had been effected. The DAC directed the respective offices to provide details of recovery. The DAC meeting in respect of offices at S.No.3 to 10 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends recovery of taxes and their deposit into government treasury.

Note: The issue was reported earlier also in the Audit Report for Audit Years 2020-21, 2021-22, 2022-23 vide para numbers 4.2.4 & 4.2.5, 4.2.3 and 5.2.3 having financial impact of Rs. 904.312 million, Rs. 40.389 million and Rs. 1101.469 million respectively. Recurrence of same irregularity is a matter of serious concern.

3.2.3 Overpayment due to allowing excess quantities and inadmissible items - Rs. 57.425 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 offices of BoR, GoB, during the financial years 2021-23, paid GCs for different items of work by allowing excess quantities/inadmissible items than provided in approved PC-Is/BOQs, resulting in overpayments of Rs. 57.425 million:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Financial year	Amount
1.	PD/Commissioner, Makran Division at Turbat	2	2021-22	4.249
2.		9,10,11	2022-23	42.884
3.	PD, Turbat Development Package	3,5	2021-22	8.137
4.		6	2022-23	2.155
Total				**57.425**

Payment by allowing excess quantities /inadmissible items occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during April to September 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the DAC directed the office at S.No.1 to provide revised PC-I/TS to Audit for verification. The DAC meeting in respect of offices at S.No.2 to 4 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends that the overpayment be recovered from the contractors.

3.2.4 Non/less deduction of government taxes - Rs. 72.319 million

According to BSTS Act, 2015[2], Income Tax Ordinance, 2001[3], General Sales Tax Act, 1990[4] and Stamp Act, 1899[5], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The following offices of BoR, GoB, during the financial years 2017-23, made payments to various GCs/consultants/suppliers for various works and supplies without/less deduction of government taxes/duties. This resulted in non/less realization of governmental taxes amounting to Rs. 72.319 million, as detailed in Annexure 3.2.

Non/less deduction of government taxes/duties occurred due to weak internal controls, which resulted in revenue loss to the Government.

The matter was reported to the department in December 2022, and during February to December 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the DAC directed offices at S.No.1 to 9 to make recovery of government taxes/duties from the concerned. The DAC meeting in respect of offices at S.No.10 to 36 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends recovery of government taxes and duties.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22, 2022-23 vide para numbers 4.2.6, 4.2.2 and 5.2.7 having financial impact of Rs. 114.433 million, Rs. 59.394 million and Rs. 103.792 million respectively. Recurrence of same irregularity is a matter of serious concern.

3.2.5 Non-recovery of mobilization advance - Rs. 24.419 million

According to Rule 53 of BPPR, 2014, "In the event a contractor fails to deliver any or all of the goods, works or services within the period agreed in the contract, the procuring agency either shall allow an extension in the contract period pursuant to a written request by the contractor with justifications or

[2] Section 3 of BSTS Act, 2015

[3] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[4] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[5] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

deduct the amount, as liquidated damages, a sum equivalent to the percentage specified in the contract for each week or part thereof of delay."

The PD/Commissioner, Makran Division, awarded the work "Establishment of Sports Complex at Panjgur" to a GC, at a cost of Rs. 244.196 million, on April 27, 2021, and paid mobilization advance amounting to Rs. 24.419 million, but the contractor failed to start the work. The management failed to recover mobilization advance and liquated damages from the contractor.

Non-recovery of mobilization advance and liquated damages occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in April 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the DAC directed the department to recover the mobilization advance from the contractor at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

3.2.6 Non-deposit of interest - Rs. 18.464 million

According to Para 5.2.2.11 of APPM, "Any public monies received by a government office, where permitted under the above direction are not revenues on the part of the collecting entity. No public monies received by a government office will be retained to meet departmental or other forms of expenditure unless otherwise permitted by the Government".

The DC, Quetta, during the financial year 2022-23, earned interest amounting to Rs. 18.464 million from savings in bank account, but did not deposit it into the government treasury, as detailed below:

(Rs. in Million)

S. No.	Title of Account	Detail of Bank Account	Interest Amount
1.	Compensation for land/structure acquired for different schemes	A/C No. 3138423907, NBP Quetta (Savings)	18.464

Non-deposit of interest into government account occurred due to weak financial controls, which resulted in revenue loss to the government.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the interest amount be deposited into the government account without further delay.

3.2.7 Irregular expenditure without technical sanctions - Rs. 3,779.746 million

According to Para 2.86 of B&R Code, "the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved."

The following offices of BoR, GoB, during the financial years 2021-23, awarded different civil works to GCs and incurred an expenditure amounting to Rs. 3,779.746 million without obtaining TS from the competent authority:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Financial year	Amount
1.	PD/Commissioner Mekran	3	2021-22	541.246
2.	PD/Commissioner, Naseerabad	10	2021-22	742.545
3.	PD/Commissioner, Kalat	8	2021-22	844.402
4.	PD/Commissioner Mekran	4	2022-23	900
5.	PD, Turbat Development Package	1	2021-22	751.553
Total				**3,779.746**

Non-obtaining of technical sanction occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department during April to September 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the DAC directed the offices at S.No.1 and 2 to provide TS along with TS memos to Audit for verification. The DAC meeting in respect of offices at S.No.3 to 5 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends obtaining TS along with TS memos from the competent authority.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 5.2.9 having financial impact of Rs. 2,869.729 million. Recurrence of same irregularity is a matter of serious concern.

3.2.8 Non-achievement of revenue targets - Rs. 976.954 million

As per Rule 26 of GFR, Vol.-I, "Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account."

The following offices of BoR, GoB, during the financial years 2021-23, failed to realize the targeted revenue of Rs. 976.954 million:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Financial year	Revenue target	Revenue realized	Shortfall
1.	DC, Bolan	1	2021-22	12.020	-	12.020
2.	DC, Kharan	1	2021-22	6.484	-	6.484
3.	DC, Quetta	1	2022-23	899.400	-	899.400
4.	DC, Ziarat	1	2022-23	59.050	-	59.050
Total				**976.954**	**-**	**976.954**

Non-achievement of revenue target occurred due to weak internal controls, which resulted in revenue loss to the government.

The matter was reported to the department during March to September 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the office at S.No.1 replied that an amount of Rs. 2.238 million had been recovered for the financial year 2021-22. The DAC directed the respective office to provide original challans to Audit for verification. The DAC meeting in respect of offices at S.No.2 to 4 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends that serious efforts be made for realization of receipts targets.

3.2.9 Non-conduct of lab test of items - Rs. 265.253 million

As per SI. No. 32 of BCSR, 2018, "All the materials in civil work steel, bricks and Pipe testing report be prepared through PCSIR or laboratories owned by Govt. or Semi government institutions."

The following offices of BoR, GoB, during the financial years 2021-23, awarded the contracts to different GCs and made payments amounting to Rs. 265.253 million, without conducting lab test of items:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Financial year	Amount
1.	Commissioner, Makran	4	2021-22	14.049
2.	Commissioner, Rakshan	2	2021-22	22.611
3.	Commissioner, Loralai	9	2022-23	136.730
4.	Commissioner, Sibi	10	2022-23	57.714
5.	Commissioner, Makran	5	2022-23	22.300
6.	PD, Turbat Development Package	8	2022-23	2.800
7.	PD, Ziarat Development Package	3	2022-23	9.049
Total				**265.253**

Non-conduct of lab test occurred due to weak internal controls, which may result in compromise on quality of work.

The matter was reported to the department during April to December 2023.

In the DAC meeting held on November 29, 2023, the DAC directed the offices at S.No.1 and 2 to provide the requisite lab tests to Audit for verification. The DAC meeting in respect of offices at S.No.3 to 7 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends that the lab test report be provided to Audit.

3.2.10 Award of contracts without obtaining performance security - Rs. 218.075 million

According to Rule 44 of BPPRs, 2014, “Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of the contract price.”

The following offices of BoR, GoB, during the financial years 2021-23 awarded contracts to different contractors amounting to Rs. 1,231.208 million, without obtaining performance security amounting to Rs. 218.075 million from the contractors:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Financial year	Amount
1.	PD/Commissioner, Naseerabad	9	2021-22	37.127
2.	PD/Commissioner, Kalat	7	2021-22	84.439
3.	PD/Commissioner, Loralai	7	2022-23	48.866
4.	PD, Ziarat Development Package	4	2022-23	47.643
Total				**218.075**

Non-obtaining of performance security occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department during May to December 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the DAC directed the office at S.No.1 to provide performance security without further delay. The DAC meeting in respect of offices at S.No.2 to 4 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends obtaining of performance security besides, taking action against the defaulters.

3.2.11 Irregular expenditure without inviting open tenders - Rs. 112.588 million

According to Rule 12 and 15(2) of BPPRs, "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. The Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism."

The following offices of BoR, GoB, during the financial years 2018-23, incurred an expenditure amounting to Rs. 112.588 million on procurement of different items by split-up to avoid open tenders, as detailed in Annexure 3.3.

Expenditure by split-up without inviting open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during December 2022 and February to December 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the offices at S.No.1 to 7 replied that procurement was made through quotations by following BPPR. The DAC directed the respective offices to regularize the expenditure by the competent authority. The DAC meeting in respect of offices at S.No.8 to 22 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends regularization of expenditure by the competent authority.

3.2.12 Irregular award of work and failure to blacklist contractor - Rs. 45.378 million

As per Rule 18(2) of BPPRs, 2014, "Pre-qualification of bidders shall be based entirely upon the capability, competence and resources of the bidders relevant to performance in the particular assignment, taking into account the following: a) experience and past performance on similar assignments; b) capabilities with respect to construction or manufacturing facilities; c) financial capability; d) capabilities with respect to personnel, equipment, and plant; e) appropriate managerial capability. Further, as Rule 23 ibid, "the following shall result in blacklisting of suppliers: willful failure to perform in accordance with the terms of one or more than one contract."

The PD, Commissioner Loralai Division, awarded the work of "Establishment of Sports Complex at District Duki" to a GC at an estimated cost of Rs. 244.376 million on March 3, 2021, despite the facts that the contractor failed to qualify in the financial evaluation and lacked the relevant experience. Further, the contractor was paid Rs. 45.378 million, including a mobilization advance, but within a few months, the work was abandoned. The management failed to recover the amount and take measures to blacklist the firm, as detailed below:

M/s Haji Matiullah & Brothers, GC. Evaluation Details				
Category	**Maximum points**	**Minimum acceptable points**	**Points obtained**	**Remarks**
Financial	30	18	15	Not Qualified
Experience	30	18	10	Not Qualified
Personnel	20	20	20	Qualified
Equipment	20	20	20	Qualified
Total	100	60	**65**	

Irregular award of work occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

3.2.13 Irregular payments in the name of DDOs - Rs. 25.197 million

According to Para 4.2.9.9 of APPM, "cheques payment should be released to the payee or personally collected by the payee or his authorized agent."

The following offices of BoR, GoB, during the financial years 2018-23, incurred an expenditure amounting to Rs. 25.197 million by drawing cheques in the name of DDO instead of payment to vendors, as detailed below:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Financial year	Amount
1.	DC, Naseerabad	2	2021-22	3.889
2.	Commissioner, Mekran Division	8	2021-22	2.604
3.	DC, Kech at Turbat	4	2021-22	1.338
4.	DC, Nushki	1	2021-22	2.144
5.	DC, Sohbatpur	4	2022-23	4.249
6.	DC, Loralai	4	2022-23	2.475
MfDAC Audit Report for the Audit Year 2020-21				
7.	DC, Kalat	1	2018-19	3.189
8.	DC, Chaghi	1	2018-19	4.395
9.	DC, Sibi	6	2018-19	1.476
10.	DC, Barkhan	2	2018-19	5.931
Total				**25.197**

Payment through DDOs instead of vendors occurred due to weak financial controls, which resulted in irregular payment.

The matter was reported to the department during February to December 2023, but no reply was received.

In the DAC meeting held on November 29, 2023, the offices at S.No.1 to 3 were directed to produce acknowledgment receipts and details of tax deduction to Audit for verification. The DAC meeting in respect of offices at S.No.4 to 10 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends that acknowledgment receipts along with tax deductions be provided to audit.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 5.2.5 having financial impact of Rs. 228.964 million. Recurrence of same irregularity is a matter of serious concern.

3.2.14 Overpayment due to inadmissible premium - Rs. 1.314 million[6]

[6] MfDAC Audit Report for the Audit Year 2020-21

According to Para 16 and 221 of CPWA Code, “Divisional Officer is responsible for ensuring correctness of rates, quantities and calculation before signing the bill of the contractor.”

The following offices of BoR, GoB, during the financial year 2018-19, made payment of Rs. 1.314 million to the contractors by allowing inadmissible and excess premium:

(Rs. in Million)

S. No.	**Name Department**	**Gross Amount**	**Premium payable**	**Premium paid**	**Overpaid**
1.	Commissioner/PD, CMDDP, Mekran	1.466	0	1.608	0.142
2.	Commissioner/PD,CMMDP, Sibi	1.590	3.291	3.527	0.236
		2.328	4.815	5.751	0.936
Total		**5.384**	**8.106**	**10.886**	**1.314**

Allowing inadmissible premium occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the management in February 2020, but no reply was received.

The PAO was requested in August 2023, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors at the earliest.

Chapter 4

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

4.1.1 Introduction

Civil Works

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.

4.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 44,427.113 million were allocated to the department during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 41,183.989 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21013	12,889.367	9,915.716	(-)2,973.651	23.07
Development Grant No. BC12213 Function No.045202	31,537.746	31,268.273	(-)269.473	0.85
Grand Total Non-Development & Development	**44,427.113**	**41,183.989**	**(-)3,243.124**	**7.30**

The department did not surrender the saving of Rs. 3, 243.124 million against non-development and development grants, which indicated improper budgeting and financial mismanagement.

Communication, Works, Physical Planning and Housing Department

Development and non-development funds amounting to Rs. 5,165.415 million were allocated to the department during the financial year 2021-22. Against the said allocation, an expenditure of Rs. 4,580.453 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Development Grant No.BC12265 Function No.045701	1,484.614	1,431.072	**(-)53.542**	**3.61**
Total Development	**1,484.614**	**1,431.072**	**(-)53.542**	**3.61**

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

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	152	54	41,113.555	-
2.	Assignment Accounts	-	-	-	-
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 observations amounting to Rs. 13,347.98 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 615.114 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.	Irregular expenditure	12,113.64
2.	Government tax and duties	520.014
3.	Recoverable	95.1
4.	Overpayment	619.223

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.	1984-85	42	-	42	0
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	15	1	93

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
30.	2017-2018	20	15	5	75
31.	2018-2019	17	8	9	47.05
32.	2019-2020	16	-	16	0
33.	2020-2021	19	-	19	0
34.	2021-2022	10	-	10	0
35.	2022-2023	25	-	25	0
Total		**1169**	**166**	**1018**	**14.200**

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

4.2 AUDIT PARAS (CWPP&H, Building)

4.2.1 Overpayment due to allowing higher rate and wrong calculation - Rs. 90.341 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.”

Various Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, overpaid an amount of Rs. 90.341 million to GCs by allowing inadmissible/incorrect higher rates and wrong calculation of quantities, as detailed in Annexure 4.1.

Allowing inadmissible/higher rates and wrong calculation of quantities occurred due to weak financial management, which resulted in loss to the government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, and January 02 to 04, 2024, the offices at S.No.1 to 15 accepted the audit stance and assured recovery of overpaid amount. The offices at S.No.16 and 24 replied that payments were made as per provisions of PC-I. The DAC directed the respective offices to effect recovery and provide relevant record to Audit for verification. Paras of the offices at S.No.25 to 32 were not discussed, and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends to effect recovery from the concerned contractors.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 5.2.5 and 6.2.2 having financial impact of Rs. 10.807 million and Rs. 35.939 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.2.2 Overpayment due to excess quantities - Rs. 40.414 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.”

Various Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, paid Rs. 40.414 million to GCs for different items of work by allowing excess quantities than provided in approved PC-Is, as detailed in Annexure 4.2.

Excess quantities beyond provisions of PC-Is were paid due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, and January 02 to 04, 2024, the office at S. No. 1 accepted the recovery. The offices at S.No.2 to 6 contended that the payments had been made correctly as per provisions of PC-I/TS. The DAC directed the respective offices to effect recovery and provide MBs, PC-I and TS/TS memos to audit for verification. Paras of the offices at S.No.7 to 9 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends to effect recovery from the concerned.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21 and 2021-22 and 2022-23, vide para numbers 5.2.13, 5.2.3 and 6.2.1 having financial impact of Rs. 56.172 million, Rs. 12.581 million and Rs. 82.469 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.2.3 Overpayment due to inadmissible/wrong calculation of premium -Rs. 8.525 million

According to P&D Department’s Notification dated April 28, 2022[7], The Chief Minister granted percentage increases on different items of work of BCSR, 2018. Further, 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 Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, made overpayment of Rs. 8.525 million to different contractors due to allowing inadmissible/wrong calculations of premium:

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	Building Division, Harnai	03	2021-22	0.110
2.	Building Division, Kharan	01	2021-22	0.462

[7] No. P&DD/CSR-Cell/2022/1869

3.	Building Division, Awaran	06	2021-22	2.774
4.	Building Division, Washuk	01	2021-22	1.406
5.	Building Division, Washuk	03	2021-22	3.773
Total				**8.525**

Allowing inadmissible/wrong calculation of premium occurred due to weak financial management, which resulted in loss to the government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, offices at S.No.1 and 2 accepted overpayment. The DAC directed the respective offices to effect recovery. Paras of the offices at S.No.3 to 5 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.4 Irregular award of contract - Rs. 196.236 million

As per Para 86 of CPWD Code, "When land is required for public purposes the officer of the Public Works Department should, in the first instance, consult the Chief Revenue Officer of the district, and obtain from him the fullest possible information as to the probable cost of the land, together with the value of buildings, etc., situated on the property, for which compensation will have to be paid. Upon the information thus obtained, an estimate should be framed by the Public Works officer and submitted for sanction. When sanction to such an estimate has been obtained, the Divisional Officer or other Public Works officer concerned should commit the matter to the Revenue Officer who will take the necessary preliminary action for the appropriation of the land under the Land Acquisition Act, or for its acquisition by private negotiation."

The Executive Engineer, Building Division, Quetta awarded the work "Construction of Shaheed Hussain Ali Yousafi Foot Ball Stadium at Hazara Town, Quetta" to a GC on June 17, 2022, at a contract price of Rs. 196.236 million. On June 29, 2022, a mobilization advance amounting to Rs. 19.623 million was paid to the contractor. However, due to a strike by the residents of the area, the work could not commence. The management failed to address disputes and issues regarding the construction site before awarding the contract.

Award of work on disputed land and payment of mobilization advance occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in April 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the department replied that they had already paid the mobilization advance to the contractor who had brought the necessary machinery at site. However, the work could not be initiated due to strike by the residents. The DAC directed the department to furnish documentary evidence to substantiate their stance and recover mobilization advance from the contractor.

No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

4.2.5 Non-imposition of penalties - Rs. 188.540 million

As per Clause 2 of the General Conditions of Contract, "if the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day or maximum 10% of the contract cost."

Various Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, awarded various works costing Rs. 1,885.420 million to GCs, which were not completed as per stipulated time and the management failed to enforce the agreed-upon liquidated damages, resulting in a significant financial loss of Rs. 188.540 million, as detailed in Annexure 4.3.

Delay in completion of schemes occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on January 02 to 04, 2024, the office at S.No.1 replied that the contractor had refused to carry out the work. The offices from S.No.2 to 9 replied that the delay was due to the slow release of funds. The DAC directed the respective offices to take necessary corrective measures against the contractor, provide copies of releases and time extension duly approved by the competent authority. Paras of the offices at S.No.10 to 12 were not discussed, and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.6 Non/less deduction of mobilization/secured advance - Rs. 95.100 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, GoB, during the financial years 2021-23, awarded contracts worth Rs. 2,608.500 million to the GCs for the execution of civil works without/less deduction of mobilization/secured advance amounting to Rs. 95.100 million:

(Rs. in Million)

S. No.	Name of formation	AIR Para No.	Financial year	Contract amount	Recoverable Amount
1.	Building Division, Chaghi	03	2021-22	212	4.245
2.	Maintenance Division-II, Quetta	01	2022-23	1,069.25	56.060
		03	2022-23	1208	24.976
3.	Building Division, Surab	03	2021-22	119.246	4.971
Total				**2,608.500**	**95.100**

Non/less deduction of advances occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the office at S.No.1 replied that mobilization advance would be recovered from the next running bill. The office at S.No.2 replied that a partial recovery of the secured advance had been made, besides recovery of mobilization advance amounting to Rs. 15 million from the contractor. The DAC directed the department to effect complete recovery and provide the relevant record to Audit. Paras of the office at S.No.3 were not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends to effect recovery from the concerned.

4.2.7 Non/less deduction of government taxes - Rs. 71.379 million

According to BSTS Act, 2015[8], Income Tax Ordinance, 2001[9] and Stamp Act, 1899[10], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and stamp duty @ 0.25% of cost of contract.

Various Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, made payments of Rs. 719.077 to the GCs and consultants without/less deduction of government taxes and duties amounting to Rs. 71.379 million, as detailed in Annexure 4.4.

Non/less deduction of government taxes was caused due to weak financial management, which resulted in loss to the Government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023 and January 02 to 04, 2024, the divisions at S.No.1 to 6 and 8 to 10 assured that recovery of taxes and duties would be effected. The office at S.No.7 replied that Zhob district had been declared as tribal area, therefore, income tax was not applicable. The DAC directed the offices to effect recovery and in case of district Zhob exemption certificate from FBR be provided to audit for verification. Paras of the remaining offices were not discussed, and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

[8] Section 3 of BSTS Act, 2015

[9] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[10] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

Audit recommends to effect recovery from the concerned.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23, vide para numbers 5.2.18, 5.2.1 and 6.2.9 having financial impact of Rs. 91.497 million, Rs. 119.995 million and Rs. 133.115 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.2.8 Payment of NSR without rate analysis - Rs. 66.504 million

According to para 296 of CPWA Code Vol-I, "To facilitate the preparation of estimates, which serve as a guide in setting rates in connection with contract agreements, a schedule of rates for each kind of work commonly executed should be maintained and kept up to date. It should be prepared based on rates prevailing in each locality and necessary analysis of the rates for each description of work should be recorded. The rates entered in estimates should agree with the scheduled rates but where the latter are not considered sufficient, the deviation should be explained in detail in the estimate."

The following Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, paid an amount of Rs. 66.504 million on NSR basis without preparing approved rate analysis:

(Rs. in Million)

S. No.	Name of offices	AIR No.	Financial year	Item of Work	Amount
1.	Building Division, Dera Bugti	02	2021-22	Turkey brand artificial grass i/c rubber, FIFA standard	12.403
2.	Building Division, Harnai	02	2021-22	Deodar wood boxes and making Judge front table, stage etc.,	0.975
3.	Building Division, Musakhail	03	2021-22	Turkey brand artificial grass i/c rubber, FIFA standard	12.049
4.	Building Division, Harnai	05	2022-23	Watch tower, Cultural Monuments and logos	3.195
5.	Building Division, Awaran	04	2021-22	Steel fence and Turkey brand MSKB artificial grass i/c rubber, FIFA standard	21.075
6.	Building Division, Surab	04	2021-22		16.807
Total					**66.504**

Payment without approved rate analysis occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the offices at S.No.1 to 4 replied that duly approved NSR would be provided to Audit. The DAC directed the respective offices to provide market survey reports and approved rate analysis to Audit. Paras of the offices at S.No.5 to 6 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.9 Irregular payment without execution of civil works - Rs. 33.140 million

According to Para 220 of CPWA Code, “Full rates as per agreement, catalogue, indent or other order should be allowed only if the quantity of work done or supplies made is up to the stipulated specification.”

The Executive Engineer, Buildings Division, Quetta, CWPP&HD, during the financial year 2022-23, awarded the work “Upgradation/Laying of Artificial Grass at Qayyum Papa Football Ground Quetta” and made payment amounting to Rs. 33.140 million to a GC for supply and installation of the 60 mm FIFA licensed synthetic turf on NSR without preparing approved rate analysis. Civil work, approved in the PC-I, containing different components amounting to Rs. 13.454 million was required to be carried out prior the installation of the synthetic turf, which was not executed, as detailed below:

(Rs. in Million)

S. No.	Item of work	Quantity (Sqt)	Rate (Per Sq.Ft)	Amount
1.	Artificial Grass (NSR)	86,846	381.600	33.140
Total of Artificial Turf				**33.140**
2.	SI No. 14-2(aiii)	55,000	68.750	3.781
3.	SI No. 5-4(b)	13,750	157.80	2.170
4.	SI No. 13-6(b)	59,400	113.05	6.715
5.	SI No. 3-15(b)	58,766.71	6.70	0.394
6.	SI No. 3-15(a)	58,766.71	6.70	0.394
Total Civil Works				**13.454**

Payment without necessary construction works occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

4.2.10 Excess/non-deduction of security deposits - Rs. 27.976 million

As per Para 2.66 of B&R Code read with Clause 19 of conditions of contract agreement, “It is not permissible to draw money from the Treasury to prevent the lapse of budget grant, as per rule 290 of Treasury Rules. Security deposit @ 10% should be deducted from payment made for work done to contractors and refunded after three months from date of completion of scheme.”

Following Building divisions of CWPP&HD, GoB, during the financial years 2021-23, deducted security deposit amounting to Rs. 27.648 million in excess of the prescribed percentage i.e., 10% to avoid lapse of budget:

(Rs. in Million)

S. No.	Name of divisions	AIR No.	Para	Financial Year	Gross payment	Amount of Security Deposit
1.	Building Division, Kalat	02		2021-22	3.802	0.328
2.	Maintenance Division-I, Quetta	03		2022-23	282.771	13.105
3.	Building Division, Quetta	08		2022-23	45.168	14.543
Total					**331.741**	**27.976**

Excess/non-deduction of security deposits occurred due to weak internal controls, which resulted in undue financial benefit to the contractors

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023 and January 02 to 04, 2024, the office at S.No.1 replied that the schemes had been completed, however, no record was provided to the forum. The office at S.No.2 replied that relevant MBs with justification would be provided to Audit. The DAC directed the department to provide PC-IV and relevant MBs to Audit for verification. Audit Para of the office at S.No.3 was not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.11 Premature release of security deposits - Rs. 27.900 million

As per Para 2.66 of B&R Code and Clause 19 of conditions of contract agreement, “Security deposit @ 10% should be deducted from the payment made to the contractor for work done and refunded after three (3) months of the completion of scheme.”

The following Building Divisions of CWPP&HD, GoB, during the financial year 2022-23, prematurely refunded security deposits amounting to Rs. 27.900 million to the GCs before completion of the works:

(Rs. in Million)

S. No.	Name of formation	AIR Para No.	Financial year	Amount
1.	Building Division, Chaghi	05	2021-22	11.800
2.	Maintenance Division-II, Quetta	06	2022-23	12.100
3.	Building Division, Loralai	02	2022-23	4
Total				**27.900**

Premature release of security deposit occurred due to weak financial controls, which resulted in undue financial benefit to the contractors.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the department accepted the lapse and assured that the amount would be recovered. The DAC directed the department to effect recovery and provide the relevant record to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends to effect recovery from the concerned.

4.2.12 Irregular advance payment - Rs. 18.113 million

As per Para 56 of CPWA code, "Advance 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."

The following Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, made advance payments amounting to Rs. 18.113 million to the GCs immediately after the award of contracts, on superficial measurements, without recording detailed record entries:

(Rs. in Million)

S. No.	Name of division	AIR No.	Financial year	Amount
1.	Building Division, Sherani	03	2021-22	3.203
2.	Building Division, Sibi	01	2021-22	12.910
3.	Building Division, Killa Abdullah	02	2022-23	2
		05	2022-23	2.193
4.	Building Division, Awaran	06	2022-23	9.900
		14	2022-23	19.510
Total				**18.113**

Advance payment occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023 and January 02 to 04, 2024, the department replied that no advance payments were made but did not produce documentary evidence. The DAC directed the department to conduct third party validation to check the financial and physical progress of the all the schemes. Paras of the office at S.No.4 were not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.13 Award of contracts without obtaining performance security - Rs. 82.820 million

According to Rule 29(5b) and 44 of BPPR, 2014 "Bid Security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee, if applicable. Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of contract price."

The following Building Divisions of CWPP&HD, GoB, during the financial years 2021-22, awarded different contracts amounting to Rs. 828.211 million without obtaining performance security @ 10% amounting to Rs. 82.820 million from the contractors and failed to forfeit bid security @ 2% valuing Rs. 16.564 million:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Cost	Performance Security	Bid Amount not forfeited
1.	Building Division, Harnai	05	26.310	2.631	0.526
2.	Building Division, Musakhail	01	141.826	14.183	2.837
3.	Building Division, Barkhan	02	214.417	21.442	4.288
4.	PD, Improvement & Development of Infrastructure of Buleda town, Kech	02	445.658	44.564	8.913
	Total		**828.211**	**82.82**	**16.564**

Non-obtaining and more essentially enforcement of performance security is a matter of concern, as it provides guarantee of satisfactory completion of works and the department cannot force the contractors for compliance in the absence of such guarantee. Therefore, forfeiture of bid security @ 2% of the contract price becomes mandatory in case of non-obtaining of the performance security. This forfeiture is the responsibility of divisional officers even if the works are completed without obtaining and enforcement of performance security.

Non-obtaining of performance security occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, and January 02 to 04, 2024, the office at S.No.1 replied that cost of scheme decreased from 26 million to 22 million. The office at S.No.2 replied that the progress of said work was at finishing stage. The DAC directed the respective offices to provide work order, performance guarantee and ensure compliance of relevant Rules of BPPR. Paras of the offices at S.No.3 and 4 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of BPPR Rules in letter and spirit.

4.2.14 Irregular expenditure without budget allocation - Rs. 3.150 million

According to Para 2.82 of B&R Code, "No work shall commence unless properly detailed design and estimate have been sanctioned, allotment of funds made, and orders for its commencement issued by competent authority. Permission granted by government in orders on a Budget estimate for the retention of an entry of proposed expenditure during the year on work, coveys no authority for the commencement of outlay."

The Executive Engineer, Building Division Chaghi, CWPP&HD, during the financial year 2021-22, expended Rs. 3.150 million on different schemes, without budget allocation, from savings of other schemes.

Payment without budget allocation occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the department replied that the expenditure was made under the head of contingency. Audit reaffirmed that contingencies of one scheme could not be charged to other. The DAC directed the department to regularize the expenditure by the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.15 Non-utilization of available earth - Rs. 1.483 million

According to BCSR, 2018[11], filling, watering, and compacting earth under floors in layers not exceeding 8 inches in thickness with surplus earth from foundation was available @ Rs. 3.900 Per Cu.ft."

The following Building Divisions of CWPP&HD, GoB, during the financial years 2021-23, failed to utilize the surplus earth obtained from foundation, excavation and cutting, resulting in overpayment of Rs. 1.483 million:

(Rs. in Million)

S. No.	Name of formation	AIR Para No.	Financial year	Amount
1.	Building Division, Zhob	06	2021-22	0.654
		03	2021-22	0.620
2.	Building Division, Musakhail	05	2021-22	0.078
3.	Building Division, Surab	02	2021-22	0.131
Total				**1.483**

Non-utilization of available earth occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to November 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the office at S.No.1 replied that the soil obtained was not suitable while the office at S.No.2 accepted the recovery. The DAC directed the respective offices to provide lab test, certificate from SE and recover the overpaid amount from contractor. Paras of the office at S.No.3 were not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.16 Less deduction of cost of tack coat - Rs. 196.843 million

According to Rate analysis of S.No.21-32 (c) of BCSR, 2018, the cost of tack coat included in the unite rate. Further, "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."

Various offices of Road Divisions of CWPP&H Department, GoB, during the financial years 2021-23, awarded different works to various contractors. The contractors carried out premix carpeting under SI. Nos. 21-32 (-) 21-24 of BCSR, 2018. The cost of tack coat was deducted @ Rs. 82.25 under SI. No. 21-24 instead of calculating the actual cost of tack coat included in the unit rate of premix carpeting under SI No. 21-32. Thus, due to less deduction of cost of tack coat, an overpayment of Rs. 196.843 million was made to the contractors, as detailed in Annexure 4.5.

[11] SI. No. 3-16(A) of BCSR, 2018

Less deduction of cost of tack coat from premix carpeting occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department during April to December 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023 and January 02 to 04, 2024, the offices at S.No.1 to 15 replied that the rates of tack coat under SI No.21-24 had already been deducted as provided in the BCSR, 2018. Audit emphasized that the department had subtracted the cost of tack coat for 0.75 Kgs of bitumen under SI No. 21-24, whereas the actual cost of the tack coat was 0.98 Kgs of bitumen as specified under SI.No.21-32. The DAC directed the department to take up the issue with the P&D Department for necessary clarification or make recovery of the overpaid amount. Paras of offices at S.No.15 to 19 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2019-20, 2021-22, 2022-23 vide para numbers 5.2.8, 5.2.9, 6.2.24 having financial impact of Rs. 32.768 million, Rs. 46.586 million and Rs. 91.813 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.2.17 Overpayment due to allowing inadmissible/excess quantities - Rs. 126.680 million

As per para 2.86 of B&R Code and para 56 of CPWD Code, "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."

Various offices of Road Divisions of CWPP&H Department, GoB, during the financial years 2021-23, paid excess/inadmissible quantities of different items of works to the contractors, resulting in overpayment of Rs. 126.680 million as detailed in Annexure 4.6.

Excess/inadmissible quantities were allowed due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2022 and during March to December 2023, but no reply was received.

In the DAC meetings held on August 29 to 31, 2023 and January 02 to 04, 2024, the offices at S.No.1 to 3 accepted the recovery, while the office at S.No.4 accepted partial recovery of Rs. 0.984 million instead of Rs. 5.327 million. The offices at S.No.5 to 15 contended that the payments were made as per provisions of PC-I. The DAC directed the department to provide the details of recovery and relevant records to audit. Paras of offices at S.No.16 and 17 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.18 Overpayment due to allowing incorrect/higher rates - Rs. 83.921 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.”

Following Road Divisions of CWPP&HD, GoB, during the financial years 2021-23, overpaid an amount of Rs. 83.921 million to the contractors due to allowing incorrect higher rates:

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	Roads Division, Pishin	7	2022-23	2.029
2.	Roads Division, Loralai	2	2022-23	3.275
3.	Roads Division, Killa Abdullah	1	2022-23	0.574
4.	Roads Division, Sibi	4	2021-22	1.127
5.	Roads Division, Khuzdar	1	2022-23	0.694
6.	Roads Division, Panjgur	3	2022-23	0.800
7.	Project Division-I, Quetta	8	2021-22	12.709
8.	Roads Division, Awaran	6	2021-22	32.050
9.	Roads Division, Washuk	2	2021-22	1.310
10.	PD, Construction of Sibi to Tali and Kohlu Road	6	2021-22	18.618
11.	Roads Division, Surab	1, 5	2021-22	4.243
12.	Roads Division, Kohlu	9	2021-22	5.340
13.	Roads Division, Duki	2	2022-23	1.152
Total				**83.921**

Payment of inadmissible/higher rates occurred due to weak financial management, which resulted in loss to the Government.

The matter was reported to the department in December 2022 and during March to December 2023, but no reply was received.

In the DAC meetings held on August 29 to 31, 2023 and January 02 to 04, 2024, the offices at S.No.1 to 3 accepted the recovery. The offices at S.No.4 to 6 replied that plant was available at the site and premix bitumen was laid with paver machine while office at S.No.7 contended that the payment was made as per provisions of PC-I. The DAC directed the department to provide the details of recovery and relevant record to Audit. Paras of offices at S.No.8 to 13 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.19 Overpayment due to incorrect method of measurement - Rs. 60.150 million

According to BCSR[12], “Where soil, ordinary rock and hard rock are mixed, the measurements for the entire excavation shall be made as specified. Excavated materials comprising hard rock and ordinary rock shall be stacked separately, measured, and each reduced by 50% to allow for voids to arrive at the quantity payable under hard rock and ordinary rock. The difference between the entire excavation and the sum of the quantities payable under hard rock and ordinary rock shall be paid for as per excavation in ordinary soil or hard soil, as the case may be.”

The Executive Engineer, Roads Division, (CWPP&HD) Killa Saifullah, during the financial year 2021-22, paid an amount of Rs. 60.150 million to different contractors for an item of work “Excavation or cutting to required grade camber, in gravelly soil, soft rock and in hard rock” carried out in mix of soil without deduction of voids, as detailed in Annexure 4.7.

Non-deduction of voids occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the department replied that payment was made as per provisions of PC-I. Audit reaffirmed that deduction of voids @ 50% of total quantity of earth was necessary, as per BCSR, 2018. The DAC directed the department to take up the issue with P&D Department for necessary clarification or make recovery of the overpaid amount under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.20 Overpayment due to wrong calculation - Rs. 7.779 million

According to Rule 220 of CPWA Code, “Before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work or supplies should be scrutinized by the Sub-Divisional Officer and the calculations of "Contents or area" should be checked arithmetically under his supervision.”

The following Road Divisions of CWPP&H Department, GoB, during the financial years 2021-23, made overpayment of Rs. 7.779 million to various contractors due to wrong calculation:

(Rs. in Million)

[12] Para 3.11.4 of the Book of Specification, BCSR, 2018 Vol.-III

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	Roads Division, Kohlu	15	2021-22	1.917
2.	Roads Division, Zhob	1	2022-23	1.288
3.	Roads Division, Gwadar	3	2022-23	4.574
Total				**7.779**

Wrong calculations occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during June to December 2023, but no reply was received.

In the DAC meetings held on August 29 to 31, 2023 and January 02 to 04, 2024, the office at S.No.2 replied that no overpayment was made to the contractor, while office at S.No.3 admitted the overpayment. The DAC directed both the offices to effect recovery. Paras of the office at S.No.1 was not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.21 Overpayment due to allowing lead carriage charges - Rs. 4.570 million

According to BCSR, 2018[13], "Depending upon the feasibility and economy, the Contractor shall propose the mode of carriage and shall be as approved by the Engineer-in-Charge in accordance with corresponding CSR item as provided in Contract Agreement Notification. Further, "the lead/Carriage was allowed under S. No. 1-1 only for materials like Clay, stone, aggregate, spawl, kankar lime (unslaked), surkhi, etc. but not for ordinary soil for earth work".

Executive Engineer, Roads Division (CWPP&HD), Zhob, during the financial year 2021-22, allowed lead carriage charges to the contractor for obtaining material without observance of Government standing orders/Rules, resulting in overpayment of Rs. 4.570 million, as detailed in Annexure 6.8.

Inadmissible payment of lead/carriage charges occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, the department accepted the recovery. The DAC directed the department to effect recovery at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 6.2.13 having financial impact of Rs. 43.630 million. Recurrence of same irregularity is a matter of serious concern.

[13] SI. No. 21-15(b) BCSR, 2018

4.2.22 Non/less deduction of government taxes/duties - Rs. 448.635 million

According to BSTS Act, 2015[14], Income Tax Ordinance, 2001[15], General Sales Tax Act, 1990[16] and Stamp Act, 1899[17], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

Various offices of Road Divisions of CWPP&H Department, GoB, during the financial years 2020-23, made payments to the contractors/consultants for execution of civil works without/less-deduction of government taxes amounting to Rs. 448.635 million as detailed in Annexure 4.9.

Non/less deduction of government taxes/duties occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on August 29 to 31, 2023 and January 02 to 04, 2024, the offices at S.No.1 to 21 accepted the recoveries. The office at S.No.22 did not agree with Audit. The office at S.No.23 replied that BSTS would be recovered from M/s NLC, whereas the firm had been exempted from income tax deduction by the FBR. The DAC directed the respective offices to make recoveries and provide exemption certificate from FBR and other relevant documents to audit for verification. Paras of offices at S.No.24 to 36 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2021-22 and 2022-23 vide para numbers 5.2.8 and 6.2.20 having financial impact of Rs. 216.519 million and Rs. 317.817 million respectively. Recurrence of same irregularity is a matter of serious concern.

4.2.23 Delay in completion of works - Rs. 7,757.227 million

According to para 282 of B&R Code Rule, “It is a fundamental rule that no work shall be commenced unless Administrative Approval by competent authority is given, and properly detailed design and estimate have been sanctioned, allotment of funds made and orders for its commencement issued by competent authority.” Further, as per Clause 2 of the general conditions of contract, “If the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day or maximum 10% of the contract cost.”

Various offices of Road Divisions of CWPP&H Department, GoB, during the financial years 2020-23, awarded various works amounting to Rs. 7,757.227 million but the schemes remained incomplete within the given period, as detailed in Annexure 4.10.

Incomplete state of the roads had significant repercussions on various aspects of the community;

[14] Section 3 of BSTS Act, 2015

[15] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[16] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[17] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

it hindered economic activities, disrupted social networks and connectivity, impeded access to medical services, and created transportation challenges. Given the substantial delay and failure to meet the agreed-upon timeline, it became imperative for the management to impose penalty charges on the contractors.

Delay in completion of schemes occurred due weak internal controls, which may result in time and cost overrun.

The matter was reported to the department during May to December 2023, but no reply was received.

In the DAC meetings held on August 29 to 31, 2023 and January 02 to 04, 2024, the offices at S.No.1 to 16 replied that delays were due to slow release of funds. The DAC directed the department to provide copies of releases, time extension duly approved by the competent authority and PC-IV to Audit. Paras of office at S.No.17 was not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends that efforts be made to complete the projects/schemes within due time to avoid further time and cost overrun.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2020-21 vide para number 5.2.11 having financial impact of Rs.1,212.076 million. Recurrence of same irregularity is a matter of serious concern.

4.2.24 Irregular award of contract - Rs. 2,824.870 million

According to Rule 31(a) of BPPRA 2014, "The Procuring Agency may extend the deadline for submission of bids only, if one or all of the following conditions exist, fewer than three bids have been submitted and Procurement Committee is unanimous in its view that wider competition can be ensured by extending the deadline. In such case, the bids submitted shall be returned to the Bidders un-opened." Further, according to the Minutes of the Meeting chaired by the Additional Chief Secretary (Dev:) of the P&D Department on April 27th, 2021, the committee approved the scheme at a cost of Rs. 3,017.062 million, pending the approval of the Provincial Cabinet Balochistan. Furthermore, the committee advised the Department against dividing the scheme into packages during the tendering process.

The PD, Buleda Abdoi Road Project, Kech at Turbat, during the financial year 2022-23, awarded the works "Construction of Buleda Abdoi Road" to M/s United Construction Co., GC at a cost Rs. 2,824.870 million. The project was divided into two packages, namely "Mehnaz to Naag Cross Package-I" and "Naag Cross to Niwano Package-II" against the decision of above-mentioned minutes. Further, the project was awarded based on a bidding process that involved only one bidder, but bidding period was not extended to obtain more competitive rates. Moreover, the approval of the Provincial Cabinet was not provided during Audit.

The irregularity occurred due to weak internal controls, which resulted in mis-procurement.

matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on January 02 to 04, 2024, paras of the Division were not discussed, and it was decided that the respective office should submit its reply to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

4.2.25 Irregular payment of land/property compensations - Rs. 676.202 million

As per para 86 of CPWD Code, "When land is required for the public purpose, the Public Works Department should obtain the requisite information from Revenue Office of the district for the probable cost of land together with value of buildings etc., and an estimate should be framed and got sanctioned, then commit the matter to the Revenue Officer, who will take the necessary preliminary action for the appropriation of land under Land Acquisition Act 1894."

The Executive Engineer, Project Division-I, CWPP&HD, Quetta during the financial years 2021-23, made payment of Rs. 676.202 million to the DC, Quetta for land compensations. However, detailed estimates and supporting documents were not obtained from the Board of Revenue. Further, mutation/transfer deeds of the property in the name of Government could not be confirmed, as detailed below:

(Rs. in Million)

S. No.	**Description**	**Financial year**	**Cheque No. and date**	**Amount**
1.	Widening and improvement of Raisani Road between Arbab Karm Khan Road and Sabzal Road (QDA)	2021-22	539018, 08.04.22	543.982
2.			530975, 25.01.22	59.700
3.	Dualization of Sardar Muneer Ahmed Mengal Chandni Chowk to Eastern By Pas Pass Quetta (PSDP No. 498)		535038, 08.03.22	25
4.		2022-23	599306, 19.05.23	20
5.	Dual Carriage Way Eastern By Pass Quetta (Widening of Bridge)		599336, 05.06.23	2.520
6.	Rehabilitation/Dualization of B/T Road from Nawa Killi Check Post to Hanna & C.M. Annexe Hanna, Quetta		D-40, 19.05.2023	25
Total				**676.202**

Payment without obtaining essential record occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in December 2022 and August 2023, but no reply was received.

In the DAC meetings held on August 29 to 31, 2023 and January 02 to 04, 2024, the department replied that the payments were made to the concerned DC for further payments to the payees. The DAC directed the department to provide the relevant record i.e., mutation/transfer deeds of the property in the name of government and payees acknowledgment to Audit without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-223 vide para number 6.2.23 having financial impact of Rs. 597.900 million. Recurrence of same irregularity is a matter of serious concern.

4.2.26 Irregular expenditure on flood damaged roads - Rs. 138.982 million

According to para 56 of CPWD Code and para 2.82 of B&R Code, "It is a fundamental rule that no work shall be commenced unless Administrative Approval by competent authority is given, and properly detailed design and estimate have been sanctioned, allotment of funds made and orders for its commencement issued by competent authority."

The following Road Divisions of CWPP&H Department, GoB, during the financial year 2022-23, incurred an expenditure of Rs. 138.982 million on repair of flood damages works on various roads.

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial Year	Amount
1.	Road Division, Nushki	8	2022-23	15.079
2.	Road Division, Turbat	8	2022-23	7
3.	Road Division, Killa Saifullah	1	2022-23	10
4.	Road Division, Pishin	10	2022-23	5.501
5.	Road Division, Killa Abdullah	2	2022-23	9.359
6.	Road Division, Harnai	5	2022-23	10.495
7.	Road Division, Sohbatpur	2	2022-23	0.800
8.	Road Division, Sibi	6	2022-23	10.425
9.	Roads Division Lasbela	6	2022-23	20.588
10.	Roads Division Mastung	3	2022-23	5.922
11.	Road Division, Awaran	11	2022-23	38.813
12.	Road Division, Jhal Magsi	4	2022-23	5
Total				**138.982**

Audit observed the following irregularities in execution of flood rehabilitation works:

- No SOPs were prepared for managing flood related expenditures.
- No survey reports detailing damages in the districts and progress reports were available in record.
- No RDs were mentioned in vouchers, due to which lengths of the roads damaged by flood could not be determined.
- No work completion certificates, work orders / detailed estimates were available in record.
- No monitoring reports were available to ensure proper utilization of funds.
- Payments were made to the contractors without recording detailed measurement and entries in the MB and Bills were paid on the basis of a single page showing total quantity of work done.

Payment without devising policy and fulfilling codal formalities occurred due to weak administrative controls, which resulted in irregular expenditure.

The matter was reported to the department during September to December 2023, but no reply was received.

In the DAC meeting held on January 02 to 04, 2024, the offices at S.No.1 to 10 replied that the works were executed on emergency basis and all possible procedures were followed. Audit disagreed as the expenditure pertained to post flood activities. The DAC directed the respective offices to provide the requisite record to Audit for verification and in case of failure responsibility be fixed. Paras of offices at S.No.11 and 12 were not discussed and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

4.2.27 Irregular retention of security deposits - Rs. 25.937 million

As per para 399 of CPWA Code, "In the accounts for March each year, the classes of items in the Public Works Deposits account should be credited to Government as lapsed deposits: i original deposits not exceeding one rupee remaining outstanding for one whole account year, ii. Balances not exceeding one rupee of items partly cleared during the year then closing, iii. Balances unclaimed for more than the three complete account years."

The Executive Engineer, Roads Division (CWPP&HD), Lasbela retained an amount of Rs. 25.937 million deducted on account of security deposits from civil contractors which remained unclaimed since, 2003.

Irregular retention of security deposits occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in October 2023, but no reply was received.

In the DAC meeting held on January 02 to 04, 2024, the DAC directed the department to deposit the retained amount into government treasury without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

4.2.28 Irregular payment without record entries - Rs. 6.300 million

According to paras 209 to 220 of CPWA Code, "All measurements should be neatly taken down in a measurement book. As all payments for work or supplies are based on the quantities recorded in the measurement book." Further, as per 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, Roads Division (CWPP&HD), Kohlu, during the financial year 2021-22, awarded a work, "Construction of Black Top Road Triman Cross to Jahanzaibabad" to a GC. As per MB, Measurements up to 4th running bill costing Rs. 34.257 million was paid and after that no work was carried out as no measurements were recorded. Later, an amount of Rs. 6.300 million was paid without any record entries in the MB; besides, payment voucher was also not available on record, due to which the expenditure could not be authenticated.

Non-recording of entries and non-provision of vouchers occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on August 29 to 31, 2023, Paras of the office were not discussed, and it was decided that the respective offices should submit their replies to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

Audit recommends provision of justification of payment without detailed record entries in the MB and relevant vouchers.

4.2.29 Irregular expenditure due to change of design - Rs. 38.263 million

According to Para 1.59 of B&R Code, "The Divisional Officers are strictly prohibited from making or permitting any material deviations from any sanctioned design in course of execution without sanction of competent authority."

The Executive Engineer, Roads Division (CWPP&HD), Pishin awarded the work "Construction of BT Roads from Link Road to Sports Complex, District Pishin" to GC at an estimated cost of Rs. 148.531 million on June 28, 2022. Scrutiny of record entries made at Page No.10-13 of the MB revealed that an amount of Rs. 38.263 million was paid irregularly by making changes in design/specification beyond PC-I provisions, as detailed in Annexure 4.11.

Execution of work beyond PC-I provisions occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 02 to 04, 2024, the department replied that the work was executed as per site requirements within the provisions of PC-I. The DAC directed the department to justify the additional structure work executed at site, in addition to provision of revised TS along, MBs and PC-I to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Chapter 5

5.1 Education Department

5.1.1 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.

5.1.2 Comments on Budget and Accounts (Variance Analysis)

Secondary Education

Development and non-development funds amounting to Rs. 62,654.747 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 60,490.608 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23 Secondary Education**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21041	57,638.708	55,690.767	(-)1,947.941	3.38
Development Grant No.BC12241 Function No.092101	4,315.080	4,125.707	(-)189.373	4.39
Development Grant No.BC12241 Function No.091102	700.959	674.133	(-)26.826	3.83
Total Development	**5,016.039**	**4,799.840**	**(-)216.199**	**4.31**
Grand Total Non-Development & Development	**62,654.747**	**60,490.608**	**(-)2,164.140**	**3.45**

Higher Education

Development and non-development funds amounting to Rs. 18,507.110 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 17,593.169 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23: Higher Education**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21016	14,677.589	13,868.859	(-)808.730	5.51
Development Grant No.BC12216 Function No.093101	3,829.521	3,724.311	(-)105.210	2.75
Grand Total Non-Development & Development	**18,507.110**	**17,593.169**	**(-)913.940**	**4.94**

5.1.3 Audit profile of Education Department

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ receipts audited: financial year 2022-23**
1.	Formations	1,866	15	6,815.322	26
2.	Assignment Accounts	2	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	-	-	-	-
5.	Foreign Aided Project (FAP)	1	1	831.398	-

5.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 1,927.582 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 116.458 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	1612.688
2.	Government tax and duties	109.457
3.	Recoverable	7.001
4.	Overpayment	198.436

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	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
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	6	3	66
26.	2017-2018	19	6	13	31.5
27.	2018-2019	15	5	10	33
28.	2019-2020	6	-	6	0
29.	2020-2021	6	-	6	0
30.	2021-2022	9	-	9	0
31.	2022-2023	10	-	10	0
Total		**488**	**72**	**442**	**14.75**

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

5.2 AUDIT PARAS (Higher Education)

5.2.1 Non-imposition of penalty - Rs. 537.40 million

As per Clause 47.1 of the general conditions of the 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 the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 0.1% of the contract price per day for each day in completion of works on the amount of estimated cost of the whole work or maximum 10% of the estimated cost."

The following offices of the Higher and Technical Education Department, during the financial years 2021-23, failed to impose penalty amounting to Rs. 537.40 million on the contractors despite the fact that neither the work was completed within stipulated period nor was the time extension allowed:

(Rs. in Million)

S. No.	**Name of Office**	**Cost**	**AIR Para No.**	**Amount**
1.	PD, Cadet Colleges, Quetta.	4,735	3	473.54
2.	PD, BRC, Quetta.	619	1	61.90
3.	Director (Colleges), Quetta.	19.6	3	1.96
Total				**537.40**

Non-imposition of penalty occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2022 and August 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the amount of penalty be recovered from the contractors.

5.2.2 Overpayment by allowing inadmissible/excess items of work - Rs. 198.436 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." Further, according to Para 2.86 of the B&R Code, "the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved".

The following offices of Higher and Technical Education Department, during the financial years 2021-23, awarded different works to GCs and overpaid an amount of Rs. 198.436 million against inadmissible/excess items of works than the approved PC-I:

(Rs. in Million)

S. No.	Name of office	Financial year	AIR Para No.	Amount
1.	PD, Cadet Colleges, Quetta	2021-22	1	169.75
2.	PD, Balochistan Residential Colleges, Quetta	2021-22	1	18.57
3.	PD, Cadet Colleges, Quetta	2021-22	2	8.466
4.	PD, Balochistan Residential Colleges, Quetta	2022-23	2	1.65
Total				**198.438**

Allowing inadmissible/excess items of work occurred due to weak financial management, which resulted in loss to the government.

The matter was reported to the department in December 2022 and August 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors.

5.2.3 Non/less deduction of government taxes/duties - Rs. 67.81

According to BSTS Act, 2015[1], Income Tax Ordinance, 2001[2], General Sales Tax Act, 1990[3] and Stamp Act, 1899[4], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17%.

[1] Section 3 of BSTS Act, 2015

[2] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[3] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[4] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

The following offices of the Higher and Technical Education Department, made payments to various contractors/consultants/suppliers for different works and supplies without/less deduction of government taxes/duties, resulting in loss amounting to Rs. 67.81 million, as detailed in Annexure 5.1.

Non/less deduction of government taxes/duties occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in April and June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends effecting recovery from the concerned.

5.2.4 Non/less deduction of security deposits - Rs. 32.47 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 months from date of completion of scheme".

The following offices of Higher and Technical Education Department awarded different works during the financial years 2021-22 and 2022-23, to various contractors without/less deduction of security deposits:

(Rs. in Million)

S. No.	Name of office	Financial year	AIR Para No.	Amount
1.	PD, Cadet Colleges, Quetta.	2021-22	5	26.34
2.	PD, BRC, Quetta.	2022-23	2	6.13
Total				**32.47**

Non/less deduction of security deposits occurred due to weak internal controls, which resulted in undue favour to the contactors.

The matter was reported to the department in December 2022 and August 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that security deposits be deducted and responsibility be fixed against the officials at fault.

5.2.5 Irregular retention of government money - Rs. 277.35 million

As per FD's Notification dated January 8, 2005[5] and dated August 5, 2006,[6] "all the departments are directed to close all private Bank Accounts and shift the entire amounts to Government Account No.1 (Non-Food)." Further, according to FD Notification dated august 23, 2008.[7] "No account in the Commercial Bank can be opened for public money, without the prior permission of the FD."

The following offices of the Higher and Technical Education Department, during the financial years 2021-23, retained irregularly an amount of Rs. 277.35 million in different bank accounts without prior approval of FD, GoB, in violation of rules:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Amount
1.	Principal, BRC, Loralai	1	199.33
2.	Principal, BRC, Kech at Turbat	3	42.47
3.	Director, Balochistan Academy for College Teachers, Quetta	3	26.55
4.	Principal, Government Boys Degree College, Quetta	5	5.71
5.	Principal, BRC, Lasbella at Uthal i/c Receipts	17	3.29
Total			**277.35**

Irregular retention of public money occurred due to weak internal controls, which resulted in blockage of funds.

The matter was reported to the department during May and June 2023, but no reply was received.

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[5] No. FD(SOI)4(5)/2006-2007/6755-6855

[6] No. FD(SVI)I-IV/2005/1454-80

[7] Notification No. SO (B&A)1-1/Misc./S&GAD/ 2008-09/520-52 re-circulated on 23-08-2008.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the amount in question be deposited into the government account.

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 7.2.1 having financial impact of Rs. 478.277 million. Recurrence of same irregularity is a matter of serious concern.

5.2.6 Non-obtaining of performance security - Rs. 337.24 million

According to Rule 44 of BPPR, "(1) Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of contract price."

The following offices of the Higher and Technical Education Department made payment during the financial years 2021-23 without obtaining performance security amounting to Rs. 337.24 million from the contractors:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Contract amount	Amount
1.	PD, Cadet Colleges 2021-22	8	3,313.32	331.19
2.	PD, BRC 2022-23	5	60.48	6.05
Total			3,373.80	337.24

Non-obtaining of performance security occurred due to poor financial management, which may result in compromised quality of work.

The matter was reported to the department in December 2022 and August 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that performance securities be obtained from the concerned.

5.2.7 Irregular payment without inviting open tenders - Rs. 64.71 million

According to Rule 15(2) of BPPRRs, “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.”

The following offices of the Higher and Technical Education Department incurred an expenditure of Rs. 64.71 million in different budget heads during the financial years 2021-23 without inviting open tenders:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Amount
1.	Principal, Military College, Sui	1	19.04
2.	Principal, BRC, Khuzdar	2	18.16
3.	Principal, BRC, Lasbella at Uthal	14	8.37
4.	Principal, GDC, Quetta Cantt	1	5.53
5.	Principal, GGDC, Quarry Road, Quetta	1	4.62
6.	Principal, GBDC, Quetta	2	3.29
7.	Principal, GBDC, Usta Muhammad	2	2.15
8.	Principal, GGDC, Sardar Hassan, Quetta	7	1.79
9.	Secretary, Colleges, Higher and Technical Education, Quetta	5	1.45
10.	Directorate of Technical Educational, Quetta	3	0.3
Total			**64.7**

Procurement without inviting open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during April and June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the expenditure be regularized by the competent authority.

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 7.2.3 having financial impact of Rs. 68.413 million. Recurrence of same irregularity is a matter of serious concern.

5.2.8 Irregular payments in the name of DDOs - Rs. 15.10 million

According to Para 4.2.9.9 of APPM, "cheques payment should be released to the payee or personally collected by the payee or his authorized agent."

The following offices of the Higher and Technical Education Department, during the financial years 2021-23, incurred an expenditure amounting to Rs. 15.10 million in various head of accounts by drawing cheques in the name of DDOs instead of payment to vendors'/firm's accounts:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Amount
1.	Principal, Military College, Sui 2021-22	2	9.50
2.	Principal, GDC Usta Muhammad	5	4.409
3.	Principal, BRC, Loralai 2022-23	4	1.20
Total			**15.10**

Payment through DDOs instead of vendors occurred due to poor financial management, which resulted in irregular expenditure.

The matter was reported to the department in December 2022 and April 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that acknowledgment receipts, along with tax deductions, be provided to audit.

5.2.9 Non-recovery of conveyance allowance - Rs. 3.740 million

As per FD, GoB, Notification dated November 24, 1996[8] and October 23, 1977[9], "All the Government servants who are in possession/using official vehicles are not entitled to draw conveyance allowance. "The government servants are not entitled to draw conveyance allowance during the period of any kind of leave except casual leave."

The following offices of the Higher and Technical Education Department, during the financial years 2021-23, irregularly paid conveyance allowance to the officers who were either on leave or in possession of government vehicles:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Amount
1.	Principal, BRC, Khuzdar	9	1.46
2.	Principal, BRC, Khuzdar	8	1.35
3.	Principal, BRC, Loralai	6	0.49
4.	Director (Colleges), Quetta	2	0.29
5.	Principal, GDC, Quetta Cantt	6	0.08
6.	Principal, Polytechnic Institute for Boys, Killa Saifullah	2	0.06
Total			**3.74**

Non-recovery of conveyance allowance occurred due to weak financial management, which resulted in loss to the government.

The matter was reported to the department in December 2022 and June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of inadmissible conveyance allowance from the concerned.

5.2.10 Irregular payments from government receipts - Rs. 5.534 million

[88] No. FD (R)II-4/96/2537-2687

[9] No. FD (R) XIX-2/1977

According to Para 5.2.1.2 and 5.2.2.10 of APPM, “Public monies received in cash, cheque or any other form of payment will not be accepted by Government entities at their own offices, unless specifically authorized by the Government. In cases where receipting at Government offices is permitted, the Principal Accounting Officer of the concerned entity must ensure proper control and that record of receipts is maintained and public monies are promptly deposited into the Government’s bank account.”

The following offices of Higher and Technical Education Department during the financial year 2021-22, incurred an irregular expenditure amounting to Rs 5.534 million from the government receipts collected on account of fees:

(Rs. in Million)

S. No.	**Name of office**	**AIR Para No.**	**Amount**
1.	Directorate of Colleges Balochistan, Quetta	10	3.820
2.	Principal, Sardar Hassan Musa, Govt: Degree Girls College, Quetta	01	1.714
Total			**5.534**

Expenditure from government receipts occurred due to weak financial management, which resulted in irregular payments.

The matter was reported to the department in December 2022 and March 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that inquiry be conducted against the person(s) at fault.

Secondary Education

5.2.11 Non-retention of record - Rs. 208.633 million

As per APPM, 16.2.3, “All accounting records will be retained in their original form for at least a period of ten years. Records supporting transactions including vouchers, schedules and other authorities will be retained until the completion of the audit.”

The following offices of the Secondary Education Department did not retain the financial/accounting record for the financial years 2015-22. It was found that the record of the previous years was not handed over to the current management and was carried by the previous management on their transfer. Retaining the record, being public property, and keeping the same in personal custody was unlawful. Non-retention of record in the relevant office, after transfer of officers, was observed as a practice in vogue in the department which not only hindered the audit process but also raised questions on transparency of the expenditure.

(Rs. in Million)

S. No.	Name of office	Financial Year	AIR Para No.	Amount
1.	DOE, (Male), Killa Abdullah	2021-22	1	189.975
2.	DDOE, (Male), Chaman	2019-22	1	8.3
3.	Principal, GBHS, Murda Karez, Chaman	2015-22	5	5.944
4.	Principal, GBHS, Habibzai, Killa Abdullah	2015-22	4	2.345
5.	DOE Male, Killa Abdullah	2019-21	3	1.234
6.	In-charge Balochistan Boys Scouts, Quetta	2020-21	4	0.835
7.	Head Master, GBHS, Kili Maizai, Killa Abdullah	2015-20	1	0
8.	Secretary, Secondary Education Department, Quetta	2021-22	10	0
9.	GBHS, Shah Karez, GGHS, Police line, GGMODHS Loralai	2017-23	1	0
Total				**208.633**

Non-retention of record in the relevant offices was due to weak internal controls, which resulted in unverified expenditure.

The matter was reported to the department in December 2022 and June 2023, but no reply was received.

In the DAC meeting held on December 15, 2023, the department replied that the record pertained to the tenure of ex-principals, who had taken the records with them. The DAC directed the department to provide the records within 10 days and initiate disciplinary proceedings against the officers responsible for impeding the timely provision of records.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

5.2.12 Irregular retention of public money - Rs. 67.850 million

As per FD's Notification dated January 8, 2005[10] and dated August 5, 2006,[11] "all the departments are directed to close all private Bank Accounts and shift the entire amounts to Government Account No.1 (Non-Food)." Further, according to FD Notification dated august 23, 2008.[12] "No account in the Commercial Bank can be opened for public money, without the prior permission of the FD."

The Director of Education Schools, Balochistan, Quetta, during the financial year 2022-23, had irregularly retained an amount of Rs. 67.850 million in bank account No. 4002783471, NBP, MA Jinnah road Quetta which was opened without approval of FD, GoB.

Retention of public money in the bank account was due to weak financial management, which resulted in unnecessary blockage of public money.

The matter was reported to the department in October 2023, but no reply was received.

In the DAC meeting held on December 15, 2023, the department replied that the unspent balance pertained to Benazir scholarship of 2019-20, but could not justify the reason for non- disbursement. The DAC directed for conducting inquiry against the officials at fault.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 6.2.6 and 7.2.7 having financial impact of Rs. 64.793 million and 94.678 million respectively. Recurrence of same irregularity is a matter of serious concern.

5.2.13 Non/less deduction of government taxes - Rs. 41.647 million

According to BSTS Act, 2015[13], Income Tax Ordinance, 2001[14], and General Sales Tax Act, 1990[15], the government levied sales tax on services @ 6% and 15% on contract and other services

[10] No. FD(SOI)4(5)/2006-2007/6755-6855

[11] No. FD(SVI)I-IV/2005/1454-80

[12] Notification No. SO (B&A)1-1/Misc./S&GAD/ 2008-09/520-52 re-circulated on 23-08-2008.

[13] Section 3 of BSTS Act, 2015

[14] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[15] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, and GST @ 17%.

The following offices of the Secondary Education Department, Balochistan, Quetta, during the financial years 2015-22, incurred expenditures without/less deduction of government taxes.

(Rs. in Million)

S. No.	Name of office	Financial Year	AIR Para No.	Income Tax	GST	BSTS
1.	Chairman, BTBB, Quetta	2018-19	4	0	0	30.903
2.	Director Education (Schools)	2022-23	4,5	3.363	0	3.184
3.	In-charge Balochistan Boys scouts, Quetta	2020-21	4	0	0	0.505
4.	Secretary, Secondary Education Department, Quetta	2021-22	5	0.288	0.609	0.411
5.	Chairman, Balochistan Board of Intermediate and Secondary Education, Quetta	2020-22	3,4,5	0	0	0.377
6.	DOE Female, Killa Abdullah	2015-22	1	1.626	0	0
7.	Principle Government Collage of Elementary Girls for Quetta	2017-21	6	0.381	0	0
Sub Total				**5.658**	**0.609**	**35.38**
Grand Total						**41.647**

Non/less deduction of due taxes occurred due to weak financial management, which resulted in revenue loss to the government.

The matter was reported to the department during January to June 2023, but no reply was received.

In the DAC meeting held on December 15, 2023, the DAC directed to recover the amount from the vendors without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

5.2.14 Irregular payments in the name of DDOs - Rs. 29.242 million

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."

The following offices of the Secondary Education Department, during the financial years 2015-22, incurred an expenditure amounting to Rs. 29.242 million by drawing cheques in the name of DDOs instead of payment to vendors:

(Rs. in Million)

S. No.	Name of formation	Financial year	AIR Para No.	Amount
1.	DOE Female, Killa Abdullah	2015-22	5	8.164
2.	Principal, GBHS, Killi Khudai Rahim, Killa Abdullah	2015-22	4	4.921
3.	DEO, Khuzdar and District Khuzdar, Schools	2015-22	1	4.748
4.	DDEO Male Kohlu	2019-21	3	2.09
5.	DDEO Male Chagai-Dalbandin	2019-21	3	1.867
6.	Principal, GBHS, Killi Baz Muhammad Daman, Chaman	2015-22	4	1.789
7.	Principal, GBHS, Roghani Chaman	2015-22	4	1.789
8.	Principal GBHS, Killa Abdullah	2015-22	4	1.678
9.	Principal GBHS, Naurak Sulman khail, Killa Abdullah	2015-22	4	1.137
10.	DEO Male Chagai	2020-21	3	0.393
11.	Principal GBHS, Murda Karez, Chaman	2015-22	4	0.341
12.	DDEO Male Dera Bugti	2019-22	1	0.325
Total				**29.242**

Payment through DDOs instead of vendors occurred due to weak financial management, which resulted in irregular expenditure.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on December 15, 2023, the department replied that payments were received by the vendors, acknowledgement of which were available. However, no record was produced to the forum. The DAC directed that the acknowledgement receipts along with detail of tax deductions be provided to Audit for verification. It was further directed that the DDO payments be avoided in future.

No further progress was intimated till the finalization of this report.

Audit recommends implementing of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para number 6.2.7 having financial impact of Rs. 16.593 million. Recurrence of same irregularity is a matter of serious concern.

5.2.15 Irregular expenditure on procurement - Rs. 23.828 million

According to GFR 10, "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."

DEO Schools in Loralai for the financial years 2017-23, incurred an expenditure amounting to Rs. 23.282 million on account of procurement of various goods and services for cluster schools. Despite significant annual allocation of funds for cluster, the condition of these institutions were miserable. Audit revealed several critical deficiencies in the procurement and management processes which are as under:

- Non-conducting of evaluations for building and infrastructural repairs.
- Non-availability of completion certificates and inspection reports.
- Non-maintenance of stock registers and disbursement record including requisitions and indents etc.

Expenditure without maintenance of record occurred due to weak internal controls, which resulted in irregular procurement.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends the administrative department should scrutinize the disbursement of cluster funds to confirm that they were utilized as planned and that the established objectives were achieved.

5.2.16 Irregular procurement without inviting open tenders - Rs. 11.407 million

As per Rule 15 (1) of BPPRs, 2014, amended vide FD's Notification[16] "Procurements over two hundred thousand rupees and up to two 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." Further as per Rule 48 ibid, "The bidder with the lowest evaluated cost, but not necessarily the lowest submitted price, shall be awarded the procurement contract, within the original or extended period of bid validity."

The following offices of Secondary Education Department, during the financial years 2019-22, incurred an expenditure amounting to Rs. 11.407 million without inviting open tenders. However, tender for procurement at S. No. 2 was called but the contract was irregularly awarded to the second lowest bidder:

(Rs. in Million)

S. No.	**Name of Office**	**AIR Para No.**	**Amount**
1.	DEO Khuzdar and subordinate Schools	5	7.500
2.	DEO Khuzdar and subordinate Schools	3	2.687
3.	DEO Khuzdar and subordinate Schools	6	0.950
4.	Principal, GGHS, Postal colony, Quetta	2	0.270
Total			**11.407**

Procurement without inviting open tenders was due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in June 2022, but no reply was received.

In the DAC meeting held on December 15, 2023, the department could not justify non-tendering and the award of contract to second lowest bidder. DAC directed the department to inquire the matter under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

[16] No. FD.SO(Procurement)1-31/BPPRA/2019/235-330 dated 20.03.2019,

5.2.17 Less recovery of cost of papers - Rs. 3.261 million

As per Para GFR 149, Vol.-I, "In case of stores issued to a contractor, the cost of which is recoverable from him, the acknowledgment should give full particulars of the materials issued, including the recovery rates and the total value chargeable to the contractor."

The Chairman, BTBB, Quetta issued papers for printing of textbooks of various classes for the academic year 2019 to different publishers. The cost of paper, net of printing charges, amounting to Rs. 11.972 million was required to be recovered from the publishers. However, an amount of Rs. 3.261 million was still outstanding against the publishers, as detailed below:

(Rs. in Million)

S. No.	Name of firm	Total Recoverable	Amount received	Outstanding balance
1.	M/s Kalat Publishers, GC	6.518	4.233	2.285
2.	M/s Kalat Publishers, GC	1.204	0.776	0.428
3.	M/s Himmat Publication, GC	1.670	1.147	0.523
4.	M/s Fahad Publications, GC	2.580	2.555	0.025
Total				**3.261**

Less recovery of the cost of papers occurred due to weak internal controls, which resulted in loss to the government.

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

In the DAC meeting held on August 09, 2023, the management agreed with the stance of Audit and informed that the settlement was underway. The DAC directed the management to effect complete recovery under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

5.2.18 Payment of inadmissible allowances - Rs. 1.924 million

As per FD's Notification dated November 24, 1996[17] and October 23, 1977[18], details of admissibility of Conveyance Allowance has been prescribed by the Government.

The following offices of the Secondary Education Department, during the financial years 2018-21, irregularly paid inadmissible allowances to the officers:

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Allowance	Amount
1.	DDOE, Female Chiltan Town	3	2018-21	Conveyance Aallowance	0.127
2.	DOE, Male Subat Pur	3	2018-20		0.120
3.	DDOE, Male Chiltan Town Quetta	3	2018-21		0.060
4.	DOE, Female Quetta	3	2017-21		0.046
5.	DDOE, Female Zarghoon Town	5	2018-21		0.021
6.	DOE, Male, Quetta	1	2020-21	Inadmissible Allowance	1.160
7.	DDOE (Male), Chaghi Dalbandin	2	2019-21		0.084
8.	DOE, Male Sohbatpur	4	2018-20	Charge Allowance	0.280
9.	DDOE, Male, Chaghi	1	2019-21		0.026
Total					**1.924**

Payment of inadmissible allowances occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in June 2021 and July 2022, but no reply was received.

In the DAC meeting held on August 09, 2023, the office at S.No.4 replied that the admissibility of conveyance allowance during leave period had already been taken up with the higher authorities.

[17] No. FD (R)II-4/96/2537-2687.

[18] No. FD (R) XIX-2/1977

Whereas the remaining offices accepted the recovery. The DAC directed the management to stop conveyance allowance and effect recovery.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

5.2.19 Non-Distribution of Books

According to Rule 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 Government through fraud or negligence on his part and that he will be 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 Director of Education of Schools, Balochistan, Quetta, during the financial year 2021-22, received 233,743 number of Books meant to be distributed at the start of year. However, the same were not distributed till June 30, 2022, and were lying in the store, as detailed in Annexure 5.2.

Non-distribution of books occurred due to weak internal controls, which resulted in wastage of government funds.

The matter was reported to the department in December 2022, but no reply was received.

In the DAC meeting held on November 20, 2023, the department replied that books were distributed on demand of DEO. Audit did not agree as the demand of each district had already been calculated and forwarded to BTBB for printing. Therefore, the books should have been distributed among the districts as per demand. The DAC directed for conducting inquiry against the official(s) at fault.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Chapter 6

6.1 Energy Department

6.1.1 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.,

6.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development & development funds amounting to Rs. 10,403.075 million were allocated to the Energy Department during the financial year 2021-22. Against the said allocation, an expenditure of Rs. 8,084.822 million was incurred, as summarized below:

(Rs. in Million)

Type of Grant	2022-23			
	Final Grant	**Expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21049	7,092.321	5,064.172	(-)2,028.149	28.60
Development Grant No. BC12249 Function No.043602	3,866.044	3,811.038	(-)55.006	1.42
Grand Total Non-Development & Development	**10,958.365**	**8,875.210**	**(-)2,083.155**	**19.01**

There is a significant saving of Rs. 2,083.155 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

6.1.3 Audit profile of Energy Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	15	2	6,828.568	
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
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. 65,875.945 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 649.945 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	65,226
2.	Government Tax and duties	649.945

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.	2018-2019	6	-	6	0
2.	2019-2020	4	-	4	0
3.	2020-2021	7	-	7	0
4.	2022-2023	3	-	3	0
Total		**20**	**-**	**20**	**0**

6.2 AUDIT PARAS

6.2.1 Irregular expenditure on subsidized tube wells - Rs. 4,000 million

As per Ministry of Water and Power Coordination’s Notification dated July 2, 2015[1], the numbers of tube wells would be frozen to the level of 29,566**.** Further, Special District Monitoring

[1] No. ECC 5/37/1989-PF

Committees at the level of respective districts Division comprising of District Administration, QESCO/KE officials and Zamindar Action Committee will be formed. The committee will ensure:

a) Billing be made through meter i.e., as per actual usage only.

b) Timely payment of monthly bill along with previous outstanding (if any) by the agriculture and domestic consumers.

c) The capacity of the motors for agriculture tube wells shall be noted if more than prescribed limit i.e., 30 Hp.

d) The misuse of agriculture tube wells shall be strictly monitored by the local administration and any abnormal billing shall be immediately checked to stop misuse of agriculture connections for domestic or commercial use or any attempt by the QESCO officials to hide their losses or theft of electricity by overbilling agriculture connections.

The Secretary, Energy Department, GoB, made payments amounting to Rs. 4,000 million to the Chief Executive QESCO and K-Electric during the financial year 2022-23. The following irregularities were noticed:

- Lump sum payment was made to QESCO instead of actual consumption of the electricity.
- QESCO submitted handwritten provisional bills due to which audit was unable to verify billing history, consumption of electricity, current and previous meter readings.
- Reconciliation of figures between QESCO and Energy Department did not exist.
- Detailed record of the subsidized tube wells was unavailable.
- No special district monitoring committee was constituted and payments were made without involving the District Administration.

The irregularity occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in December 2023. The department replied that the payment had been made after approval from CM. In the absence of meters, quantum of units consumed could not be ascertained therefore, provisional/partial payments subject to reconciliation had been made. Audit highlighted that the same para was discussed in the PAC meeting dated December 15, 2021, wherein, the PAC directed the department to constitute an inquiry committee to scrutinize the payment of subsidy with actual utilization of electricity on agricultural tube wells and submit report to the PAC. Whereas, the department had not yet conducted the inquiry after lapse of considerable time. The department should comply with the directives of PAC without further delay.

No further progress was intimated till finalization of this report.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that the department should implement PACs decision without further delay under intimation to Audit.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 7.2.6 and 8.2.1 having financial impact of Rs. 9,640 million and Rs. 4,000 million respectively. Recurrence of same irregularity is a matter of serious concern.

6.2.2 Non-realization of targeted receipt - Rs. 56,115.235 million

According to Budget Book VoI.-II, FD GoB, "Estimate of receipts for Energy Department for the financial year 2022-23 was fixed at Rs. 56,115.235 million."

The following offices of Energy Department, GoB, during the financial year 2022-23, failed to realize the targeted revenue:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Target Amount	Amount Realized	Shortfall
1.	Secretary, Energy Department, GoB	1	56,000.425	-	56,000.425
2.	Electric Inspector Office, Turbat	1	10.955	-	10.955
3.	Electric Inspector Office, Hub	1	103.855	-	103.855
Total			**56,115.235**	**-**	**56,115.235**

Non-realization of revenue receipt occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023. The department replied that it was disputed amount between province and federation related to Sui Gas mining lease operated by PPL. The amount would be transferred to the provincial government in installments because of an agreement finalized in June 2023 with the Federal Government. Regarding outstanding dues for electricity duties, no reply was submitted. Audit requested the department to provide a repayment schedule and a copy of the agreement with the Federal Government/PPL. Furthermore, the record regarding collection of electricity duty be submitted to Audit for verification.

No further progress was intimated till finalization of this report.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends provision of relevant record to audit besides expediting recovery of the remaining amount of electricity duties.

6.2.3 Undue claim of revenue through overbilling - Rs. 5,111.028 million

As per minutes of ECC meeting held on May 27, 2015, QESCO had acknowledged that out of 27,501 tube wells, 16,580 were subsidized. Further, according to WAPDA's Commercial Procedure Manual, "Revenue Officer is responsible for: i) Implementing in conjunction with the Executive Engineer, the commercial policy laid down from time to time by the Authority through the Company ii) Efficient application of billing and collection procedures."

The CEO, QESCO claimed payment for 27,501 installed tube wells in Balochistan, with the government covering 60% of the cost at Rs. 39,000 per tube well. The Energy Department had been making payment for 27,501 tube wells instead of 16,580 subsidized ones over the years, which resulted in annual overbilling amounting to Rs. 5,111.028 million (on average) to GoB, as detailed below:

(Rs. in Million)

	Particular	**Number of Tube Wells**	**Subsidy Per Meter**	**Per Month**	**Per Year**
A	Total installed tube wells	27,501	39,000	1,151.358	13,816.296
B	Subsidized tube wells	16,580	39,000	646.620	7,759.440
C	Non-subsidized	11,508	-	-	-
D	Claimed bill and tube well by QESCO	27,501	39,000	1,072.539	12,870.468
E	E=B-D (Over-claimed amount)				**5,111.028**

Overbilling occurred due to absence of reconciliation, which resulted in loss to the government.

The matter was reported to the department in December 2023. The department replied that there were 29,522 tube wells under QESCO and KE network. The relevant notifications/orders from Ministry of FD and approved list showing the name of tube well owner would be provided to Audit for verification. Audit reiterated that no meters had been installed, and payments were being made against handwritten bills. Furthermore, no reconciliation was conducted between the department and QESCO, therefore, overbilling could not be overruled. Documentary evidence be provided to Audit to confirm that no over-billing occurred.

No further progress was intimated till finalization of this report.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that documentary evidence be provided to Audit to confirm that no over-billing occurred, and payments were only made for subsidized tube wells after carrying out reconciliation.

6.2.4 Non-realization of Government taxes - Rs. 649.945 million

According to BSTS Act, 2015[2], sales tax on services @ 6% and 15% on contract and other services.

The Secretary, Energy Department, Quetta, during the financial year 2022-23, made payment amounting to Rs. 4,300 million to QESCO on account of tube well and operation of Small Power Houses without deduction of BSTS @ 15% amounting to Rs. 649.945 million.

Non-realization of BSTS occurred due to weak internal controls, which resulted in a revenue loss to the government.

The matter was reported to the department in December 2023. The department replied that BSTS on payment of subsidy share on Agriculture tube-wells and deficit amount of two small power houses were not applicable. Audit did not agree with the stance of the department and directed the department to effect recovery or seek clarification from BRA.

No further progress was intimated till finalization of this report.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends recovery of BSTS.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 8.2.3 having financial impact of Rs. 622.723 million. Recurrence of same irregularity is a matter of serious concern.

[2] Section 3 of BSTS Act, 2015

Chapter 7

7.1 Fisheries Department

7.1.1 Introduction

The basic function of Fisheries Department is to plan and develop Balochistan fisheries sector, both marine and inland, on modern lines as per international standard, and ensure availability of fresh and hygienic seafood to the masses.

7.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 2,242.961 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 2,158.366 million was incurred, as summarized below:

(Rs. in Million)

	2022-23			
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development Grant No. BC21030	1,591.022	1,506.615	(-)84.406	5.31
Development Grant No. BC12230 Function No. 042501	651.939	651.751	(-).188	0.03
Grand Total Non-Development and Development	**2,242.961**	**2,158.366**	**(-)84.594**	**3.77**

There was a saving of Rs. 84.594 million against development and non-development expenditure, which indicated improper budgeting and inefficient utilization of funds.

7.1.3 Audit profile of Fisheries Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2022-23	Revenue/ Receipts audited financial year 2022-23
1.	Formations	26	1	97.178	-
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. 1.017 million was raised in this report during the audit of Livestock and Dairy Development Department. This amount also includes recoveries of Rs. 1.017 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	1.017

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.	2017-2018	10	0	10	0
2.	2018-2019	1	-	1	0
3.	2020-2021	1	-	1	0
Total		**12**	**0**	**12**	**0**

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

7.2 AUDIT PARAS

7.2.1 Non-establishment of Cage Aquaculture Units - Rs. 1,135.09 million

According to Balochistan Fisheries Act, 1965 (Inland), Balochistan Sea Fisheries Ordinance 1971 and Cage Culture Cluster Development Project under Prime Minister's Agriculture Emergency Program, 2021, "Introducing new methods for soil and water conservation and promoting aquaculture in potential areas of the country including Balochistan province to promote Livelihood and job creation for rural people and Export earnings."

The Directorate of Marine Fisheries, Lasbella, during the financial years 2019-23, failed to initiate the project Cage Aquaculture Units at Hub Dam after lapse of four years, due to which the objective of improving livelihood, job creation for rural population and export earnings could not be achieved. The project was launched by the Federal Government in 2019, and GoB was to contribute Rs. 1,135.090 million, which was not released after lapse of considerable time.

Non-establishment of Cage Aquaculture Units occurred due to weak administrative controls, which deprived the public from the anticipated benefits of the project.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that efforts be made to establish Cage Aquaculture Units.

7.2.2 Non-blacklisting of defaulting firms - Rs. 10.752 million

According to Rule 23(1) of BPPR, "the following shall result in blacklisting of suppliers, contractors, or consultants individually or collectively as part of consortium: (d) willful failure to perform in accordance with the terms of one or more than one contract; and (e) failure to remedy underperforming contracts, as identified by the Procuring Agency, where underperforming is due to the fault of the contractor, supplier or consultant." Further, as per Clause 14 of Contract Agreement, "in the event of the non-payment of the lease money or installments thereof, according to the agreed schedule the lessee shall be liable to pay 2% of the of the pending amount per month as a penalty to the lessor."

The Directorate of Fisheries at Hub Dam in Lasbella, during the financial years 2015-18 and 2019-22, awarded the contracts for Hub Dam Fishing Rights Auction to different contractors @ Rs. 9.800 million and Rs. 10.004 million respectively. The firms defaulted on their obligations, but the management failed to effect recovery of full amount and blacklist the firms, as detailed in Annexure 7.1.

Non-blacklisting and non-recovery of outstanding dues occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends effecting the outstanding amount besides blacklisting the firms.

7.2.3 Loss due to non-implementation of Shrimp Farming Policy

According to Shrimp Farming Policy, Balochistan the aims of Shrimp development are: i) replenishing the depleting stock of natural shrimp, along the coast of Balochistan. ii) development and dissemination of low-cost technology for shrimp farming. iii) Promotion of shrimp farming and related trade in the province. iv) Promotion of gainful utilization of wasteland along the coast. Further, as per Para 3 ibid, "At least fifteen (15) hectares of state land may be allotted subject to the provision of a reasonable bank guarantee and a bankable feasibility study submitted by applicant."

The Directorate of Marine Fisheries in Lasbella, during the financial years 2021-23, failed to implement Shrimp Farming Policy, which resulted in non-achievement of the benefits of the policy for the public, as detailed in Annexure 7.2.

Non-implementation of Shrimp Farming Policy occurred due to weak administrative controls, which deprived the public from the anticipated benefits of the project.

The matter was reported to the department in September 2023, but no reply was received.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that efforts be made to implement Shrimp Farming Policy.

Pasni Fish Harbour Authority

7.2.4 Operational loss due to non-functioning of PFH - Rs. 274.772 million

According to Section 3(a) of PFHA Ordinance, 1983, “A scale of charge to be levied for the use of utility services, for registration of fishermen, producers, buyers, retailers, processor, ship-chandlers, exporters of fish and fish products, users of all types of vehicles and transport and hotel management, hawkers, ship keepers, who may use the premises of the Harbour area, and also such other charges which the Board may deem fit and necessary to generate funds for the operation, repairs, maintenance up-keep and effective management and control of the Harbor area.”

MD, PFHA, during the financial years 2021-23, incurred an expenditure of Rs. 281.938 million on salaries, pensions/gratuity and operating expenses, whereas the authority’s own revenue was Rs. 7.166 million, which resulted in operational loss of Rs. 274.772 million. The loss was compensated through Grant in aid provided by the GoB, as the PFH was inactive since 2008, as detailed below:

(Rs. in Million)

S. No.	Financial year	Revenue from own sources	Expenditure	Deficit
1.	2021-22	2.224	111.012	108.788
2.	2022-23	4.942	170.926	165.984
	Total	**7.166**	**281.938**	**274.772**

Establishment of functional fish harbor was the prime objective of the PFHA which was not only a source of revenue for the authority but was also aimed to facilitate fishermen. In the absence of PFH, the authority had been incurring loss and was a burden on the exchequer.

Non-functioning of PFH was due to lack of planning and weak administration, which resulted in revenue loss to the authority.

The matter was reported to the department during June to November 2023, but no reply was received.

The PAO was requested in November 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that efforts be made for early rehabilitation of the PFHA.

7.2.5 Irregular retention of public money - Rs. 67.489 million

According to Section 22 of the BPFM Act, 2020, “All departments, their attached departments and sub-ordinate offices, and autonomous organizations shall surrender to the Finance Department [by the thirty-first day of May each year], all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.” Further, according to Rule 209 (ii) of GFR, “Any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to the Government.”

MD, PFHA, during the financial year 2021-22, retained public money amounting to Rs. 67.489 million from the savings of Grant in Aid in HBL bank instead of surrendering the same to FD, GoB.

Retention of public money in bank account occurred due to weak internal controls, which may result in mis-utilization of funds.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in June 2023, followed by repeated reminders, but no meeting was held till finalization of this report.

Audit recommends that unutilized funds be deposited into government treasury.

7.2.6 Irregular transfer of Grant-in-Aid - Rs. 20 million

According to Rule 15 of Grant-in-Aid Rules, 2021 "In respect of non-recurring Grants to an Institution or Organization, a certificate of actual utilization of the Grants received for the purpose for which it was sanctioned should be insisted upon in the order sanctioning the Grant-in-aid." Further, according to BoD's meeting held in February, 2014[1], "The BoD directed to have investments of the funds accumulated from deductions of GP Fund and Pension, made from the employees of Pasni Fish Harbor Authority."

MD, PFHA, during the financial year 2021-22, withdrew an amount of Rs. 20 million from Grant-in-Aid fund, which was meant for disbursement of salaries, and deposited the same in the Pension account number PKHABB001517900035601 maintained in HBL, Pasni branch.

Transfer of funds from the Grant-in-Aid account to the pension fund occurred due to weak financial controls, which resulted in irregularity.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested in June 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

[1] Agenda item Nos. 07 and 12 of the BoD's minutes of 23rd meeting of PFHA held in February, 2014

Audit recommends that the matter be justified, and responsibility be fixed.

7.2.7 Non-realization of outstanding government dues - Rs. 8.733 million

According to PFHA Ordinance, 1983[2], "All fees and sums due on account of property for the time being vested in the Authority and all arrears of tolls, charges, rates and dues imposed under this Ordinance or any rules or regulations may be recovered as arrears of land revenue, in addition to the other modes provided by this Ordinance".

MD, PFHA, during the financial year 2020-21, failed to recover Rs. 8.733 million on account of auction fees, ground rent, rental charges, sale of land and water charges from defaulters, as detailed in Annexure 7.3.

Non-realization of revenue occurred due to weak financial controls, which resulted in revenue loss to the authority.

The matter was reported to the department during June to November 2023, but no reply was received.

The PAO was requested in November 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends effecting recovery of all outstanding dues under intimation to Audit.

[2] Section 24 of Pasni Fisheries Harbor Authority Ordinance, 1983.

Chapter 8

8 Food Department

8.1.1 Introduction

The major function of Food Department is procurement, storage and distribution of wheat for masses of Balochistan province. The department is responsible to have sufficient reserve / stock of wheat to meet the requirements in case of drought, and other emergencies likely to be occurred in future.

8.1.2 Comments on Budget and Accounts

Development and non-development funds amounting to Rs.893.700 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs.825.823 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final Grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No. BC21025	783.700	715.841	**(-)67.859**	**8.66**
Development Grant No. BC12225 Function No.042601	110.000	109.982	**(-).018**	**0.02**
Grand Total Non-Development & Development	**893.700**	**825.823**	**(-)67.877**	**7.60**

8.1.3 Audit profile of Food Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	24	1	3,840.934	-
2.	Assignment Accounts	-	-	-	-
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 observations amounting to Rs. 1,790.627 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 19.481 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	82.303
2.	Irregular expenditure	1,688.843
3.	Overpayment	19.481

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.	2004-2005	5	-	5	0
2.	2006-2007	9	5	4	55
3.	2011-2012	5	-	5	0
4.	2013-2014	10	-	10	0
5.	2016-2017	12	12	0	100
6.	2022-2023	3	-	3	0
Total		**44**	**17**	**27**	**38.63**

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

8.2 AUDIT PARAS

8.2.1 Excess issuance of wheat - Rs. 1,301.017 million

According to Food Department Notification dated September 22, 2021[1], the department authorized to release wheat from the government Godown to the Authorized/Registered/Functional Floor Mills and Chakies on actual price rates @ 5,555 per hundred Kgs including all incidental charges. The quota for issuance of wheat must be implemented as per prescribed formula/rules regarding quality of Atta, Weight of Atta in the bag and moisture.

The DG, Food, GoB, during the financial year 2021-22, issued 23,420.65 Metric Tons of wheat amounting to Rs. 1,301.017 million to Flour mills/Chakies more than the allocated monthly quota.

Excess issuance of wheat occurred due to weak internal controls, which resulted in irregular distribution of wheat.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on January 08, 2024, the department replied that liberal policy was adopted by Food Department in issuance of wheat bags thereby, easing restrictions on wheat quota and movement. The DAC directed the department to provide approved copy of liberal policy for the period under Audit and issuance of wheat to flour mills/chakies to Audit for scrutiny.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

8.2.2 Issuance of wheat to non-functional/non-registered flour mills - Rs. 378.697 million

According to Rule 7, Flour Mills are required to comply with the Flour Mills (Control) Order, 1959 (hereinafter referred as "the Order, 1959) which order is made by the Government in exercise of the powers conferred by the West Pakistan Foodstuffs (Control) Act, 1958. "The Controller may from time to time direct the producers/flour mills owners generally or any producer in particular. The Controller may apply or caused to be applied such tests as he may consider necessary to satisfy and any other officer so designated by the Provincial Government for this purpose Requirements for Flour Mill License Application."

The DG, Food, GoB, during the financial year 2021-22, issued 6,966 Metric Tons of wheat amounting to Rs. 378.697 million to ghost, non-functional and unregistered chakies/flour mills as reported by the AD, Food, district Quetta in his report after conducting survey of different zones. Further, the chakies/flour mills were issued wheat occasionally for single or double trade during the whole year.

[1] No. SO-II/15-2021/PA&W/Food/581-89

Issuance of wheat to non-functional/unregistered flour mills occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on January 08, 2024, the department replied that most of the chakkies included in the list were functional which could be verified from AD, Food. Audit did not agree as the previous report was prepared by AD, Food. The DAC directed that an inquiry be initiated to investigate the matter.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

8.2.3 Loss due to less supply of wheat - Rs. 82.303 million

According to Chapter-XI, Clause 80 of Manual of Food Accounts, 1986, "on the completion of unloading of bags from a wagon, the center incharge shall carry out 10 percent check weighment of the bags received by him and the result shall be recorded in the check weight delivery certificate." Further, according to the approved tenders for purchase of EG Bags to be weigh 1100 Grams for 100 Kg of wheat per Bag for the purchase of wheat from growers/farmers season 2022.

DG, Food, GoB, during the financial year 2021-22, purchased EG Bags which carried 95 to 96 Kg of wheat instead of 100 Kg. The Purchase Centers dispatched 296,320 bags of wheat to different PR Centers for which payments were made @ Rs. 5,555 per 100 Kg instead of 95 kg per bag. Due to the rate being calculated based on 100 kg of wheat rather than 95 kg capacity, there was a loss of 4 to 5 kg per bag which resulted in accumulated loss of Rs. 82.302 million, as detailed below:

(Rs. in Million)

Total wheat Kg	Total No. of Bags	Shortages @ 5Kg per bag	Rate paid	Amount
29,632,000	296,320	1,481,600	5,555	82.303

Less supply of wheat was due to weak internal controls, which resulted in loss to government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on January 08, 2024, the department replied that according to the final wheat procurement report, 2022 the weight filled in gunny bags was approximately nearest to 100 kg. Audit did not agree and requested the department to take action in the light of letter of PD, Wheat Procurement, 2023, dated April 17, 2023. Further, lab test of gunny bags be provided to Audit. The

DAC directed that an inquiry be initiated to investigate the matter under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

8.2.4 Overpayment due to allowing excessive rates - Rs. 19.481 million

According to Chapter-XI, Clause 130 (ii) of Manual of Food Accounts, "Handling and carriage charges from Procurement to P.R Center/Railway Station, Provision for these charges should be made on the basis of the rates sanctioned by the competent authority. This item of expenditure should provide for weighing, filling, sewing, loading, cartage, unloading and stacking inside the godowns as also placing the goods loaded in Railway wagons/trucks where dispatches to other stations are involved." Further, as per Rule 19 (iv) of GFR, Vol.I, "The terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into the contract."

The DG, Food, GoB, during the financial year 2021-22, made excess payment of Rs. 19.481 million to the contractors over and above the approved rates on account of handling and transportation charges.

Payment beyond approved rates occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on January 08, 2024, the department replied that the amount of H/T was enhanced due to unprecedented increase in prices of POL. The DAC directed that action taken by the department be justified in light of Rule 19(iv) of GFR. Moreover, the administrative department through an inquiry committee should inquire the matter under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

8.2.5 Supply of substandard wheat - Rs. 9.129 million

According to Chapter-V, Clause 43(iv), of Manual of Food Accounts, "The staff appointed at the purchasing center will accept stocks of indigenous wheat. No damaged or shriveled wheat and impure wheat will be accepted."

The DG, Food, GoB, procured 1,653 wheat bags amounting to Rs. 9.129 million and supplied to PR center Spiny Road in the month of July 2021. The in-charge PR center vide his letter No. 115-17 dated September 2, 2021, reported that the delivered wheat was of inferior quality. No further action was taken by the management, as detailed below:

(Rs. in Million)

Weight MT	**Rate / 100 kg**	**Amount**
164.347	5555	9.129

Purchase of inferior quality wheat occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on January 08, 2024, the department replied that it was responsibility of in charge purchase center to replace/clean any substandard dispatched wheat. Further, all the wheat stock stored at PRC Spiny Road Godown was issued and the amount was deposited into Food Account-II. Audit did not agree as the issue of inferior quality of wheat was pointed out by the in-charge PR center. The DAC directed that an inquiry be initiated to investigate the matter under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

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; and
- 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)

9.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 2,424.631 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs. 2,086.971 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development Grant No.BC21029	1,544.811	1,235.662	(-)309.149	20.01
Development Grant No. BC12229 Function No.042402	879.820	851.308	(-)28.512	3.24
Grand Total Non-Development & Development	**2,424.631**	**2,086.971**	**(-)337.660**	**13.93**

There is a significant saving of Rs. 337.660 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

9.1.3 Audit profile of Forest Department, Balochistan

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	92	4	242.706	
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 observations amounting to Rs. 164.704 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 2.974 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.	Government tax and duties	2.974
2.	Irregular expenditure	156.653
3.	Loss	5.077

9.1.5 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	5	-	5	0
2.	2017-2018	6	6	-	100
3.	2021-2022	3	-	3	0
4.	2022-2023	14	-	14	0
Total		**28**	**6**	**22**	**21.42**

9.2 AUDIT PARAS

9.2.1 Doubtful expenditure on construction of Nursery - Rs. 20 million

As per Para 56, 228 and 209 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."

The DC Forest, Jaffarabad, during the financial year 2022-23, incurred an expenditure of Rs. 20 million on the construction of "New Nursery Infrastructure at Usta Muhammad". Upon physical inspection of site by the Audit, it was observed that the work was left incomplete, despite having made 100% payment to the contractor.

The irregularity occurred due to weak internal controls, which resulted in doubtful payment. The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested in December 2023, followed by repeated reminders, to convene a DAC meeting, but no meeting was held till the finalization of this report.

No further progress was intimated till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

9.2.2 Irregular award of contract without inviting open tenders - Rs. 133.653 million

According to Rule 15(2) of BPPRRs, "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." Further, 51(b)(ii) ibid, "Competent authority certifies in writing the compatibility of the equipment or spare part(s) to be procured; (ii) the required item(s) is of proprietary nature and obtainable only from one source: Provided that the Head of the Department certifies in writing the proprietary nature of the item(s) to be procured.”

The PD, TBTTP (Forestry component), Balochistan Quetta, during the financial year 2021-22, incurred an expenditure amounting to Rs. 133.653 million, without calling open tenders.

Expenditure without inviting open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on August 10, 2023, the department replied that procurement of machinery was made from authorized dealer as per Rule 51(1)(b) of BPPR, 2014. The DAC directed the department to produce the proprietary certificate and other related documents to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

9.2.3 Non/less realization of targeted revenue - Rs. 5.077 million

As per Rule 26 of GFR, Vol.-I, “It is the duty of departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Government account.”

The following offices of Forest and Wildlife Department, GoB, during the financial years 2021-23, failed to realize the targeted revenue of Rs. 5.077 million:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Target Amount	Amount Realized	Shortfall
1.	DCF, Killa Saifullah	1	0.400	-	0.400
2.	DCF, Lasbella at Uthal	5	8.475	6.089	2.386
3.	DFO, Loralai	2	2.870	1.009	1.861
4.	DFO, Washuk	1	0.430	-	0.430

Total	**5.077**

Non/less realization of revenue was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the management in January 2023, but no reply was received.

In the DAC meeting held on August 10, 2023, the department replied that the FD, GoB had set the targets without consultation of the department. The Audit disagreed, stating that meetings regarding receipt targets and collection were regularly conducted in the FD, GoB. The DAC directed the administrative department to investigate the reasons for the shortfall in revenue and to eliminate any obstacles hindering the achievement of these targets.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 12.2.13, having financial impact of Rs. 6.207 million. Recurrence of same irregularity is a matter of serious concern.

9.2.4 Unjustified expenditure on procurement of vaccines - Rs. 3 million

According to Rule 10, of GFR, Vol-I, "Every office incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety and he is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence exercise in respect of his own money."

The PD, TBTTP (Wildlife component), Balochistan Quetta, during the financial year 2021-22 incurred an expenditure of Rs. 3 million on the procurement of vaccines, despite the existence of (PIUs) in each of the districts. The PD had no role for direct implementation as per PC-I provision of the Project. Further, no documentary evidence in support of vaccination camps were provided to Audit, as detailed below:

(Rs. in Million)

S. No.	Name of District/ Location	Particular of Vaccination	No. of Animal	Unit Rate	Total
1.	Khuzdar Baran Lakh	For Skin Disease	1000	500	0.500
2.	Khuzdar Shah Noorani	For Skin Disease	1100	500	0.550
3.	Lasbella Dureji	For Skin Disease	1000	500	0.500
4.	Killa Saifulla	For mouth Pox	1200	500	0.600
5.	Takatu	For mouth Pox	1000	500	0.500
6.	Hazar Ganji	For month Pox	700	500	0.350
Total			**6000**		**3**

The irregularity occurred due to weak internal controls, which resulted in unjustified expenditure.

The matter was reported to the management in May 2023, but no reply was received.

In the DAC meeting held on August 10, 2023, the department replied that (PIC) had decided to use the PD, Wildlife component for animal vaccination. However, Audit did not accept this explanation because there was a (PIU) in each district specifically designed to carry out such tasks. Additionally, it was questioned whether the contractor could realistically complete work covering a vast area and vaccinate 6000 animals, as indicated in the payment bill, within just 14 days from the issuance of the work order. The DAC directed that an inquiry be conducted into the matter under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

9.2.5 Non/less deduction of government taxes - Rs. 2.974 million

According to BSTS Act, 2015[1], Income Tax Ordinance, 2001[2] and General Sales Tax Act, 1990[3], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The following offices of Forest and Wildlife Department, GoB, during the financial years 2021-23, incurred expenditure without/less deduction of government taxes amounting to Rs. 2.974 million, as detailed below:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	BSTS	Income Tax	GST
1.	PD, Ten Billion Trees Tsunami Program (Forestry Component) Balochistan, Quetta	12	-	-	0.906
2.	PD, Ten Billion Trees Tsunami Program (Wildlife Component) Balochistan, Quetta	19, 18	0.870	0.308	-
3.	DFO, Jaffarabad	1	-	-	0.116
4.	DFO, Loralai	5	0.634	-	-
5.	DCF, Ziarat	4	0.140	-	-
Total			**1.644**	**0.308**	**1.022**

[1]Section 3 of BSTS Act, 2015

[2]Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[3]General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

S. No.	Name of office	AIR Para No.	BSTS	Income Tax	GST
Grand Total			**2.974**		

Non/less deduction of government taxes occurred due to weak internal controls, which resulted in revenue loss to the Government.

The matter was reported to the department in May 2023, but no reply was received.

In the DAC meeting held on August 10, 2023, the office at S.No.1 replied that tax was deducted as per rules, whereas the office at S.No.2 accepted the recovery. The DAC directed the department to effect recovery under intimation to Audit. The DAC meeting in respect of offices at S.No.3 to 5 was not convened despite repeated requests.

No further progress was intimated till the finalization of this report on the DAC directives.

Audit recommends recovery of government taxes.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 9.2.2 and 12.2.9, having financial impact of Rs. 6.114 million and Rs. 3.701 million respectively. Recurrence of same irregularity is a matter of serious concern.

Chapter 10

10.1 Home and Tribal Affairs Department

10.1.1 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.

10.1.2 Comments on Budget and Accounts

Development and non-development funds amounting to Rs. 3,899.460 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs. 3,329.767 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development Grant No. BC21054	3,107.475	2,567.228	(-)540.247	17.39
Development Grant No. BC12254 Function: 36101	791.985	762.539	(-)29.446	3.72
Total Development & Non-Development	**3,899.460**	**3,329.767**	**(-)569.693**	**14.61**

There is a significant saving of Rs. 337.660 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

10.1.3 Audit Profile of Home and Tribal Affairs Department, Balochistan

(Rs. in Million)

S. No.	Description	Total numbers	Audited	Expenditure audited financial year 2022-23	Revenue/ Receipts audited financial year 2022-23
1.	Formations	35	2	4,570.668	-
2.	Assignment Accounts	1	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
5.	Foreign Aided Project (FAP)	-	-	-	-

10.1.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 430. 723 million was raised in this report during the current audit of Home and Tribal Affairs Department. This amount also includes recoveries of Rs. 63.938 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	63.938
2.	Irregularities	366.785

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
6.	2014-2015	3	-	3	0
7.	2019-2020	3	-	3	0
8.	2021-2022	6	-	6	0
Total		**43**	**-**	**43**	0

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

10.2 AUDIT PARAS

10.2.1 Irregular payment through DDO - Rs. 217.563 million

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

The ACS, Home and Tribal Affairs Department, GoB, during the financial years 2021-23, withdrew an amount of Rs. 217.563 million and disbursed the payment through DDO instead of making payments to the respective vendors.

Payment through DDOs instead of vendors occurred due to weak financial controls, which resulted in irregular expenditure.

The matter was reported to the department during December 2022 to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2022, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that acknowledgment receipts of expenditure and justification of DDO payments along with detail of tax deductions be provided.

10.2.2 Irregular expenditure without calling open tenders - Rs. 80.553 million

According to Rule 15 (2) of BPPR, "All procurement over two million rupees shall be advertised by on authority's website and as well as in newspaper as prescribed by these rules."

The ACS, Home and Tribal Affairs Department, GoB, during the financial years 2021-23, incurred an expenditure of Rs. 80.553 for hiring of vehicles and procurement of various items, by split-up to avoid open tenders, as detailed below:

(Rs. in Million)

S. No.	Description	Financial year	AIR No.	Amount
1.	Rent a Car	2022-23	3	63.200
2.	Hiring of vehicle	2021-22	2	7.189
3.	Procurement of other items	2021-22	11	10.164

Total	80.553

Expenditure by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in December 2022 and November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2022, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that expenditure be regularized by the competent authority.

10.2.3 Non/less deduction of government taxes - Rs. 36.653 million

According to BSTS Act, 2015[4], Income Tax Ordinance, 2001[5] and General Sales Tax Act, 1990[6], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The ACS, Home and Tribal Affairs Department, GoB, during the financial years 2021-23, made payments amounting to Rs. 532.658 to GCs /suppliers for various works, supplies and security personnel on account of ISA without/less deduction of government taxes. This resulted in non/less realization of government taxes amounting to Rs. 36.653 million, as detailed below:

(Rs. in Million)

S. No.	Financial Year	Total Expenditure	Income Tax	GST	BSTS
1.	2021-22	28.668	0.535	1.272	1.430
2.	2022-23	440.790	22.040	1.896	9.480
Total			**36.653**		

Non/less deduction of government taxes occurred due to weak internal controls, which resulted in loss to the Government.

The matter was reported to the department during December 2022 to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2022, followed by repeated reminders, but no meeting was held till the finalization of this report.

[4] Section 3 of BSTS Act, 2015

[5] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[6] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

Audit recommends recovery of government taxes.

Levies

10.2.4 Irregular expenditure without inviting open tenders - Rs. 65.90 million

According to Rule 15 (2) of BPPR, "All procurement over two million rupees shall be advertised by on authority's website and as well as in newspaper as prescribed by these rules."

The DG, Levies Force, GoB, during the financial year 2022-23, incurred an expenditure of Rs. 65.900 on feeding charges, by split-up to avoid open tenders.

Expenditure by split-up to avoid open tender occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that expenditure be regularized by the competent authority.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 19.2.8 having financial impact of Rs. 105.099 million. Recurrence of same irregularity is a matter of serious concern.

10.2.5 Less deduction of government taxes - Rs. 7.643 million

According to BSTS Act, 2015[7], Income Tax Ordinance, 2001[8], General Sales Tax Act, 1990[9] and Stamp Act, 1899[10], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

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[7] Section 3 of BSTS Act, 2015

[8] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[9] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[10] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

The DG, Balochistan Levies Force, Quetta, during the financial year 2022-23, incurred an expenditure amounting to Rs. 1051.988 million in different heads, by deducting less government taxes amounting to Rs. 7.643 million.

Less-deduction of income tax occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till finalization of this report.

No further progress was intimated till the finalization of this report.

Audit recommends recovery of government taxes.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 19.2.5 having financial impact of Rs. 37.29 million. Recurrence of same irregularity is a matter of serious concern.

Prison Department

10.2.6 Non/less deduction of government taxes - Rs. 19.642 million

According to BSTS Act, 2015[11], Income Tax Ordinance, 2001[12], General Sales Tax Act, 1990[13] and Stamp Act, 1899[14], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The following offices of Prison Department, GoB, during the financial years 2021-23, made payments to various GCs/suppliers for various works and supplies without/less deduction of government taxes/duties. This resulted in non/less realization of governmental taxes amounting to Rs. 19.642 million:

(Rs. in Million)

[11] Section 3 of BSTS Act, 2015

[12] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[13] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[14] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

S. No.	Name of office	AIR Para No.	Financial Year	BSTS	I. Tax	Stamp duty	GST
1.	Central Prison, Mach	1, 6	2021-22	0.130	-	0.054	-
2.	District Jail, Quetta	2, 6, 7, 8	2022-23	1.062	6.372	0.163	11.861
Total				1.192	6.372	0.217	11.861
Grand total				**19.642**			

Non/less deduction of government taxes occurred due to weak internal controls, which resulted in loss to the Government.

The matter was reported to the department during May to June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till finalization of this report.

Audit recommends recovery of government taxes.

10.2.7 Irregular payments without calling open tenders - Rs. 2.769 million

According to Rule 15(2) of BPPR, "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."

IG Prisons, GoB, during the financial year 2021-22, incurred an expenditure amounting to Rs. 2.769 million on various head of accounts, by split-up to avoid open tenders, as detailed below:

(Rs. in Million)

Date of sanction	Name of Firm	Particulars	Amount
19.05.2022	M/s NFK Traders	5 Water Tank 500	0.199
19.05.2022	M/s NFK Traders	5 Down Key Pumps	0.090
14.06.2022	M/s Shandar Traders	2 Computer, Printer	0.490
27.06.2022	M/s Jahangir traders	157 Cots	1
28.06.2022	M/s Syed Muhammed	158 Kit Boxes	0.990
Total			**2.769**

Expenditure by split-up to avoid open tenders occurred due to weak financial controls, which resulted in mis-procurement.

The matter was reported to the department in May 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till finalization of this report.

Audit recommends that the expenditure be regularized by the competent authority.

Chapter 11

11.1 Health Department

11.1.1 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.

11.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 26,705.766 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 25,705.112 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21018	20,880.904	19,689.290	(-)1,191.614	5.71
Development Grant No. BC12218 Function No.074120	5,824.862	5,613.822	(-)211.040	3.62
Grand Total Non-Development & Development	**26,705.766**	**25,303.112**	**(-)1,402.655**	**5.25**

11.1.3 Audit profile of Health Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	251	37	22,163.712	-
2.	Assignment Accounts	5	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	-	-	-	-
5.	Foreign Aided Project (FAP)	1	1	1,088.578	-

11.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 4,550.021 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 109.678 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	4,419.55
2.	Recoverable	1.758
3.	Non-production of record	10.700
4.	Fraudulent Payment	10.093
5.	Government tax and duties	107.92

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	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	11	2	84
28.	2017-2018	11	5	6	45
29.	2018-2019	21	6	15	28

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
30.	2019-2020	8	-	8	-
31.	2020-2021	6	-	6	-
32.	2021-2022	15	-	15	-
33.	2022-2023	11	-	11	0
Total		**522**	**39**	**483**	**7.47**

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

11.2 AUDIT PARAS

11.2.1 Non-production of record - Rs. 10.700 million

According to Rule 17 of GFR Vol.-I, read with Section 14(2) of Auditor-General's (Functions, Power and Terms and Conditions of Service) Ordinance, 2001, "The departmental Officers are required to provide record for audit inspection and comply with requests for information in as complete as possible and with all reasonable expedition."

Various offices of Health Department, GoB, during the financial years 2022-23, failed to produce the record pertaining to flood related expenditure of Rs. 10.700 million, as detailed in Annexure - 1.1.

Non-production of record occurred due to negligence of the management, which resulted in limiting the scope of Audit.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DG, Health Services replied that all DDOs had been instructed to submit a detailed account of the funds allocated to them. The DAC directed the department to submit the record to Audit within a fortnight. In case of failure, disciplinary proceedings be initiated against the officials at fault.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.2 Fraudulent withdrawal of public money - Rs. 7.290 million

According to Rule 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 Government through fraud or negligence on his part.”

The Principal, BMC Quetta, during the financial year 2022-23, incurred an expenditure of Rs. 7.290 million on purchase of Books. However, the librarian provided a written response via letter No. 10596 dated 14.10.2023, that no books had been handed over to the library, and no requests or demands were received for the purchase of books.

Payments on fake bills occurred due to weak internal controls, which resulted in fraudulent payment.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the department to conduct an inquiry and share the findings with the Audit within 15 days.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.3 Doubtful expenditure on civil work - Rs. 2.803 million

According to Para 5 of PC-I of MERC, “The project is designed to focus on the following major objectives:

- To establish 25 medical emergency response centers in Balochistan.
- To cater to the needs of emergency medical rescue in remote areas.”

The DG, MERC, during the financial year 2022-23, incurred an expenditure of Rs. 2.803 million on construction of an emergency center in the Rakni, District Barkan, and had shown the work completed on papers, as detailed below:

(Rs. in Million)

S. No.	Cheque No. and date	Name of work/ contractor	Amount
1.	121202-03, 22.06.2023	Civil works for Prefabricated Structure at Rakni, District Barkhan, M/s Chase Construction Co., GC	2.803

However, the DC, Barkan, informed that the DG, MERC had requested for land allotment vide letter, dated May 3, 2023[15], but no land had been allotted for the center. Further, audit confirmed through physical inspection that no such center had been established on the specified location.

Payment without execution of work occurred due to weak internal controls, which resulted in doubtful expenditure.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the said office did not attend the meeting. The DAC directed that physical verification of all the emergency response centers established by MERC be conducted through administrative department under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.4 Non-rendering of vouched accounts - Rs. 655.557 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."

The following offices of Health Department, GoB, during the financial years 2021-23, withdrew an amount of Rs. 655.557 million on abstract contingent bills, without presenting vouched adjustment accounts duly countersigned by the head of the department:

(Rs. in Million)

S. No.	Name of offices	AIR Para No.	Financial Year	Amount
1.	DG Health Services, Quetta	10, 15	2022-23	652.557
2.	Director, SBTC, Quetta	3	2022-23	3
Total				**655.557**

The irregularity occurred due to weak financial management, which rendered the expenditure unaudited.

[15] No. MERC-B/P&D/22/2023/452-58

The matter was reported to the department during November to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the department to submit both the audited statements and vouched accounts of all abstract payments to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.5 Non/less realization of government taxes/duties - Rs. 107.927 million

According to BSTS Act, 2015[16], Income Tax Ordinance, 2001[17] and General Sales Tax Act, 1990[18], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

Various offices of Health Department, GoB, during the financial years 2021-23, made payments to the GCs, consultants, employees, and firms/suppliers without/less deduction of due government taxes/duties, resulting in a revenue loss of Rs. 107.927 million, as detailed in Annexure - 11.2.

Non/less realization of government taxes/duties occurred due to weak internal controls, which resulted in revenue loss to the government.

The matter was reported to the department during September to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the department replied that in some cases the payments were exempted from taxes, some others had already deducted taxes and duties, whereas recovery would be made where applicable. The DAC directed the department to produce exemption certificate in case of tax exemption, record of tax deducted as per prescribed rates and expedite the outstanding recovery.

No further progress was intimated till the finalization of this report.

[16] Section 3 of BSTS Act, 2015

[17] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[18] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 9.2.5, 10.2.9 and 13.2.6 having financial impact of Rs. 19.529 million, Rs. 29.615 million and Rs. 120.02 million respectively. Recurrence of same irregularity is a matter of serious concern.

11.2.6 Inadmissible payment of allowances - Rs. 521.482 million

According to Health Department, GoB, Notifications dated December 20, 1992, November 10, 2016, and April 10, 2020, the rates of Non-Practicing, Anesthesia, Health Professional and Risk allowances respectively have been prescribed by Government. Further, as per FD, GoB, Notification dated October 23, 1997, the Conveyance Allowance shall not be admissible to Government Servants during the period of Earned Leave." Furthermore, as per Section 12 (3) of the BINUQ Act, 2015, "Doctors engaged in private practice outside the hospital premises are not eligible for such allowance."

Various offices of Health Department, GoB, during the financial years 2021-23, overpaid an amount of Rs. 521.482 million to different doctors, officers and staff on account of inadmissible allowances, as detailed in Annexure - 11.3.

Payment of inadmissible allowances occurred due to weak internal and financial controls, which resulted in loss to the government.

The matter was reported to the department during September to November 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed to recover the inadmissible allowances or provide relevant rules/notifications where allowances are admissible to audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21 and 2022-23 vide para numbers 9.2.2 and 13.2.5 having financial impact of Rs. 38.844 million and Rs. 169.513 million respectively. Recurrence of same irregularity is a matter of serious concern.

11.2.7 Irregular payment of scholarship/stipends - Rs. 1,652.182 million

According to Health Department's Notification dated February 29, 2011[19], "the eligibility criteria for monthly scholarship of student (local and domicile of Balochistan) is as under:

(Maximum limit of parent`s income)	
From	To
Rs. 72,000/- per annum	Rs. 300,000 per annum

Further, according to Rule 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 Government through fraud or negligence on his part."

Various offices of Health Department, GoB, during the financial years 2021-23, paid scholarships/stipends amounting to Rs. 1,652.182 million, as detailed in Annexure 11.4.

The expenditure was held irregular due to the following reasons;

- There was lack of mechanism for stipend disbursement.
- Standard procedures for selection and nomination of PGs were absent.
- The essential details, such as CNICs and bank account numbers, were missing.
- The absence of bank statements or a comprehensive payment list made it challenging to verify the proper disbursement of funds.
- Payment to old sessions and self-finance students was made without selection criteria and evaluation report of the students.
- Scrutiny of bank statement of office at S.No. 9 revealed that the amount was drawn in 69 transactions out of which only two were Rs. 20,000 while the remaining were of different amounts which was unjustified and doubtful.

Payment of scholarship/stipend occurred due to weak internal and financial controls, which resulted in irregular expenditure.

The matter was reported to the department during May to November 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the Principal BMC replied that the matter was being inquired. The DAC directed the Principal, BMC to expedite the inquiry proceedings under intimation to Audit. The other offices did not attend the meeting and the forum expressed displeasure and directed the respective offices to submit replies with evidence to Audit without further delay.

No further progress was intimated till the finalization of this report.

[19] No. S.O.No. (B & A) H/9-22//2010/6356-61

Audit recommends implementation of DAC directives.

11.2.8 Irregular payment without inviting open tenders - Rs. 371.215 million

According to Rule 15(2) of BPPR, "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."

Various offices of Health Department, GoB, during the financial years 2021-23 irregularly incurred an expenditure amounting to Rs. 371.215 million, by split-up to avoid open tenders.

Expenditure by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during May to November 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the Principal BMC replied that the matter was being inquired. The DAC directed the department to intimate the findings of inquiry in respect of BMC to Audit. The DAC further directed to furnish tender documents for the offices that asserted the issuance of tenders, justify the deviation for the offices that completed procurement without tenders and through split-up; besides, the matter be referred to FD, GoB for regularization of the expenditure by the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 10.2.3 and 13.2.7 having financial impact of Rs. 250.50 million and Rs. 61.54 million respectively. Recurrence of same irregularity is a matter of serious concern.

11.2.9 Irregular retention of public money - Rs. 345.431 million

According to Rule 26 of GFR, Vol.-I "The head of office should ascertain that all the sums due to Government are regularly received and paid into the Treasury and the figures should be checked and compared with the figures in the statements supplied by the Comptroller or the AG as the case may be."

Further, as per FD, GoB's Notification August 23, 2008[20], "no account in the Commercial Bank can be opened for public money, without the prior permission of the FD."

The following offices of Health Department, GoB, during the financial years 2021-23, retained an amount of Rs. 345.431 million in the commercial bank accounts without approval of the FD, GoB:

(Rs. in Million)

S. No.	Name of Offices	AIR Para No.	Financial Year	Amount
1.	MS, BMC	10	2021-22	1.105
2.	In-charge, Balochistan Health Foundation	01	2021-22	14.330
3.	Principal, BMC, Quetta	09	2021-22	7.804
4.	MS, SPH	03	2022-23	281.520
5.	Principal, BMC, Quetta	13	2022-23	2.519
6.	MS, Sheikh Khalifa Bin Zayyed Hospital, Quetta	10	2022-23	16.363
7.	MS, DHQ Hospital , Khuzdar	01	2022-23	0.496
8.	MS, Mohtarma Shaheed Benazir Bhutto Hospital Quetta	02	2022-23	0.568
9.	MS, Jam Ghulam Qadir Hospital, Lasbela	02	2021-22	0.826
10.	MS, BMC	16	2022-23	19.900
Total				**345.431**

Irregular retention of public money occurred due to weak financial controls, which resulted in blockage of funds.

The matter was reported to the department during May to November 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the Principal BMC replied that the matter was being inquired. The DAC directed the Principal, BMC to expedite the inquiry proceedings under intimation to Audit and directed the other offices to justify retention of public money in private bank accounts besides depositing all public funds into government account without further delay.

[20] No. SO (B&A)1-1/Misc./S&GAD/2008-09/520-52

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 9.2.6, 10.2.11 and 13.2.4 having financial impact of Rs. 3.027 million, Rs. 9.409 million and Rs. 273.897 million respectively. Recurrence of same irregularity is a matter of serious concern.

11.2.10 Non-repair/ installation of medical equipment - Rs. 300 million

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

Various offices of Health Department, GoB, during the financial year 2022-23, procured different equipment amounting to Rs. 300 million which were to be installed in hospitals. However, the equipment had not been installed. Further, critical medical equipment in certain instances were idle/malfunctioning for an extended period, without repairs.

Non-repair/installation of medical equipment occurred due to weak internal controls, which deprived the general public of availing the medical facilities.

The matter was reported to the department during November and December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the PD/ other offices to expedite the installation of CT scan and MRI machines/repair of out of order equipment and provide a certificate to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.11 Irregular purchase of medicine - Rs. 297.692 million

As specified in Special Conditions of Contract Agreement, “After delivery of drugs and medicines at the Purchaser’s premises, the Area Drug Inspector shall send the samples from all batches of each consignment of the supplied store to the Drugs Testing Laboratory, Balochistan (DTL) for testing. The procurement committee constituted by the Health Department, GoB shall inspect the quantity, specifications of goods after receipt of standard quality report of each batch of supplied store issued by DTL concerned under Drugs Act, 1976.” Further, according to Rule 148-149 of GFR, Vol.-I, “All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect.”

Various offices of Health Department, GoB, during the financial years 2021-23, incurred an expenditure of Rs. 297.692 million for purchase of drugs and medicines.

The following irregularities were observed:

- Procurement was made without conducting actual need assessment.

- Stock registers were not maintained.
- DTL reports were not prepared.
- Distribution was made without acquiring indents/requisitions.

The procurement of medicines without codal formalities occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department during November to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the department to get all the records related to procurement and consumption of medicines verified by Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.12 Irregular expenditure on flood relief - Rs. 138.711 million

According to Rule 23 of GFR, Vol.-1, "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."

Various offices of Health Department, GoB, during the financial year 2022-23, incurred an expenditure of Rs. 138.711 million for relief purposes.

The following irregularities were observed:

- No SOPs were prepared for managing flood related expenditures.
- Despite allocation of Rs. 105 million, the DG, Health Services, GoB, failed to procure medicines required for rehabilitation of flood affectees.
- No monitoring reports were available to ensure proper utilization of funds.
- The department failed to provide the duty roster of doctors assigned to oversee operations at the medical camps.
- The DHOs had government vehicles and ambulances that were not utilized. Instead, transportation charges were paid for medicines supplied through private transportation without maintaining proper details, including bills, CNIC numbers, and vehicle registration.

Expenditure without devising policy and fulfilling codal formalities occurred due to weak administrative controls, which resulted in irregular payments.

The matter was reported to the department during November to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the DG, Health Services to furnish documentary evidence regarding non-release of funds by FD, GoB. The remaining offices were directed to justify the irregular expenditure and submit the record of the mentioned releases to audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.13 Non-obtaining of performance security - Rs. 50.972 million

According to Rule 44 of BPPR, 2014 "Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of the contract price.

The following offices of Health Department, GoB, during the financial years 2021-23, awarded contracts without obtaining performance security @ 10% amounting to Rs. 50.972 million:

(Rs. in Million)

S. No.	**Name of Office**	**AIR Para No.**	**Financial Year**	**Amount**
1.	Director, SBTC, Quetta	2	2022-23	9.499
2.	AD, MSD, Quetta	8	2022-23	4.680
3.	Principal, BMC	7	2021-22	20.743
4.	PC, Hepatitis Control Programme, Quetta	5	2021-22	16.050
Total				**50.972**

Non-obtaining of performance security occurred due to weak financial controls, which resulted in compromised quality of work.

The matter was reported to the department during November to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the department to obtain performance security from the contractors under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.14 Irregular payment in the name of DDOs - Rs. 48.186 million

According to Para 4.2.9.9 of APPM, "cheques payment should be released to the payee or personally collected by the payee or his authorized agent."

The following offices of Health Department, GoB, during the financial years 2021-23, incurred an expenditure amounting to Rs. 48.186 million by drawing cheques in the name of DDOs instead of payment to vendors:

(Rs. in Million)

S. No.	Name of offices	AIR Para No.	Financial Year	Amount
1.	DHO, Kech	04	2021-22	30
2.	DHO, Gwadar	01	2021-22	0.262
3.	DHO, Awaran	06	2021-22	0.217
4.	DHO, Bolan	01	2021-22	0.256
5.	Principal, JMC, Khuzdar	05	2022-23	7.020
6.	Principal, MC, Turbat	04	2022-23	7.168
7.	MS, DHQ, Khuzdar	05	2022-23	3.263
Total				**48.186**

Payment through DDOs instead of vendors occurred due to weak financial controls, which resulted in irregular payments.

The matter was reported to the department during May to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the department to provide justification, acknowledgement receipts and detail of deducted taxes to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.15 Irregular advance payment - Rs. 33.383 million

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.”

DG, Health Services, GoB, during the financial year 2022-23, made advance payment amounting to Rs. 33.383 million to vendors on account of purchase of furniture to be supplied to different health units in the month of June 2023, to avoid lapse of funds. Furthermore, delivery challans, handing / taking over certificates, receiving / physical inspection reports and the status of the items were not known till the currency of Audit.

Advance payment occurred due to weak financial controls, which resulted in irregular payments.

The matter was reported to the department in November and December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the department replied that payment to the firm was made in advance, with 100% bank guarantee. The DAC directed the department to provide updated status of supply of furniture and fix responsibility against the officials at fault.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.16 Payment of salary during EOL - Rs. 4.746 million

As per Rule 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.”

The Principal, BMC, Quetta, during the financial year 2022-23, made payment of Rs. 4.746 million to Dr. Rabail Yousifzai, Demonstrator, on account of pay and allowances through monthly payroll while, she was on EOL in the UK w.e.f 01.08.2020 to 31.07.2024.

Payment of salary during EOL was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the department replied that the matter was being inquired. The DAC directed the management to immediately stop the salary of the doctor concerned, recover the irregular payment and fix responsibility.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

11.2.17 Non-recovery of liquidated damages - Rs. 1.758 million

As per Rule 53 of BPPR, 2014, “In the event a contractor fails to deliver any or all of the goods, works or services within the period agreed in the contract, the procuring agency either shall allow an extension in the contract period pursuant to a written request by the contractor with justifications or deduct the amount, as liquidated damages, a sum equivalent to the percentage specified in the contract for each week or part thereof of delay”.

The following offices of Health Department, GoB, during the financial years 2021-23, incurred an expenditure on account of purchase of drugs and medicines, which were not supplied on time and the management did not impose penalties amounting to Rs. 1.758 million:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Financial Year	Amount
1.	DHO, Killa Saifullah	8	2022-23	0.408
2.	DHO, Harnai	6	2022-23	0.760
3.	MS, DHQ Hospital, Harnai	7	2022-23	0.590
Total				**1.758**

Non-recovery of liquidated damages occurred due to weak financial controls, which resulted in loss to government.

The matter was reported to the department during November to December 2023, but no reply was received.

In the DAC meeting held on December 27, 2023, the DAC directed the department to recover the liquidated damages from the concerned vendors under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Chapter 12

12.1 Irrigation Department

12.1.1 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.

12.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 17,566.077 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 17,383.604 million was incurred, as summarized below:

(Rs in Million)

Type of grant	2022-23			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No. BC21032	4,071.260	3,989.286	(-)81.974	2.01
Development Grant No. BC12232 Function No.042205	3,113.634	3,083.686	(-)29.948	0.96
Development Grant No. BC12232 Function No.042202	10,381.183	10,310.631	(-)70.552	0.68
Total Development	**13,494.817**	**13,394.318**	**(-)100.499**	**0.74**
Grand Total Non-Development & Development	**17,566.077**	**17,383.604**	**(-)182.473**	**1.04**

12.1.3 Audit profile of Irrigation Department

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	82	26	15,439.427	-
2.	Assignment Accounts	13	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	-	-	-	-
5.	Foreign Aided Project (FAP)	2	2	6,026.26	-

12.1.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 3,212.876 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 114.77 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	2,140.526
2.	Government tax and duties	114.77
3.	Overpayment	957.58

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.	1984-85	14	-	14	0
2.	1988-89	20	-	20	0
3.	1989-90	36	-	36	0
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

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
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	8	1	89
29.	2017-2018	10	6	4	60
30.	2018-2019	12	7	5	58
31.	2019-2020	11	-	11	0
32.	2020-2021	6	-	6	0
33.	2021-2022	10	-	10	0
34.	2022-2023	8	-	8	0
Total		**562**	**68**	**494**	**12.09**

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

12.2 AUDIT PARAS

12.2.1 Irregular/doubtful expenditure on flood damages - Rs. 300.133 million

According to para 56 of CPWD Code and para 2.82 of B&R Code, "It is a fundamental rule that no work shall be commenced unless Administrative Approval by competent authority is given, and properly detailed design and estimate have been sanctioned, allotment of funds made and orders for its commencement issued by competent authority". Further, as per Rule 23 of GFR, "Every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part."

The following Divisions of Irrigation Department, GoB, during the financial year 2022-23, incurred expenditures amounting to Rs. 300.133 million on repair of flood damages.

(Rs. in Million)

S. No.	**Name of division**	**AIR Para No.**	**Amount**
1.	Irrigation Division, Nushki	1	2.699
2.	Irrigation Division, Zhob	11	1
3.	Canal Irrigation Division, Hub	6	6.996
4.	Irrigation Division, Loralai	6	2
5.	Kachi Canal Irrigation Division, Naseerabad	1,2	20.365
6.	Irrigation Division, Gwadar	7	5.491
7.	Irrigation Division, Lasbela	7	8.793
8.	Irrigation Division, Mastung	7	2.326
9.	Irrigation Division, Killa Abdullah	1	7.956
10.	Irrigation Division, Kech at Turbat	8	3.999
11.	Pat Feeder Canal Division, Naseerabad	4,5	216.018
12.	Irrigation Division, Kalat	6	2.500
13.	Irrigation Division, Pishin	3	19.990
Total			**300.133**

Audit observed the following irregularities in execution of flood rehabilitation works:

- No SOPs were prepared for managing flood related expenditures.
- No survey reports detailing damages in the districts and progress reports were available in record.
- No work completion certificates, work orders/detailed estimates, logbooks, and machinery inventory lists were available in record.
- No monitoring reports were available to ensure proper utilization of funds.
- Payments were made to the contractors without recording detailed measurement and entries in the MB and bills were paid on the basis of a single page showing total quantity of work done.

Incurrence of expenditure without devising policy and fulfilling codal formalities occurred due to weak administrative controls, which resulted in irregular expenditure.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault.

12.2.2 Overpayment due to allowing excess quantities - Rs. 807.660 million

According to Para 4.12 of Manual for Development Projects, "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%." Further, as per para 2.86 B&R Code and para 56 of CPWD Code, "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 Divisions of Irrigation Department, GoB, during the financial years 2021-23, paid GCs for different items of work by allowing excess quantities than provided in approved PC-Is, resulting in overpayments of Rs. 807.660 million.

(Rs. in Million)

S. No.	Name of division	Financial year	AIR Para No.	Amount
1.	PD 200 Dams, Killa Abdullah	2021-22	3,6,8,10	20.291
2.	PD 100 Dams, Killa Abdullah	2021-22	3,4,6	17.341
3.	Drainage Division, Dera Allah Yar	2021-22	1	1.047
4.	Irrigation Division, Killa Saifullah	2022-23	4,6,7	17.342
5.	Irrigation Division, Nushki	2022-23	5	9.140
6.	Irrigation Division, Mastung	2022-23	8	10.523
7.	Irrigation Division, Killa Abdullah	2022-23	4	31.746
8.	Irrigation Division, Kech	2022-23	3	1.00
9.	Irrigation Division, Harnai	2022-23	2,3	5.422
10.	PD, Construction of Windar Dam	2022-23	2	693.470

Total	**807.66**

Payment by allowing excess quantities occurred due to weak internal controls, which resulted loss to the government.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends the recovery of the overpaid amount from the concerned.

Note: The issue was also reported in the Audit Report for Audit Year 2021-22 vide para number 13.2.1 with the financial impact of Rs. 1,769.993 million. Recurrence of same irregularity is a matter of serious concern.

12.2.3 Overpayments due to wrong calculations, inadmissible items and higher rates - Rs. 123.582 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."

Various Divisions of Irrigation Department, GoB, during the financial years 2021-23, overpaid an amount of Rs. 123.582 million to GCs by allowing inadmissible items of work/incorrect higher rates/wrong calculation of quantities, as detailed in Annexure 11.1.

Overpayment occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends the recovery of the overpaid amount from the concerned.

Note: The issue was also reported in the Audit Reports for Audit Years 2020-21 and 2022-23 vide para numbers 10.2.2 and 15.2.2 with the financial impact of Rs. 91.171 million and Rs. 68.327 million respectively. Recurrence of same irregularity is a matter of serious concern.

12.2.4 Overpayment due to wrong calculation of premium - Rs. 26.343 million

According to P&D Department's Notification dated April 28, 2022[1], the Chief Minister granted percentage increases on different items of work of BCSR, 2018. Further, 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."

The following Divisions of Irrigation Department, GoB, during the financial year 2022-23, made overpayments of Rs. 26.343 million to different contractors due to allowing inadmissible/wrong calculations/non-deduction of premium.

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	Irrigation Division, Zhob	2	2022-23	16.558
2.	Irrigation Division, Killa Abdullah	2	2022-23	0.616
3.	Irrigation Division, Panjgur	3	2022-23	5.769
4.	Irrigation Division, Quetta	1	2022-23	3.400
Total				**26.343**

Overpayment on premium occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends the recovery of the overpaid amount from the concerned.

Note: The issue was also reported in the Audit Reports for Audit Years 2020-21 and 2021-22 vide para numbers 10.2.5 and 13.2.5 with the financial impact of Rs. 2.103 million and Rs. 7.671 million respectively. Recurrence of same irregularity is a matter of serious concern.

12.2.5 Non/less deduction of government taxes/duties - Rs. 114.771 million

According to BSTS Act, 2015[2], Income Tax Ordinance, 2001[3] and Stamp Act, 1899[4], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and stamp duty @ 0.25% of cost of contract.

Various Divisions of Irrigation Department, GoB, during the financial years 2021-23, awarded contracts and made payments of Rs. 10,001.406 million and Rs. 2,886.20 respectively to the GCs and

[1] No. P&DD/CSR-Cell/2022/1869

[2] Section 3 of BSTS Act, 2015

[3] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[4] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Finance Act, 1994

consultants without/less deduction of government taxes and duties amounting to Rs. 114.771 million, as detailed in Annexure 11.2.

Non/less deduction of taxes/duties occurred due to weak internal controls, which resulted in revenue loss to the government.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends the recovery of government taxes from the concerned.

Note: The issue was also reported in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 10.2.4, 13.2.2 and 15.2.4 with the financial impact of Rs. 51.117 million, Rs. 434.556 million and Rs. 143.999 million respectively. Recurrence of same irregularity is a matter of serious concern.

12.2.6 Non-conducting of feasibility study and environmental impact assessment - Rs. 891.763 million

According to Para 6.4 of Manual of Development Projects, "The PC-I should be supported with the feasibility study, survey and investigation and market survey report. In case of projects costing less than Rs. 500 million, it should be based on in-house feasibility study with detailed technical or reference design and bill of quantities." Further, as per Pakistan Environmental Protection Act, 1997[5], "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."

The following Divisions of Irrigation Department, GoB, during the financial years 2021-23, awarded contracts valuing Rs. 891.763 million for the construction of dams without conducting initial environmental examination, impact assessment, and in-house feasibility study and obtaining approval from Provincial Agency.

(Rs. in Million)

S. No.	Name of division	Financial year	AIR Para No.	Amount
1.	PD, Construction of Hekanog Delay Action Dam, Kech	2021-22	1	306.365
2.	Irrigation Division, Loralai	2022-23	2	495.398
3.	Irrigation Division, Duki	2022-23	4	90
Total				**891.763**

[5] Section 12 (1) of Pakistan Environmental Protection Act, 1997

Non-conducting of initial environmental assessment and in-house feasibility study was due to weak internal controls, which may result in adverse effect of the environment.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends ensuring preparation of proper feasibility study and environmental impact assessment of the projects.

12.2.7 Time and cost overrun due to delay in completion of the project - Rs. 560.924 million

According to revised PC-I of the project "Toiwar/Batozai Storage Dam" the Project completion date was 36 months from the date of signing of contract agreement, which was signed on May 5, 2010.

The PD, Toiwar/Batozai Storage Dam, failed to timely complete the project, due to be completed in June 2014, and further extended upto December 2018 in the 2nd revised PC-I. Delay in completion of the project resulted in time and cost overrun, as detailed below:

(Rs. in Million)

Cost as per 1st Revised PC I	Cost as per 2nd Revised PC I	Cost Overrun	Time Overrun
4,344.743	4,905.667	560.924	5 Years

Delay in completion of the project occurred due to weak planning, which resulted in time and cost overrun.

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

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

Audit recommends that effective measures be taken to complete the project to avoid further time and cost of overrun.

12.2.8 Award of contract without obtaining performance security - Rs. 342.113

According to Rule 44 of BPPR, 2014, "Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of the contract price." Further, according to Para 29(5)/b of BPPRA, "Bid Security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee."

The following Divisions of Irrigation Department, GoB, during the financial years 2021-23, awarded contracts amounting to Rs. 3,421.719 million to different GCs without obtaining performance security @ 10% amounting to Rs. 342.172 million and non-forfeiting bid security @ 2% amounting to Rs. 68.434 million:

(Rs. in Million)

S. No.	**Name of office**	**AIR Para No.**	**Financial year**	**Contract Price**	**Amount of Performance Security**	**Bid Security**
1.	Irrigation Division, Sibi	7	2021-22	148.824	14.882	2.976
2.	PD, Maserag Delay Action Dam, Kech	3	2021-22	421.210	42.121	8.424
3.	PD, Shenzek Dam, Kech	3	2021-22	2,280.395	228.040	45.608
4.	Irrigation Division, Nushki	4	2022-23	391.290	39.129	7.826
5.	Irrigation Division, Pishin	5	2022-23	80	8	1.600
6.	Irrigation Division, Panjgur	7	2022-23	100	10	2.000
Total				**3,421.719**	**342.172**	**68.434**

Non-obtaining and more essentially enforcement of performance security is a matter of concern, as it provides guarantee of satisfactory completion of works and the department cannot force the contractors for compliance in the absence of such guarantee. Therefore, forfeiture of bid security @ 2% of the contract price becomes mandatory in case of non-obtaining of the performance security. This forfeiture is the responsibility of divisional officers even if the works are completed without obtaining and enforcement of performance security.

Non-obtaining of performance security occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of bid security amount in case of completed projects and obtaining performance securities for the ongoing projects.

12.2.9 Irregular expenditure due to change in design - Rs. 23.759 million

According to Para 1.59 of B&R Code, "The Divisional Officers are strictly prohibited from making or permitting any material deviations from any sanctioned design in course of execution without sanction of competent authority."

The following Divisions of Irrigation Department, GoB, during the financial year 2021-22, irregularly made payments amounting to Rs. 23.759 million to various GCs for different items of work by making changes in scope of work/ design duly approved by the competent authority:

(Rs. in Million)

S. No.	**Name of division**	**Financial year**	**AIR Para No.**	**Amount**
1.	PD 200 Dams, Killa Abdullah	2021-22	4	6.725
2.	PD 200 Dams, Killa Abdullah	2021-22	5	6.490
3.	PD 100 Dams, Killa Abdullah	2021-22	2	10.544
Total				**23.759**

Execution of work beyond approved design occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the change in specifications be justified, approval of revised scope of work be obtained from the competent forum and the expenditure be regularized.

12.2.10 Non-utilization of available earth - Rs. 16.073 million

As per BCSR, 2018[6], "If cutting and filling are being done simultaneously all suitable material obtained from excavation shall be used in filling of embankment." Further, 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 Divisions of Irrigation Department, GoB, during the financial years 2021-23, carried out excavation/cutting and preparation of earthen embankments simultaneously, but surplus earth obtained from excavation/cutting was not used in construction of embankments, resulting in overpayment of Rs. 16.073 million:

(Rs. in Million)

S. No.	Name of division	Financial year	AIR Para No.	Amount
1.	Irrigation Division, Awaran	2021-22	2	0.670
2.	Irrigation Division, Zhob	2022-23	7	9.393
3.	Irrigation Division, Kalat	2022-23	5	6.010
Total				**16.073**

Non-utilization of available earth occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends the recovery of the overpaid amount from the concerned.

Note: The issue was also reported in the Audit Report for Audit Year 2021-22 vide para number 13.2.9 with the financial impact of Rs. 2.427 million. Recurrence of same irregularity is a matter of serious concern.

2.11 Non-realization of water charges - Rs. 3.855 million

As per Rule 26 of GFR, Vol.-I, "It is the duty of departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Government Account". Further, as per Minutes of meeting held under the Chairmanship of ACS (Dev)

[6] Book of Specifications, Volume-III of CSR, 2018

on July 17, 1994, “The water rate of Rs.7 per 1,000 gallons is to be charged by Irrigation Department from LIEDA.”

The Executive Engineer, Canal Irrigation at Hub had been providing 4.5 Cusec water (1,682 gallons per minute) to LIEDA from Hub Canal for supply to the industrial units. It was mandatory to install water meters to check and calculate the actual flow of water given from the canal to LIEDA water reserves, but meters were neither installed by the Irrigation Department nor by LIEDA authorities. Furthermore, water charges amounting to Rs. 3.855 million were not realized from LIEDA on account of the supply of 550.763 million gallons of water during the financial year 2022-23.

Non-receipt of water charges occurred due to weak financial controls, which resulted in revenue loss to the Government.

The matter was reported to the department during June to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, during July to December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that a proper mechanism be devised to monitor the supply of water and recover the outstanding amount from LIEDA.

Note: The issue was also reported in the Audit Report for Audit Year 2022-23 vide para number 15.2.8 with the financial impact of Rs. 3.994 million. Recurrence of same irregularity is a matter of serious concern.

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12.2.12 Irregular retention of public funds - Rs. 1.930 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 months from date of completion of scheme.”

The following Divisions of Irrigation Departments, GoB, deducted an amount of Rs. 1.930 million on account of security deposit from GCs. The public funds were retained since 2010, which remained unclaimed and were retained irregularly:

(Rs. in Million)

S. No.	**Name of division**	**Para No.**	**Amount**
1.	Irrigation Division, Lasbela	3	1.006
2.	Canal Irrigation at Hub	4	0.924
Total			**1.930**

Irregular retention of public funds occurred due to weak financial controls, which may result in misappropriation of public funds.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting, in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that unclaimed public funds be deposited into government account without further delay.

Chapter 13

13.1 Labour and Manpower

13.1.1 Introduction

The common identified objectives of the department include implementation of labour laws, registration of trade union and industrial units, provision of training, inspection of factories, shops, establishment, weight and measures and provision of technical education and conducting research.

13.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 1,829.439 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs. 1,730.187 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No. BC21020	1,743.686	1,648.070	(-)95.616	5.48
Development Grant No. BC12220 Function No.041350	85.753	82.117	(-)3.636	4.24
Grand Total Non-Development & Development	**1,829.439**	**1,730.187**	**(-)99.252**	**5.43**

13.1.3 Audit profile of Labour and Manpower Department

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	69	3	322.621	-
2.	Assignment Accounts	1	-	-	-
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 observations amounting to Rs. 1,195.339 million were raised in this report during the current Audit. Summary of the audit observations classified by nature is as under:

(Rs. in Million)

S. No.	**Classification**	**Amount**
1.	Irregular expenditure	1,195.339

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.	2018-2019	5	3	2	60
2.	2022-2023	1	-	1	0
Total		**6**	**5**	**3**	**83.33**

13.2 AUDIT PARAS

13.2.1 Irregular retention of Grant-in-Aid and undue deduction of WHT - Rs. 687.305 million

According to BPFM Act, 2020[1], "all department, their attached departments and sub-ordinate offices, and autonomous organizations shall surrender to the Finance Department 3 [by the thirty-first day of May each year], all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them." Further according to Income Tax Ordinance, 2001[2], "the income of a Provincial Government or a [Local Government] in Pakistan shall be exempt from tax under this Ordinance." And according to Para 07 of Grant-in-Aid Rules, 2020, "Interest or other earnings against Grant-in-aid (other than reimbursement) released to any grantee institution should be remitted to the Public Consolidated Fund."

The Director B-TEVTA, Quetta failed to surrender the unspent amount of grant-in-aid amounting to Rs. 544.267 million at the close of financial years 2019-22 and deposited it into saving account in bank without approval of the FD, GoB, earning interest of Rs. 111.522 million, which was not deposited into Public Consolidated Fund. Further, the bank irregularly deducted WHT amounting to Rs. 31.516 million from the public money.

The irregularity occurred due to weak internal controls, which resulted in unnecessary blockage of public funds.

The matter was reported to the department in May 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

[1] Section 22 of the Balochistan Public Finance Management Act, 2020

[2] Section 49 (ii) of Income Tax Ordinance, 2001

Audit recommends that unspent balances, interest earned, and taxes deducted by the Bank be deposited into the government treasury.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23, vide para number 16.2.1 having financial impact of Rs. 530.772 million. Recurrence of same irregularity is a matter of serious concern.

13.2.2 Irregular expenditure on incomplete project - Rs. 499.879 million

According to original PC-I of the project "Skill Development Program through BTEVTA" the project was to be completed within three years from the starting date in April 2015. PMU cost was Rs. 1,200 million. (Operating cost Rs. 259 million and Rs. 941 million for civil and constructional works), revised to Rs. 791.956 million." Further, as per Clause 2 of the general conditions of contract, "if the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day or maximum 10% of the contract cost." Furthermore, according to Para 2.86 of B&R Code, "the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended."

The PD, Skill Development Program, during the financial years 2019-23, incurred an expenditure of Rs. 499.879 million, on establishment of TTC buildings and procurement of equipment in Pishin, Kholu, and Panjgoor, as detailed below:

S. No.	Approved date	Completion date	Actual start date	1st Extension
1.	01.07.2014	01.07.2017	01.07.2019	30.06.2021

The following irregularities were observed:

- The cost of the project was reduced from Rs. 1,200 million to Rs. 791.956 million without proper justification.
- The project was started in 2019-20 with delay of five years. As of June 2023, only 63% of the funds had been utilized. The management failed to implement liquidated damages for the delay.
- Construction of TTC at Panjgur was awarded to a GC at a cost of Rs. 66.978 million and Rs. 4.085 million was paid. However, the contractor abandoned the said work before completion and the management did not take any action against the defaulting contractor.
- Civil works of the project amounting to Rs. 215.286 million were awarded without prior technical sanction and detailed estimates.

Irregular expenditure occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during May to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends provision of TS, recovery of liquidated damages, and early completion of the project.

13.2.3 Irregular payments in the name of DDOs - Rs. 8.155 million

According to Para No.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 Labour and Manpower Department, GoB, during the financial years 2019-22, incurred expenditure amounting to Rs. 8.155 million by irregularly drawing cheques in the name of DDOs instead of respective vendors/ suppliers.

(Rs. in Million)

S. No.	AIR Para No.	Name of the office	Financial Year	Amount
1.	2	Secretary, GoB, Labour and Manpower.	2021-22	1.024
2.	1	Principal, TTC Quetta	2021-22	5.000
3.	2	Principal, TTC, Hub	2019-21	2.131
Total				**8.155**

Drawal of cheques in the name of DDOs was due to weak financial controls, which resulted in irregular expenditure.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that acknowledgment receipts of payees along with the tax deduction details be provided to Audit.

Chapter 14

14.1 Livestock and Dairy Development Department

14.1.1 Introduction

Livestock is considered one of the most important sectors in Balochistan. Most of the rural population is engaged in raising 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. 5,403.281 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 5,206.846 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final grant	Actual Expenditure	Excess/ (Saving)	%
Non-Development Grant No.BC21028	4,529.391	4,381.680	(-)147.711	3.26
Development Grant No. BC12228 Function No.042106	873.890	825.166	(-)48.724	5.58
Grand Total Non-Development & Development	**5,403.281**	**5,206.846**	**(-)196.435**	**3.64**

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 2022-23	Revenue/ Receipts audited: financial year 2022-23

1.	Formations	107	10	2,265.002	11.409
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 observations amounting to Rs. 851.799 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 16.941 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	825.322
2.	Government Tax and duties	16.941
3.	Loss	9.536

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
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	5	1	4	20
8.	2018-2019	6	3	0	50
9.	2019-2020	4	-	4	0
10.	2020-2021	2	-	2	0
11.	2021-2022	7	-	7	0
12.	2022-2023	12	-	12	0
Total		**76**	**4**	**69**	**5.2**

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

14.2 AUDIT PARAS

14.2.1 Purchases without inspection - Rs. 377.963 million

As per Para 4(a) of DRAP Act, 2012, "Director Pharmaceutical Evaluations and Registration shall be in charge of the Division of Pharmaceutical Evaluations and Registration which shall be responsible for the evaluation, assessment and registration of pharmaceuticals drugs for human beings, animals and to perform other functions connected therewith and assigned by the Board." Further, according to Rule 55 of BPPR, "Procuring Agency is required to carry out any inspection of goods, works or services related thereto, as provided in the contract agreement."

The following offices of the Livestock and Dairy Development Department, GoB, during the financial years 2014-23, incurred an expenditure amounting to Rs. 377.963 million on procurement of medicine, feed and livestock without evaluation and inspection by the procurement/inspection committee:

(Rs. in Million)

S. No.	Name of office	Particulars	Financial Year	AIR Para No.	Amount
1.	Director, P&D, Livestock and Dairy Development	Injections and medicine	2022-23	08	29.912
2.	DG, Farm and Feed resources, Quetta		2022-23	05	19.998
3.	DG, Livestock		2022-23	01	273.406
4.	Superintendent, Government Poultry Farm, Loralai	Feeds and livestock	2014-22	03	6.400
5.	Superintendent Government Dairy Farm, Kalat	Feeds and livestock	2018-22	05	15
6.	Additional Principal, Bhagnari Cattle & sheep farm Usta Mohammad district Jaffarabad	Feeds	2022-23	01	8.653
Total					**377.963**

Payment without inspection was due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the DAC directed the department to provide DTL reports of medicines procured along with inspection reports of feed and livestock to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

14.2.2 Non-maintenance of stock account - Rs. 195.223 million

According to Rule 148-149 of GFR, Vol.-I, "All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect."

Various offices of the Livestock and Dairy Development Department, GoB, during the financial years 2019-23, incurred an expenditure of Rs. 195.223 million for purchase of medicines, feed, livestock, and other items. Neither any record of delivery was maintained not the procured items were entered in the stock register, as detailed in Annexure 14.1.

Non-maintenance of stock record occurred due to weak internal controls, which may result in misappropriation.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the DAC directed the department to provide stock registers along with goods receiving and dispatched notes, need assessment reports, indent/requisitions, cut-off dates, physical inspection/stocktaking reports and details of opening and closing balances to Audit for scrutiny.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

14.2.3 Failure to combat the Congo virus - Rs. 149.262 million

As per PC-I of the Project namely, “Fight against Congo Virus” approved on October 06, 2016, the main objectives of the project are:

- To minimize the risk of Crimean Congo hemorrhagic fever virus (CCHF) spread.
- Eradication of vectors i.e., tick and mites.

S. No.	Start date	Completion date	Total Budget	Expenditure	%age
1	2016-17	2023-24	215.430	149.262	69%

The DG, Animal Health and Production Extension, GoB, incurred an expenditure amounting to Rs. 149.262, upto 2022-23, on project namely, “Fight against Congo Virus”. However, it was observed that the management had failed to eradicate or minimize the risk of spread of Congo virus in the province hence, neglecting the requirements of PC-I. Moreover, the Crimean Congo virus fever remained endemic in Balochistan province and confirmed cases had regularly been reported in the province, as detailed below:

Year	Suspected Cases	Confirmed Cases	Deaths	Source[1]
2021	31	31	4	World Health Organization
2022	99	78	21	
2023	108	46	13	
Total	**238**	**155**	**38**	

Non-achievement of targets was due to poor implementation of project guidelines, which resulted in the spread of disease and loss of precious lives.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the department replied that several precautionary and preventive measures had been taken by the department to control and prevent Congo virus in the province. Audit did not agree, as during the calendar years 2021-2023, 155 people contracted the virus and 38 people lost their lives. The DAC directed the department to make serious efforts to prevent the

[1] Report of WHO dated August 22nd, 2023.

spread of deadly disease as stipulated in the PC-I. Further, the department should take steps to prevent spread of disease from animals to humans as mandated in Rules of Business, 2012.

No further progress was intimated till the finalization of the report.

Audit recommends implementation of DAC directives.

14.2.4 Non/less realization of targeted revenue - Rs. 54.363 million

As per Budget Books for the years 2019-23, "The revised budget estimate under Receipts for Livestock and Dairy Development Department was fixed for the financial years 2019-23."

Various offices of Livestock and Dairy Development Department, GoB, during the financial years 2019-23, failed to achieve the targeted revenue amounting to Rs. 54.363 million, as detailed in Annexure 14.2.

Non/less realization of revenue was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the DAC directed the department to exert maximum efforts to achieve the revenue targets as set for the year.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 14.2.3 and 17.2.3 having financial impact of Rs. 4.830 and Rs. 4.343 million respectively. Recurrence of same irregularity is a matter of serious concern.

14.2.5 Procurement without inviting open tenders - Rs. 41.665 million

According to Rule 15(2) of BPPRA, "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."

The following offices of Livestock and Dairy Development Department, GoB, during the financial years 2019-23, incurred an expenditure amounting to Rs. 41.665 million, by split-up to avoid open tenders:

(Rs. in Million)

S. No.	**Name of offices**	**Particulars**	**Financial Year**	**AIR Para No**	**Amount**
1.	Additional Principal, Veterinary Officer Beef Production Research Centre Sibi	Purchase of feeding and wheat straw	21-22	04	29.769
2.	Superintendent, Dairy Farm, Khuzdar	Purchase of feeding and wheat straw	19-22	05	2.628
3.	Additional Principal Veterinary officer, Government Poultry Farm, Zhob	Purchase of chicks	20-22	03	0.496
4.	DD, Livestock & Dairy Development Department Sibi	Purchase of shields for Sibi Mela	22-23	05	1.498
5.	Superintendent, Cattle Farm Usta Muhammed	purchase of fertilizers and seeds	21-22	05	2.074
6.	Additional Principal, Veterinary Officer, Government Poultry Farm, Quetta	Procurement of "Layer Birds"	21-22	02	2.200
7.	Additional Principal, Veterinary Officer, Government Poultry Farm, Quetta	Procurement of "poultry feed"	21-22	03	3
Total					**41.665**

Procurement by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the DAC directed the department to regularize the expenditure by the competent authority, discourage procurement by avoiding open tenders, and split-up.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 17.2.11 having financial impact of Rs. 43.662 million. Recurrence of same irregularity is a matter of serious concern.

14.2.6 Non/less deduction of government taxes - Rs. 16.941 million

According to BSTS Act, 2015[2] and Income Tax Ordinance, 2001[3], sales tax on services are @ 6% and 15% on contract and other services respectively; and income tax rates are @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The following offices of Livestock and Dairy Development Department, GoB, during the financial years 2021-23, incurred expenditure in different heads without/less deduction of government taxes amounting to Rs. 16.941 million:

(Rs. in Million)

S. No.	Name of offices	AIR Para No	Financial Year	BSTS	IT	GST
1.	Additional Principal, Veterinary Officer Beef	2	20-21	4.406	-	-

[2] Section 3 of BSTS Act, 2015

[3]Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

S. No.	Name of offices	AIR Para No	Financial Year	BSTS	IT	GST
	Production Research Centre Sibi					
2.	DG, Farms and Feeds resources, Quetta	2,3	21-22	-	1.422	2.658
3.	DG, Research and Supplies, Livestock, Quetta	3	21-22	-	1.470	-
4.	Director, Animal Health and Extension, Livestock and Dairy Development Department, Quetta	3	18-22	0.150	-	3.042
5.	DG, Animal Health and extension services, Quetta	4	21-22	-	0.700	
6.	Director, Planning and Development of Livestock Department, Quetta	2	21-22	-	-	2.379
7.	Superintendent, Government Poultry Farm, Loralai	2	19-20	0.181	-	
8.	Additional Principal, Veterinary Officer, Government Poultry Farm, Quetta	9	21-22	-	0.023	0.510
Total				**4.737**	**3.615**	**8.589**
Grand Total						**16.941**

Non/less deduction was due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the DAC directed the department to make recovery of government taxes.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide para number 17.2.7 having financial impact of Rs. 3.423 million. Recurrence of same irregularity is a matter of serious concern.

14.2.7 High mortality rate of animals - Rs. 7.352 million

According to Rule 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 government through fraud or negligence on his part."

In the following offices of the Livestock and Dairy Development Department, GoB, during the financial years 2018-23, a loss of Rs. 7.352 million was observed on account of high mortality rate of animals. Postmortem and initial lab reports were not found available on record which could justify the existence of any disease in the expired animals, despite availability of established sophisticated labs for livestock:

(Rs. in Million)

S. No.	Name of office	Type of animals	Financial Year	AIR Para No.	% age of mortality	Amount
1.	Additional Principal, Veterinary Officer, Government Poultry Farm, Quetta	Chicken birds	2021-22	11	53%	2.364
			2022-23	11	39%	1.238
2.	Superintendent Government Dairy Farm, Kalat	Cow and Calf	2018-22	04	11%	3.750
Total						**7.352**

High mortality rate of animals was due to weak supervision, which resulted in loss to the government.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the DAC directed that inquiry be initiated to investigate the reasons behind the high percentage of mortality and fix responsibility against the persons at fault.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

14.2.8 Irregular expenditure on procurement - Rs. 6.846 million

According to Rule 12 of GFR Vol.-I, "A Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided." Further, The DG, Animal Health Livestock and Dairy Development Department, letter, dated March 29, 20234, released funds for "Construction of building for veterinary dispensary at Kund, UC Kanar and Sham Haji Lema Goth Kanraj, Lasbela."

The DD, Livestock and Dairy Development Department, Lasbela, during the financial year 2021-22, incurred an irregular expenditure on procurement of furniture, medicines and other items against the funds provided for the construction of a civil veterinary dispensary in different areas of Lasbela district, as detailed below:

(Rs. in Million)

S. No.	Name of firm	Date	Cheque No.	Amount
1.	Unique Petroleum Services	30.06.22	1632093	0.034
2.	Javed & Sons Contractors	30.06.22	1632094	0.015
3.		30.06.22	1632094	0.009
4.		30.06.22	1632094	0.010
5.	Alig Furnishers	29.06.22	1632073	0.996
6.		29.06.22	1632073	0.996
7.	A. K. Lassi Construction Co., GC	30.06.22	1632105	0.998
8.		30.06.22	1632105	0.998
9.		30.06.22	1632089	1.395

[4] No. 1767-31

10.		30.06.22	1632089	1.395
Total				**6.846**

Procurement from the funds provided for construction was due to weak internal controls, which resulted in misclassification.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the department replied that the procurement was made as per the needs of the local office after approval of the competent authority. Audit did not agree as the funds were released for the construction of a civil veterinary dispensary. The DAC directed that action taken by the department be justified in light of Rule 12 of GFR. Moreover, the administrative department through an inquiry committee should inquire the matter under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

14.2.9 Less deposit of revenue - Rs. 2.184 million

As per Rule 8 of GFR VoI.I, “It is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury.”

The Additional Principal, Veterinary Officer, Government Poultry Farm, Quetta, during the financial year 2022-23, realized an amount of Rs. 3.234 million on sale proceeds of eggs and chickens. An amount of Rs. 1.050 million was deposited into government account while an amount of Rs. 2.184 was not deposited

Less deposit of revenue was due to weak internal controls, which resulted in a revenue loss to the government.

The matter was reported to the department during March to October 2023, but no reply was received.

In the DAC meeting held on January 09, 2024, the department replied that the said amount was utilized for the procurement of feed for poultry. The DAC directed that an inquiry be initiated to investigate the matter besides, the amount in question be deposited into government treasury.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

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. 2,750.198 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 2,007.384 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development Grant No. BC21036	2,602.811	1,860.036	(-)742.775	28.54
Development Grant No. BC12236 Function No.044201	147.387	147.348	(-).039	0.03
Grand Total Non-Development & Development	**2,750.198**	**2,007.384**	**(-)742.814**	**27.01**

There is a significant saving of Rs. 742.814 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

15.1.3 Audit profile of Mines & Minerals Department, Balochistan

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	37	3	1,267.382	-
2.	Assignment Accounts	1	-	-	-
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 observations amounting to Rs. 4,698.91 million were raised in this report during the Audit. This amount also includes recoveries of Rs. 245.958 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	244.878
2.	Irregular expenditure	4,452.952
3.	Government tax and duties	1.08

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
2.	2017-2018	5	-	5	0
3.	2018-2019	8	-	8	0
4.	2019-2020	9	-	9	0
5.	2021-2022	3	-	3	0
6.	2022-2023	8	-	8	0
Total		**38**		**38**	**0**

15.2 AUDIT PARAS

15.2.1 Less realization of revenue - Rs. 2.705 billion

As per Rule 26 of GFR, Vol.-I, "Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account."

The DG, Mines and Minerals Development Department, GoB, during the financial year 2022-23, realized a sum of Rs. 8.026 billion against a target of Rs. 10.731 billion, resulting in less realization of revenue receipt amounting to Rs. 2.705 billion.

Less realization of targeted revenue occurred due to weak internal controls, which resulted in loss to the Government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on December 29, 2023, the department replied that they had collected an amount of Rs. 8.026 billion which was more than the actual target of Rs. 7.445 billion. Audit did not agree as target of Rs. 7.445 billion was exclusive of revenue receipts from Reko diq and Saindak projects. The DAC directed the department to provide original challans of revenue receipts including receipt challans of Reko diq and Saindak projects to Audit for verification. Further, serious efforts be made to achieve the yearly set revenue targets.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

15.2.2 Non-imposition of penalty - Rs. 1,747.952 million

As per the Balochistan Mineral Rules, 2002[1], amended vide Mines and Minerals Department, GoB, “every holder of mining lease shall; a) Plant indigenous trees at least 10 per acre (as per type notified by Forest department for each region) at his/her own expense on the area granted to the holder under Mining lease of SSM or LSM. b) If at the time of an inspection by authorized officer, it is found that the holder of Mining lease has failed to plant trees upon the granted area, a penalty at the rate of Rs. 3000/- per missing tree shall be imposed by the Licensing authority.”

The DG, Mines and Minerals Development Department, GoB, during the financial year 2022-23, failed to impose penalty amounting to Rs. 1,747.952 million on mines lease holders for not planting trees in the specified areas.

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[1] No. SOT(MMD)/4-1/2020/104-108, dated 4th February 2021

Non-imposition of penalty was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on December 29, 2023, the DAC directed the department to notify all mine owners through advertisements in local newspapers, directing them to arrange for tree plantation and promptly deposit the penalty amount into the government treasury within two weeks.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 18.2.1 having financial impact of Rs. 1747.952 million. Recurrence of same irregularity is a matter of serious concern.

15.2.3 Non-recovery of rent, royalty and auction - Rs. 244.878 million

As per Balochistan Minerals Concession Rules, 2002[2], "Royalty in respect of any mineral or group of minerals won, mined or found as provided in Rule 101 and disposed of shall be payable on the first day of January and the first day of July each year and as per Rule 108 "The holder of a mineral title or mineral concession shall pay an annual rental in respect of the area to which the mineral title or mineral concession relates in accordance with the 2nd Schedule."

The DG, Mines and Minerals Development Department, GoB, during the financial year 2022-23, failed to realize royalty, amount of auction and annual rent from the mine owners. An amount of Rs. 244.878 million was still outstanding against the mine's owners/contractors, as detailed below:

(Rs. in Million)

S. No.	AIR Para No.	Financial Year	Less / Non-realization on particular	Amount
1.	3	2022-23	Royalty	11.334

[2] No. SOT(MMD)/4-1/2010/201-300 dated February 20, 2010

2.	5		Annual rent	1.947
3.	4		Amount of auction from contractors	231.597
Total				244.878

Non-recovery of outstanding dues was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on December 29, 2023, the department replied that an amount of Rs. 77.075 million had been recovered and the remaining amount of Rs. 167.803 million would be recovered soon. The DAC directed the department to provide original challans of revenue collection to audit for verification and make efforts for recovery of the remaining amount at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

15.2.4 Less deduction of BSTS - Rs. 1.080 million

As per BSTS Act 2015[3], the rate of tax on "Services provided or rendered by professionals and consultants etc. engaged in Software or IT based system development consultants" to be deducted @ 15%."

The DG, Mines and Minerals Development Department, GoB, during the financial year 2022-23, incurred an expenditure amounting to Rs. 12 million for automation of royalty regime of mines and minerals but deducted BSTS less than 15% amounting to Rs. 1.080 million, as detailed below:

(Rs. in Million)

[3] Tariff 9816.600, Second Schedule (Part B)

Name	Cheque No.	Gross Amount	BSTS deducted	BSTS to be deducted	Difference
Stepnex Services Pvt, Ltd.	2140278, 6.4.2023	12	0.720	1.800	1.080

Less deduction of BSTS was due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on December 29, 2023, the DAC directed the department to make recovery from the concerned at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

15.2.5 Non-conduct of Examination of mines

According to Chapter II, of Mines Act, 1923, "The Chief Inspector and any Inspector may. (a) make such examination and inquiry as he thinks fit in order to ascertain whether the provisions of this Act and of the regulation, rules and bye-laws and of any orders made thereunder are observed in the case of any mine; (b) with such assistance (if any) as he thinks fit, enter, inspect and examine any mine or any part thereof (c) examine into, and make inquiry respecting, the state and condition of any mine or any part thereof, the ventilation of the mine, the sufficiency of the bye-laws for the time being in force relating to the mine, and all matters and things connected with or relating to the safety health and welfare of the persons employed in the mine."

The Chief Inspector of Mines, Quetta lacked oversight in mining activities for the past decade. There were no regular examinations, security measures, inquiries, trainings, safety targets set for mine employees including ventilation standards and adherence to by-laws. In Balochistan more than 40,000 [4]registered workers are working in the coal mines which is one of the most hazardous occupations of the province. One of the biggest reasons for the hazardous conditions and the rising deaths of miners in Balochistan was the outdated Mining Act, 1923 and the obsolete mining system which still persisted despite the lapse of 100 years. Further, the number of causalities/accidents in this sector were reported

[4] Voicepk. Net, Human Rights Journalist (Report was published by Human Rights Commission Pakistan in 2022)

occasionally and the HRCP reported in 2022, that 430, miners had died in the coal mines of Balochistan in the past 5 years, but the department had failed to take corrective measures in this regard, as detailed below:

S. No.	Year	Causalities Reported/ Accidents	Deaths	Injured	Source
1.	2023	51	69	29	The Balochistan Post[5]
2.	2022	24	71	25	Human Rights Commission of Pakistan, Quetta Office[6]
3.	2021	65	87	43	Human Rights Commission of Pakistan, Quetta Office[7]
4.	2020	72	99	N/A	Government of Balochistan[8]

Non-conduct of examination of mines was due to weak internal controls, which resulted in deaths and casualties of mine workers.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on December 29, 2023, the DAC directed the department to provide detail of safety and security measures taken by the department as per Mines Act, 1923. It was further directed that the Mines Act, 1923 be amended in line with modern safety and security measures.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

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[5] The Balochistan post.net

[6] Voicepk. Net, Human Rights Journalist (Report was published by Human Rights Commission Pakistan in 2022)

[7] HRCP Report (Published on the Friday Times)

[8] Al Jazeera news

Chapter 16

16 Police

2.3.4.1 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.

19.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 24,370.424 million were allocated to Police during 2022-23. Against the said allocation, an expenditure of Rs. 23,560.379 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21008	24,370.424	23,560.379	(-)810.045	3.32
Total Non-Development	**24,370.424**	**23,560.379**	**(-)810.045**	**3.32**

16.1.3 Audit profile of Police, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	63	5	11,546.691	-
2.	Assignment Accounts	-	-	-	-
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 observations amounting to Rs. 950.362 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 538.212 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.	Government taxes and duties	172.831
2.	Recoverable	357.04
3.	Irregular expenditure	420.491

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	0	1	0
3.	2007-2008	3	2	1	75
4.	2008-2009	6	3	5	50
5.	2011-2012	5	-	5	0
6.	2013-2014	14	-	14	0
7.	2014-2015	4	-	4	0
8.	2015-2016	6	-	6	0
9.	2016-2017	2	1	1	50
10.	2017-2018	5	2	3	25
11.	2018-2019	6	4	2	75
12.	2019-2020	2	-	2	0
13.	2020-2021	2	-	2	0
14.	2021-2022	3	-	2	0
15	2022-2023	8	-	8	0
Total		**69**	**14**	**56**	**22.95**

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

16.2 AUDIT PARAS

16.2.1 Non-realization of security charges - Rs. 357.04 million

As per Rule 2-11 of Police Rules, "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 purposes. The borrowing departments/Agencies were required to remit amount of their pays and allowances to the Provincial Government. However, the department failed to realize the recovery and an amount of Rs. 357.04 million was outstanding against these entities since several years:

(Rs. in Million)

S. No.	AIR Para No.	Name of office	Amount
1.	1	RPO, Sibi	34.690
2.	4	Commandant BC, Quetta	31.721
3.	3	SP, Turbat 2021-22	63.306
4.	3	DIG Police, Quetta 2021-22	101.197
5.	5	SSP, Uthal 2021-22	29.196
6.	2	SSP Khuzdar, 2021-22	96.93
Total			**357.04**

Non-realization of security charges was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the management from December 2022 to December 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the department replied that notices had been issued to the concerned offices but no reply had been received yet. The DAC directed the department to make full recovery from the concerned at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2021-22 and 2022-23 vide para numbers 16.2.1 and 19.2.1 having financial impact of Rs. 441.750 million and Rs. 495.477 million respectively. Recurrence of same irregularity is a matter of serious concern.

16.2.2 Procurement without inviting open tenders - Rs. 241.909 million

According to Rule 15(2) of BPPR, "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."

Various offices of Police Department, GoB, during the financial years 2020-23, incurred an expenditure amounting to Rs. 241.909 million, without inviting open tenders.

Procurement without inviting open tenders occurred due to weak financial controls, which resulted in mis-procurement.

The matter was reported to the management during May to December 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the department replied that the procurements were made through calling quotations from the market. The DAC directed the management to regularize the expenditure from the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Year 2020-21 and 2022-23 vide para numbers 13.2.1 and 19.2.3 having financial impact of Rs. 23.680 million and Rs. 458.800 million respectively. Recurrence of same irregularity is a matter of serious concern.

16.2.3 Non/less deduction of government taxes - Rs. 172.831 million

According to BSTS Act, 2015[1], Income Tax Ordinance, 2001[2] and General Sales Tax Act, 1990[3], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, and GST @ 17%.

Various offices of Police Department, during the financial years 2021-23, made payments to various GCs/suppliers for various works and supplies without/less deduction of government taxes. This resulted in non/less realization of governmental taxes amounting to Rs. 172.831 million, as detailed in Annexure 16.1.

Non/less deduction of government taxes occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department from December 2022 to December 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the department agreed with the stance of Audit and assured effecting recovery from the concerned. The DAC directed the department to make full recovery of the government taxes from the concerned at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

[1] Section 3 of BSTS Act, 2015

[2] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[3] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21 and 2022-23 vide para numbers 13.2.2 and 19.2.2 having financial impact of Rs. 5.592 million and Rs. 5.445 million respectively. Recurrence of same irregularity is a matter of serious concern.

16.2.4 Non-settlement of abstract expenditure - Rs. 121.059 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."

The following offices of Police department, GoB, during the financial year 2021-22, withdrew an amount of Rs. 121.059 million through abstract contingent bills, but vouched accounts along with the details of expenditures were neither submitted to the AG, Balochistan nor provided to Audit, due to which the expenditure remained unaudited:

(Rs. in Million)

S. No.	Name of Office	Para No.	Amount
1.	SSP, Gawadar 2021-22	2	8.572
2.	SSP, Elite Force, Quetta 2021-22	1	0.3
3.	SSP, Uthal 2021-22	1	0.179
4.	IG, Police 2021-22	15	9.086
		16	41.628
5.	IG, Police 2022-23	5	58.794
6.	SSP, Khuzdar 2021-22	1	2.500
Total			**121.059**

Non-settlement of abstract expenditure was due to weak internal and financial controls, due to which the expenditure remained unverified.

The matter was reported to the department during January to December 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the DAC directed the department to provide the vouched accounts to Audit for scrutiny without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para number 16.2.2 having financial impact of Rs. 57.776 million. Recurrence of same irregularity is a matter of serious concern.

16.2.5 Non-recovery of outstanding dues - Rs. 22.133 million

According to Rule 3 of 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.”

SSP, Traffic, GoB, during the financial year 2021-22, failed to recover an amount of Rs. 22.133 million on account of outstanding fine and challans from the owners of vehicles.

Non-recovery of government dues was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the DAC directed the relevant office for early recovery of outstanding dues.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

16.2.6 Non-maintenance of record - Rs. 14.880 million

According to Rule 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 DIG Police, Special Branch, Quetta, during the financial year 2021-22, incurred an expenditure amounting to Rs. 14.880 million, on medical charges in favor of wife of Syed Ali Raza, Constable without maintenance of record and subsequent submission of adjustment bills, as detailed below:

(Rs. in Million)

S. No.	**Cheque No.**	**Date**	**Amount**
1.	1490436	12.07.2021	5.500
2.	1489103	04.10.2021	1.803
3.	2037348	10.01.2022	7.577
Total			**14.880**

Non-maintenance of record and non-adjustment of detailed vouchers were due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the department replied that the matter is under inquiry in CMIT. The DAC directed the department for provision of relevant documents and share outcome of the inquiry with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

16.2.7 Irregular payment through DDO - Rs. 13.831 million

Para No.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 Police Department, GoB, during the financial years 2019-23 withdrew an amount of Rs. 13.831 million on various heads of accounts through contingent bills. Cheques were prepared in the name of the DDO instead of respective vendors/firms:

(Rs. in Million)

S. No.	AIR Para No.	Period	Name of formation	Amount
1.	5	2019-20	RPO, Sibi	1.121
2.	20	2021-22	IG, Police	2.919
3.	5	2021-22	DIGP, Special Branch, Quetta	0.605
4.	12	2022-23	Commandant BC, Zonal Offices	0.164
5.	2	2022-23	IG, Police	8.570
6.	1	2021-22	SSP, Gwadar	0.452
Total				**13.831**

Payment through DDOs was due to weak financial management, which resulted in irregular payment.

The matter was reported to the department during January to December 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the department replied that due to non-availability of registered firms in the districts, the payments were made in cash. The DAC directed the department to provide acknowledgment receipts, detail of tax deductions and avoid DDO payments in future.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

16.2.8 Payment of inadmissible allowances - Rs. 6.679 million

As per FD, GoB, Notification's dated October, 23 1977[4], December 28, 2018[5] and March 30, 1974[6], the Conveyance, Executive Allowance and HRA respectively have been prescribed by the Government.

The following offices of Police department, GoB, during the financial years 2021-23, paid inadmissible allowances amounting to Rs. 6.679 million to the employees, as detailed in Annexure 16.2.

(Rs. in Million)

S. No.	**Name of Office**	**Description**	**Amount**
1.	RPO, Sibi	Conveyance Allowance	0.317
2.	SP Highway Patrolling, Naseerabad	Conveyance Allowance	0.190
3.	SSP, Khuzdar	Conveyance Allowance	0.017
4.	Commandant BC, Zonal Offices	Conveyance Allowance	0.605
5.	IG, Police	Executive Allowance	4.500
6.	SSP ATF, Quetta	Conveyance Allowance	0.492
7.	Commandant, PTC, Quetta	House Rent Allowance	0.558
Total			**6.679**

Inadmissible payment of allowances was due to weak internal controls, which resulted in loss to government.

The matter was reported to the department during June to December 2023, but no reply was received.

In the DAC meeting held on January 02, 2024, the DAC directed the department to effect recoveries from the concerned at the earliest.

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[4] No. FD (R) XIX-2/1977

[5] No. FD(R-I)III-79/D.A/2019/1837-1957

[6] No.FD (R) III-36/72

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Chapter 17

17.1 Public Health Engineering (PHE) Department

17.1.1 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.

17.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and Non-development funds amounting to Rs. 16,505.666 million were allocated to the department during 2021-22. Against the said allocation, an expenditure of Rs. 15,489.287 million was incurred, as summarized below:

(Rs. in Million)

	2021-22			
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21014	5,593.883	4,645.131	(-)948.752	16.96
Development Grant No. BC12214 Function No.052102	10,911.783	10,844.156	(-)67.627	0.62
Grand Total Non-Development & Development	**16,505.666**	**15,489.287**	**(-)1,016.379**	**6.16**

There is a significant saving of Rs. 1,016.379 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

17.1.3 Audit profile of PHE Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2021-22	Revenue/ receipts audited: financial year 2021-22
1.	Formations	82	18	4,871.369	
2.	Assignment Accounts	7	-	-	-
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. 2,451.537million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 1,271.667 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	1,271.667
2.	Irregular expenditure	1,179.870

17.1.5 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

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
7.	2016-2017	9	6	3	50
8.	2017-2018	8	7	1	88
9.	2018-2019	7	-	7	0
10.	2019-2020	4	-	4	0
11.	2020-2021	7	-	7	0
12.	2021-2022	8	-	8	0
13.	2022-2023	8	-	8	0
Total		**98**	**13**	**85**	**13.26**

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

17.2 AUDIT PARAS

17.2.1 Non-imposition of penalty - Rs. 874.230 million

As per Clause 2 of the general conditions of contract, "if the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day or maximum 10% of the contract cost".

The PD, Construction of Mangi Dam Project in Balochistan, Quetta had awarded three distinct packages to GCs. These works were not completed as per stipulated time and the management failed to enforce the agreed-upon liquidated damages, resulting in a significant financial loss of Rs. 874.23 million, as detailed in Annexure 17.1.

Non-imposition of penalties occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 23, 2024, the department replied that the work completion time was extended due to change in design but failed to produce documentary evidence. DAC directed to get the record verified from Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

17.2.2 Non/less realization of taxes/duties - Rs. 749.180 million

According to BSTS Act, 2015[1], Income Tax Ordinance, 2001[2], General Sales Tax Act, 1990[3] and Stamp Act, 1899[4], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

Various Divisions/offices of PHED, GoB, during the financial years 2021-23, made payments to the contractors/consultants for execution of civil works without/less deduction of government taxes/duties amounting to Rs. 749.180 million, as detailed in Annexure 17.2.

Non/less realization of government taxes/duties occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the office at S.No.1 replied that 1/5th of GST was deducted adding that District Kohlu was exempted from income tax. The offices at S.No.2 to 4 replied that the items purchased were exempted from GST. The offices at S.No.5 to 16 accepted the recovery. The offices at S.No.17 to 27 failed to attend the meeting. The DAC directed the respective offices to effect recovery and provide relevant record to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 14.2.5, 18.2.4 and 21.2.5 having financial impact of Rs. 10.284 million, Rs.

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[1] Section 3 of BSTS Act, 2015

[2] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[3] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[4] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

43.676 million and Rs. 107.793 million respectively. Recurrence of same irregularity is a matter of serious concern.

17.2.3 Overpayment due to excess/inadmissible quantities - Rs. 353.783 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 following Divisions of PHED, GoB, during the financial years 2021-23, made payments to the contractors for different items of work by allowing excess/inadmissible quantities, resulting in overpayment of Rs. 353.783 million.

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Year	Amount	Remarks
1.	PHE, Kalat	8	2021-22	0.794	Inadmissible breadth of trench
2.	PHE, Ziarat	3	2021-22	1.873	Excess trench excavation
3.	PHE, Mastung	3	2022-23	2.174	Inadmissible breadth of trench
4.	PD Mangi Dam	4	2022-23	330.76	Excess than revised BOQ
5.	PHE, Dera Bugti	2	2021-22	3.502	Excess purchase of Steel
6.	PHE, Dera Bugti	3	2021-22	1.17	Inadmissible breadth of trench
7.	PHE, Dera Bugti	9	2021-22	2.673	Excess purchase of Blind pipe
8.	PHE, Zhob	6	2021-22	10.837	Procurement of excess quantity
Total				**353.783**	

Payment by allowing excess/inadmissible quantities occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the offices at S.No.1 to 4 replied that the excavation and purchases were carried out/made as per site requirement. The offices at S.No.5 to 8 failed to attend the meeting. DAC directed the respective offices to get the record verified else recovery be effected.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2021-22 vide para number 18.2.6 having financial impact of Rs. 2.774 million. Recurrence of same irregularity is a matter of serious concern.

17.2.4 Overpayment due to excess quantities - Rs. 116.695 million

According to technical unit calculations/specification and best practices used worldwide, "Single HP (Horsepower) is equal to 745.7 watts of energy [1 HP (E) =745.700 W]."

Various offices of PHED, GoB, during the financial years 2021-23, carried out the work of solarization of WSSs and overpaid an amount of Rs. 116.695 million to the GCs due to allowing excess quantities of power settings for solar systems, as detailed in Annexure - 17.3.

Allowing excess watts of solar was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the offices at S.No.1 to 15 replied that efficiency of solar panels fluctuates, and efficiency depreciates over life span, therefore, watts were kept slightly on the higher side. The offices at S.No.16 to 22 failed to attend the meeting. The DAC directed the respective office to provide response of P&D Department and of the manufacturers in support of their claim.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 21.2.2 having financial impact of Rs. 64.131 million. Recurrence of same irregularity is a matter of serious concern.

17.2.5 Overpayment due to wrong calculation/higher rates - Rs. 40.704 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."

Various offices of PHED, GoB, during the financial years 2021-23, overpaid an amount of Rs. 40.704 million to the GCs due to allowing incorrect higher rates and miscalculations, as detailed at Annexure - 17.4.

Allowing incorrect higher rates/miscalculations occurred due to weak financial management, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the office at S.No.1 replied that item paid was necessary and was paid accordingly. The offices at S.No.2 and 3 produced copy of Schedule Rate but due to difference of opinion the case was referred to P&D Department for clarification. The offices at S.No.4 to 11 replied that the payments had been made as per provisions of approved PC-I. The offices at S.No.12 to 17 failed to attend the meeting. The DAC directed the office at S.No.1 to commence the recovery process, whereas the remaining offices were directed to have their records verified by Audit or initiate the recovery process.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 21.2.3 having financial impact of Rs. 20.478 million. Recurrence of same irregularity is a matter of serious concern.

17.2.6 Overpayment of premium - Rs. 4.612 million

As Per CPWA code 16 and 20, "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." Further, as per P&D Department, GoB Notification dated 17-06-2022[5], "The Chief Minister Balochistan accorded approval to extend BCSR, 2018 with following increase as mentioned against each item for all the 34 districts of Balochistan:

S. No.	Description	Percentage Increase
1.	Steel work/Structural Steel	99%
2.	Concrete/Cement Works	65%
3.	Bitumen/All Asphalt Works	60%

The following divisions of PHED, GoB, during the financial years 2021-23 made overpayments of Rs. 4.612 million by allowing inadmissible/non-deduction of premium.

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Year	Remarks	Amount
1.	PHE, Pishin	2	2022-23	Inadmissible premium	4.047
2.	PHE, Jaffarabad	2	2022-23		0.086
3.	PHE, Jaffarabad	1	2021-22		0.154
4.	PHE, Jaffarabad	2	2021-22	Non-deduction of below premium	0.325
Total					**4.612**

Non-deduction and allowing inadmissible premium occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

[5] No. P&DD/CSR-Cell/2022/3009

In the DAC meetings held on January 24, 2024, the office at S.No.1 replied that rates were approved by the PWP. The DAC directed the respective office to produce minutes of PWP to Audit. The offices at S.No.2 to 4 failed to attend the meeting.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

17.2.7 Irregular expenditure on water supply schemes - Rs. 178.301 million

According to Rule 15(2) of BPPR, "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." Further, as per Para 4.35 of B&R Code, "When the unserviceable stores are destroyed the fact should be certified in the survey report as well as in the relevant registers by the sanctioning authority in whose presence the material will be actually destroyed."

Various divisions of PHED, GoB, during the financial years 2021-23, incurred an expenditure of Rs. 178.301 million on payment of electricity charges, purchase of POL and repair of machinery of different WSSs, as detailed in Annexure - 17.5.

The following irregularities were observed:

- Expenditure on repair and maintenance of WSSs was split-up to avoid open tenders and sanction of the competent authority.
- Payment of POL was made for WSSs having electricity connections.
- Logbooks for procurement and consumption of POL had not been maintained.
- The defect reports of machinery, MBs and dismantled parts registers was not maintained.

Expenditure on repair without observance of codal formalities occurred due to weak internal controls, which resulted in irregular payments.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the offices at S.No.1 to 4 replied that all the codal formalities had been followed, adding that due to electricity load shedding, POL expenditure increased. The offices at S.No.5 to 13 stated that expenditure was incurred without split-up. The offices at S.No.14 to 17 failed to attend the meeting. The DAC directed the respective offices to provide electricity load shedding schedule and regularize the expenditure by the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

17.2.8 Less realization of water tariff - Rs. 222.046 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, PHED Notification's dated March 10, 2010[6], rate of water charges for domestic and commercial users are Rs. 75/- and Rs.700/- respectively."

Various offices of PHED, GoB, during the financial years 2021-23, failed to devise mechanism for watching progress of due recoveries of water charges. An amount of Rs. 222.046 million remained outstanding on account of water tariff against various residential and commercial units, as detailed in Annexure 17.6.

Less realization of water charges occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the offices at S.No.1 to 19 accepted the recovery and stated that recovery was in process. The offices at S.No.20 to 25 failed to attend the meeting. The DAC directed the respective offices to expedite the recovery and get the record verified from Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

<u>Note:</u> The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 14.2.4, 18.2.5 and 21.2.4 having financial impact of Rs. 10.742 million, Rs.

[6] No SOT(3-4)/PHED/2009-2010/973-1053

19.511 million and Rs. 156.983 million respectively. Recurrence of same irregularity is a matter of serious concern.

17.2.9 Irregular expenditure on NSR - Rs. 37.470 million

According to Balochistan CSR, 2018, "The rates for items other than those given in the schedule are treated as non-schedule rates (NSRs). The analysis of NSR is required to be prepared by the Executive Engineer and approved by the competent authority." Further, according to Para 296 of CPWA Code, "The rates entered in estimates should generally agree with the scheduled rates but where, from any cause, the latter are not considered sufficient, the deviation should be explained in detailed in the report of the estimates."

The following offices of PHED, GoB, during the financial years 2020-23, procured various items amounting to Rs. 37.470 million on NSR without preparing detailed rate analysis and obtaining approval from the competent authority:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Year	Amount
1.	PHE, Gwadar	3	2022-23	1.471
2.	PHE, Loralai	4	2021-22	3.022
3.	PHE, Chaghi	1	2020-22	3.609
4.	PHE, Naseerabad	3	2022-23	2.025
5.	PHE, Sibi	1	2022-23	0.79
6.	PHE, Kharan	3	2022-23	9.441
7.	PHE, Harnai	6	2022-23	0.727
8.	PHE, Pishin	6	2022-23	16.385
Total				**37.47**

Non-scheduled rates without approved rate analysis were paid due to weak internal controls, which resulted in irregularity.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the office at S.No.1 could not justify the payment. The offices at S.No.2 to 8 stated that NSRs were paid after obtaining approval and carrying out rate analysis. DAC directed office at S.No.1 to effect recovery and other offices to provide quotations and market survey reports to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

17.2.10 Procurement without inviting open tenders - Rs. 28.935 million

According to Rule 15(2) of BPPR, "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."

The following Divisions of PHED, GoB, during the financial years 2021-23, incurred expenditure amounting to Rs. 28.935 million, without inviting open tenders.

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Year	Amount	Remarks
1.	PHE, Gwadar	7	2022-23	27.481	Expenditure incurred without calling tenders.
2.	PHE, Musakhail	10	2021-22	1.454	Repair works were carried out without budget cover and open tendering.
Total				**28.935**	

Expenditure without inviting open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during March to December 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the office at S.No.1 replied that all codal formalities were completed. The office at S.No.2 failed to attend the meeting. The DAC directed the respective office to get the record verified from Audit or initiate the recovery process.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

17.2.11 Irregular advance payments - Rs. 17.002 million

According to Rule 668 of Treasury Rules Vol., -I, "Advances granted under special orders of competent authority to government Officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary."

The following offices of PHED, GoB, during the financial year 2021-22, made advance payments of Rs. 17.002 million to avoid lapse of budget and without execution of works:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Year	Remarks	Amount
1.	PHE, Kalat	7	2021-22	Final payment made without completion of work.	1.330
2.	PHE, Turbat	6	2021-22	Payment was made to QESCO but transformers were not installed.	8.772
3	PHE, Surab	3	2021-22	Payment made without installation of electric meters.	6.900
Total					**17.002**

Advance payments occurred due to weak internal controls, which may result in mis-utilization of funds.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meetings held on September 26, 2023, and January 23-24, 2024, the office at S.No.1 replied that payment was made after completion of work. The office at S.No.2 stated that payments had been reconciled with QESCO authorities and transformers had been installed. The office at S.No.3 failed to attend the meeting. The DAC directed the respective offices to provide PC-IV and relevant record to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

17.2.12 Irregular payments on cancelled water supply schemes - Rs. 13.565 million

The Chairman Procurement Committee Loralai cancelled the civil works tenders vide letter dated May 12, 2023[7].

The Executive Engineer, PHED, Loralai, during the financial year 2022-23, incurred expenditure amounting to Rs. 13.656 million, on WSSs which were cancelled by the procurement committee.

Expenditure on cancelled WSSs occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meetings held on January 23, 2024, the department replied that the schemes were approved in next meeting of procurement committee but did not provide documentary evidence. The DAC directed the office to provide the relevant record to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

[7] No. SE/Loralai/PHE/Circle/1422-26

17.2.13 Irregular payments without entries in MBs - Rs. 8.263 million

According to Para 209 to 220 of CPWA Code, "All measurements should be neatly taken down in a measurement book. As all payments for work or supplies are based on the quantities recorded in the measurement book, it is incumbent upon the person taking the measurements to record the quantities clearly and accurately."

The following divisions of PHED, GoB, during the financial year 2021-22, made payments of Rs. 8.263 million to various GCs without recording detailed record entries in measurement books:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Year	Amount
1.	PHE, Kalat	4	2021-22	1.666
2.	PHE, Naseerabad	5	2021-22	6.597
Total				**8.263**

Expenditure without record entries occurred due to weak internal controls, which resulted in irregular payments.

The matter was reported to the department during March to June 2023, but no reply was received.

In the DAC meeting held on September 26, 2023, the DAC directed to provide MBs and PC-IV of the relevant schemes.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Chapter 18

18.1 Services and General Administration Department (S&GAD)

18.1.1 Introduction

The S&GAD holds a key position among the provincial organizations. It deals with all the postings/transfer, appointments, promotions and allied matters of Balochistan Government. It also manages VIP Flats, Bachelor Hostel, Quetta, Balochistan House, Islamabad and other government annexes and buildings in different cities under the administrative control. Besides, it is responsible for overall administration of the Provincial Government Departments and the Balochistan Civil Secretariat.

18.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 4,062.630 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 3,882.955 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21001	4,062.630	3,882.955	**(-)179.675**	4.42
Development Grant No. BC12201 Function No.015101	854.406	649.397	**(-)205.009**	23.99
Grand Total Non-Development & Development	**4,062.630**	**3,882.955**	**(-)179.675**	**4.42**

18.1.3 Audit profile of S&GAD, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2022-23	Revenue/ Receipts audited financial year 2022-23
1.	Formations	21	3	749.095	-
2.	Assignment Accounts	-	-	-	-
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. 242.135 million were raised in this report during the Audit. This amount also includes recoveries of Rs. 33.465 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	33.465
2.	Irregular expenditure	187.896

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.	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
7.	2017-2018	19	19	0	100
8.	2018-2019	4	4	0	100
9.	2019-2020	10	-	11	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
10.	2020-2021	5	-	5	0
11.	2021-2022	7	-	7	0
12.	2022-2023	5	-	5	0
Total		**88**	**23**	**61**	**26.13**

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

18.2 AUDIT PARAS

18.2.1 Overpayment on repair and taxes - Rs. 174.283 million

As per Fifth Schedule, Part VI of the Customs Act, 1969 revised in 2022, the rate of Customs Duty for "Aviation Related Goods i.e., Aircrafts and Parts" was 0% and under Incoterm 2020 DDP, Seller takes almost all responsibility throughout the shipping process. They cover all costs and risk of transporting goods to the agreed address. Seller also makes sure goods are ready for unloading, fulfils export and import responsibilities and pays any duties." Further, According to Clause 8.3 of the Contract Agreement between GoB and M/s Metallon Delta Corporation, Islamabad dated June 21, 2022, the seller will be liable to pay penalty @ 10% for delay.

Chief Pilot, CM Helicopter, awarded the repair work of Helicopter Engine belonging to GoB and paid 40% advance amounting to Rs. 90.107 million against the claim of Rs. 225.268 million to M/s Metallon Delta Corporation, Islamabad vide cheque No. 1835714 dated June 27, 2022.

The following irregularities were observed:

i. The firm claimed an amount of Rs. 154.508 million against the cost of repair instead of Rs. 49.350 million (US$235,000 x Rs.210), resulting in overcharging of Rs. 105.158 million,
ii. The firm overcharged taxes and duties amounting to Rs. 46.598 million,
iii. The firm failed to complete the assignment within stipulated time of 120 days, but the management did not impose 10% penalty amounting to Rs. 22.570 million.

Overpayment on account of repair, undue claim of taxes and non-imposition of penalty was due to weak internal and financial controls, which resulted in loss to the government.

The matter was reported to the department in May 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the matter be probed under intimation to Audit.

18.2.2 Non-recovery of government dues - Rs. 47.293 million

According to Rule 26 of GFR, Vol.-I, "Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account."

The Comptroller, Balochistan House Islamabad, during the financial year 2022-23, failed to recover an amount of Rs. 47.293 million on account of outstanding rents of rooms, transport, and G-8 Flats, as detailed below:

(Rs. in Million)

S. No.	Details of Offices	Financial Year	Amount
1.	Room Rent Charges		37.540
2.	Transport Charges	2022-23	5.980
3.	G-8 Flats Charges		3.773
Total			**47.293**

Non-recovery of outstanding dues was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends effecting recovery from the concerned at the earliest.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2021-22 and 2022-23 vide para numbers 15.2.5, 20.2.1 and 22.2.1 having financial impact of Rs. 12.285 million, Rs. 40.158 million and Rs. 33.465 million respectively. Recurrence of same irregularity is a matter of serious concern.

18.2.3 Irregular expenditure on remuneration - Rs. 13.613 million

As per Rule 12 of GFR, Vol.-I, "Funds allotted to spending units are to be expended in the public interest and upon the objects for which the money was provided." Rule 89 ibid, "The head of each department will be responsible for controlling expenditure from the grant or grants at his disposal, and will exercise his control through the Controlling officers, if any, and the disbursing officers subordinate to him."

The Secretary, S&GAD, GoB, Quetta, during the financial year 2021-22, paid an amount of Rs. 13.613 million as fixed remuneration charges to Ex-Chief Secretaries of Balochistan on account of Driver, Gunmen and Fuel Charges. The said payment was held irregular as neither any notification in support of the said benefits was provided to Audit nor approval from the competent forum was available on the record and the expenditure was made from head of account "A03970-Others".

Expenditure without budgetary provision and approval from the competent authority occurred due to weak internal controls, which resulted in irregular payment.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends for provision of approval from the competent authority.

18.2.4 Non-recovery of HRA - Rs. 6.946 million

According to Rule 12(1) of Residential Accommodation at Quetta (Procedure for Allotment) Rules, 2009, unless entitled to a free accommodation, the rent of accommodation allotted to a government servant shall be payable at 5% of his emoluments or at such rate as government may specify from time to time.

Civil Estate Officer, Quetta, during the financial year 2021-22, failed to recover HRA and 5% maintenance charges from the employees having government accommodation. Further, in some cases the employees who had been provided government accommodation were also receiving HRA in addition to House Requisition Allowance resulting in loss of Rs. 6.946 million.

Non-recovery of allowances occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in April 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned.

18.2.5 Non-maintenance of record of assets

According to Rule 19(1) of Balochistan Public Finance Management Act, 2020, "PAO shall ensure a comprehensive and updated fixed-assets register on the form as prescribed and that the maximum possible returns a-re achieved on each and every asset falling under the oversight of the Department."

Secretary, S&GAD, GoB, during the financial year 2021-22, failed to maintain the inventory asset management in the department as per standards and no record of assets was maintained and following deficiencies were observed:

- The asset inventory for buildings, properties, equipment, furniture and vehicles was not maintained.
- Maintenance schedules for assets were either inconsistent or non-existent.

- Maintenance records were often incomplete or inaccurate, hindering assessment of asset condition and effectiveness of maintenance activities.
- Crucial documentation related to asset acquisition, disposal, and usage was missing or inadequate, making it difficult to verify ownership and track transactions.

Non-maintenance of asset record was due to weak internal controls, which may result in financial loss, misuse and theft of government assets.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the department implement a comprehensive and accurate asset inventory for all categories.

Chapter 19

19.1 Sports Department

19.1.1 Introduction

The Sports Department takes care of the promotion of sports and games. It also monitors the functioning of the District and Sub-Divisional Sports.

19.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development Funds amounting to Rs. 3,679.312 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs. 3,535.476 million was incurred, as summarized below: -

(Rs. in Million)

	2022-23			
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development Grant No.BC21021	1,672.725	1,663.870	(-)8.855	0.53
Development Grant No. BC12221 Function No.081120	2,006.587	1,871.607	(-)134.980	6.73
Grand Total Non-Development & Development	**3,679.312**	**3,535.476**	**(-)143.8/36**	**3.91**

19.1.3 Audit profile of Sports & Youth Affairs Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	55	3	155.733	-
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 observations amounting to Rs. 326.367 million were raised in this report during the Audit. This amount also includes recoveries of Rs. 19.968 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.	Government tax and duties	1.656
2.	Irregular expenditure	324.711

19.1.5 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
2.	2017-2018	2	-	2	0
3.	2019-2020	1	-	1	0
Total		**8**	-	**8**	

19.2 AUDIT PARAS

19.2.1 Non-settlement of abstract expenditure - Rs. 136.973 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."

The following offices of Sports and Youth Affairs Department, GoB, during the financial years 2021-23, withdrew an amount of Rs. 136.973 million on abstract contingent bills and paid to different institutes/organizations without presenting vouched adjustment account duly countersigned by the head of the department:

(Rs. in Million)

S. No.	Name of office	Financial Years	AIR Para No.	Amount
1.	The DG, Sports, Balochistan, Quetta	2021-22	2	103.264
2.	The Director, Youth Affairs Department, Quetta	2021-22	2	22.74
3.		2022-23	2	10.969
Total				**136.973**

The irregularity occurred due to weak financial management, which resulted in unaudited expenditure.

The matter was reported to the department during April to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting during April to December 2023, followed by reminders, but no meeting was held till the finalization of this report.

Audit recommends submission of detailed vouched accounts to Audit for verification.

19.2.2 Irregular payment in the name of DDO - Rs. 161.988 million

Para No.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 Sports and Youth Affairs Department, GoB, during the financial years 2016-23, incurred an expenditure amounting to Rs. 161.988 million by drawing cheques in the name of DDO instead of payment to vendors.

(Rs. in Million)

S. No.	Name of office	Financial Years	AIR Para No.	Amount
1.	Director, Youth Affairs Department, GoB	2021-22	3	50.355
2.		2022-23	1	85.205

3.	Director, Youth Affairs,[1] Quetta	2016-20	03	19.808
4.	DG, Sports, Balochistan[2]	2019-20	04	6.620
Total				**161.988**

Payment through DDO instead of vendors occurred due to weak financial management, which resulted in irregular expenditure.

The matter was reported to the department during April to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting during January to December 2023, followed by reminders, but no meeting was held till the finalization of this report.

Audit recommends that acknowledgment receipts of payees along with tax deduction be provided.

19.2.3 Payment without formulation of policy - Rs. 14.795 million

As per Rules of Business, 2012 of GoB, "Sports and Youth Affairs Department, Youth Affairs Sector is required to prepare and execute Youth Policy for the Youth Affairs Department. It will serve as a roadmap to guide the department's efforts in empowering and supporting the youth to contribute to the overall progress of Balochistan."

The Director, Youth Affairs Department, Quetta, during the financial year 2022-23, made payments of Rs. 14.795 million to various organizations/individuals, without formulation of Youth Affairs Policy and conducting a thorough verification process to ascertain whether the payees were duly registered with the relevant registering authorities, as detailed in Annexure 19.1.

Non-verification of payees and payment without formulation of policy occurred due to weak internal controls, which may result in mis-utilization of funds.

The matter was reported to the department in November 2023, but no reply was received.

[1] MfDAC Audit Report for the Audit Year 2022-23

[2] MfDAC Audit Report for the Audit Year 2022-23

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that Youth Affair Policy be formulated, and mechanism of verification be established.

19.2.4 Non-monitoring of events - Rs. 10.969 million

As per Rules of Business, 2012 of GoB, "Youth Affairs Sector is required to look after/monitor the youth related matters and to work out for enhancing youth forums. Further, it is required to promote youth activities in the province and promote, supervise, and implement youth exchange policy. Moreover, it includes working out strategies for advocacy of youth mobilization and managing affairs of youth centers."

The Director, Youth Affairs Department, Quetta, during the financial year 2022-23, made payments amounting to Rs. 10.969 million to several organizations for organizing events/activities regarding youth affairs across the province. However, the administrative office did not deploy any supervisory teams to assess and oversee the activities conducted by the recipient organizations, due to which proper utilization of funds for their intended purposes could not be assured, as detailed in Annexure 19.2.

Non-monitoring of events/activities occurred due to weak internal controls, which may result in mis-utilization of funds.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that proper monitoring of events/activities be ensured.

19.2.5 Non/less deduction of BSTS - Rs. 1.656 million

According to BSTS Act, 2015[3], the government levied sales tax on services @ 6% and 15% on contract and other services respectively.

[3] Section 3 of BSTS Act, 2015

The following offices of Sports and Youth Affairs Department, GoB, Balochistan, Quetta, during the financial years 2016-23, made payment to the GCs and consultant without/less deduction of BSTS amounting to Rs. 1.656 million.

(Rs. in Million)

S. No.	Name of office	Financial Years	AIR Para No.	BSTS
1.	DG, Sports, Balochistan, Quetta	2021-22	06	1.107
2.	District Sports Officer, Loralai	2019-23	04	0.047
3.	Director, Youth Affairs Department, Quetta[4]	2016-20	2	0.502
Total				**1.656**

Non/less deduction of government taxes was due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department during April to December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting during January to December 2023, followed by reminders, but no meeting was held till the finalization of this report.

Audit recommends that due government taxes be recovered from the concerned.

[4] MfDAC Audit Report for the Audit Year 2022-23

Chapter 20

20 Urban Planning and Development Department (UP&D)

20.1 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 in urban areas of Balochistan.

20.1.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs.4,780.970 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs.4,764.067 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development Grant No.BC21057	314.314	298.583	(-)15.731	5.00
Development Grant No. BC12253 Function No.015201	4,466.656	4,465.484	(-)1.172	0.03
Grand Total Non-Development & Development	**4,780.970**	**4,764.067**	**(-)16.903**	**0.35**

20.1.3 Audit profile of Urban Planning and Development Department, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	11	3	1,244.800	-
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 observations amounting to Rs. 434.132 million were raised in this report during the Audit. This amount also includes recoveries of Rs. 19.968 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.	Government tax and duties	11.735
2.	Irregular expenditure	402.731
3.	Overpayment	19.666

19.1.3 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	0
3.	2021-2022	4	-	4	0
4.	2022-2023	4	-	4	0
Total		**14**	-	**14**	

Audit Reports have not been discussed.

20.2 AUDIT PARAS

20.2.1 Undue delay in completion of development works - Rs. 148.286 million

According to PC-I, "The project's primary goal is to enhance agricultural production by implementing protective measures for irrigated lands. To promote enhanced sports activities in the districts. The proposed sports complex has been selected purely on need basis. The Sports Department aim to uplift the sports sector from grass root level in the province of Balochistan."

The following offices of UP&DD, during the financial year 2022-23, incurred expenditure of Rs. 148.286 million on construction of flood protection bund and mini sports complex. However, the schemes had not been completed in stipulated time.

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	UP&D Sibi	6	2022-23	2.845
2.	UP&D Naseerabad at DMJ	6	2022-23	145.441
Total				**148.286**

Non-completion of projects within scheduled time occurred due to weak internal controls, which resulted in time and cost overruns.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends taking measures to ensure completion of the projects without further delay.

20.2.3 Award of contracts without obtaining performance security - Rs. 147.722 million

According to Rule 44 of BPPR, 2014 "Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of the contract price."

The following offices of UP&D Department, during the financial years 2021-23, awarded contracts amounting to Rs. 1,477.220 million to different contractors without obtaining performance security @ 10% amounting to Rs. 147.722 million from the contractors.

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	UP&D Quetta	4	2021-22	21.735
2.	UP&D Naseerabad	6	2021-22	14.671
3.	UP&D Zhob	5	2021-22	44.238
4.	UP&D Naseerabad at DMJ	5	2022-23	22.750
5.	UP&D Zhob at Loralai	1	2022-23	44.328
Total				**147.722**

Non-obtaining of performance security occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department during November 2022, and March to October 2023, but no reply was received.

In the DAC meeting held on September 5, 2023, the DAC directed the offices at S.No.1 to 3 to provide performance security to Audit for verification. The DAC meeting in respect of offices at S.No.4 to 5 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends obtaining of performance securities from the concerned.

20.2.4 Payment without soil classification and compaction test - Rs. 68.004 million

According to BCSR, 2018[5], "Test for Soil/Murum be conducted from PCSIR or other Laboratories owner by Government Semi Government Institutions. Further, according to ASTM (American Society for Testing and Materials) D1557-12, "Standard Test Methods for Laboratory

[5] SI No. 32-14 of BCSR, 2018

Compaction Characteristics of Soil Using Modified Effort, the earth work made with the loose earth ought to be compacted and test should be conducted for such a compaction to measure the degree of compaction required for the work."

The following offices of UP&D Department, during the financial years 2021-22 and 2022-23, incurred an expenditure of Rs. 68.004 million on earth and bituminous works without conducting laboratory tests for compaction and soil classification.

(Rs. in Million)

S. No.	**Name of Formation**	**AIR Para No.**	**Financial year**	**Amount**
1.	UP&D Sibi	3	2021-22	19.998
2.	UP&D Naseerabad	2	2021-22	14.086
3.	UP&D Naseerabad	5	2021-22	16.442
4.	UP&D Naseerabad at DMJ	4	2022-23	12.945
5.	UP&D Sibi	5	2022-23	4.533
Total				**68.004**

Non-conducting of required tests occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department during May and October 2023, but no reply was received.

In the DAC meeting held on September 5, 2023, the DAC directed the office at S.No.1 to provide all test reports of soil to Audit for verification. The DAC meeting in respect of offices at S.No.2 to 5 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends that necessary lab tests be carried out and reports be provided to Audit.

20.2.5 Irregular award of contract - Rs. 32.705 million

As per Rule 41 (c) of BPPR, 2014, "Notice Inviting Tenders and bidding documents of all the method shall contain the following eligibility criteria: (c) registration with Income Tax, Sales Tax, BRA and PEC (where applicable)."

The following offices of UP&DD, during the financial years 2021-23, awarded various works costing Rs. 32.705 million to GCs, who were non-filers with their PEC registration expired at the time of award of works.

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	P&D Rakhshan	1	2021-22	7.999
2.	UP&D Zhob at Loralai	2	2022-23	24.706
Total				**32.705**

Award of contracts to non-filer/inactive firms occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during May and October 2023, but no reply was received.

In DAC meeting held on September 5, 2023, the DAC directed the office at S.No.1 to provide the filer certificate from BRA and renewal of PEC registration. The DAC meeting in respect of office at S.No.2 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends that relevant record be provided to Audit.

20.2.6 Overpayment due to higher rates and excess/inadmissible quantities - Rs. 14.365 million

According to Para 2.86 of B&R Code, "The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved."

The following Divisions of UP&DD, during the financial years 2021-23, overpaid an amount of Rs. 14.365 million by allowing higher rates and excess/inadmissible quantities.

(Rs. in Million)

S. No.	Name of Formation	AIR Para No.	Financial year	Amount
1.	UP&D Zhob	2	2021-22	0.049
2.	UP&D Zhob	3	2021-22	0.161

3.	UP&D Sibi	1	2021-22	6.068
4.	UP&D Naseerabad	1	2021-22	0.159
5.	UP&D Naseerabad	4	2021-22	0.161
6.	UP&D Kalat at Khuzdar	2	2022-23	0.211
7.	UP&D Naseerabad at DMJ	2	2022-23	1.025
8.	UP&D Kalat at Khuzdar	3	2022-23	2.082
9.	UP&D Sibi	1	2022-23	2.557
10.	UP&D Naseerabad at DMJ	3	2022-23	0.681
11.	UP&D Kalat at Khuzdar	4	2022-23	1.211
Total				**14.365**

Payment by allowing higher rates and excess/inadmissible quantities occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department during November 2022, and March to October 2023, but no reply was received.

In the DAC meeting held on September 5, 2023, the offices at S.No.1 and 2 accepted the recovery. The DAC directed the respective offices to provide details of recoveries to audit. The DAC meeting in respect of offices at S.No.3 to 11 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors.

20.2.7 Non/less deduction of government taxes - Rs. 11.735 million

According to BSTS Act, 2015[6], Income Tax Ordinance, 2001[7], General Sales Tax Act, 1990[8] and Stamp Act, 1899[9], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods, as

[6] Section 3 of BSTS Act, 2015

[7] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[8] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[9] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

further amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The following offices of UP&DD, during the financial years 2021-23, incurred an expenditure of Rs. 160.258 million on development schemes without/less deduction of government taxes amounting to Rs. 11.735 million.

(Rs. in Million)

S. No.	Name of offices	AIR Para No.	Financial year	Amount
GST				
1.	UP&DD Kalat at Khuzdar	1	2022-23	0.415
Income Tax				
2.	UP&D Zhob	4	2021-22	1.731
Stamp Duty				
3.	UP&D Zhob	1	2021-22	0.291
4.	UP&D Sibi	6	2021-22	0.759
5.	UP&D Quetta	6	2021-22	1.910
6.	UP&D Zhob at Loralai	5	2022-23	0.291
7.	UP&D Naseerabad at DMJ	8	2022-23	0.438
8.	UP&D Kalat at Khuzdar	5	2022-23	0.236
Grand Total				**6.071**

Non/less realization of government taxes occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department during November 2022, and March to October 2023, but no reply was received.

In the DAC meeting held on September 5, 2023, the DAC directed the offices at S.No.1 to 5 to make recoveries under intimation to audit. The DAC meeting in respect of offices at S.No.6 to 8 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends that government taxes be recovered from the concerned contractors.

20.2.8 Irregular expenditure on NSR - Rs. 6.014 million

As per Para 296 CPWA Code, "The rate entered in estimates should generally be agreed 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 of estimates."

The following offices of UP&DD, during the financial year 2022-23, paid an amount of Rs. 6.014 million on NSR without approved rate analysis.

(Rs. in Million)

S. No.	Name of offices	AIR Para No.	Financial year	Amount
1.	UP&D Zhob at Loralai	3	2022-23	0.250
2.	UP&D Naseerabad at DMJ	7	2022-23	3.689
3.	UP&D Sibi	2	2022-23	2.075
Total				**6.014**

Payment without approved rate analysis occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that approved rate analysis be provided to Audit.

20.2.9 Overpayment due to inadmissible premium - Rs. 5.301 million

According to P&D Department's Notification dated April 28, 2022[10], "The Chief Minister granted percentage increases on different items of work of BCSR, 2018."

The Executive Engineer, UP&DD, Naseerabad, during the financial year 2022-23, made overpayment of Rs. 5.301 million to different contractors due to allowing inadmissible/wrong calculations of premium than those approved and notified by the P&D Department.

Allowing inadmissible/wrong calculation of premium occurred due to weak financial controls, which resulted in loss to the government.

[10]No. P&DD/CSR-Cell/2022/1869

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery of the overpaid premium be effected from the concerned contractors.

Chapter 21

21 Various Autonomous Bodies

21.1 Balochistan Coastal Development Authority

21.1.1 Introduction

The Balochistan Coastal Development Authority was established under BCDA Act, 1998 (Balochistan Act No.1 of 1998) as a corporate body. The basic function of the Authority is to plan and execute development projects, preserve, monitor, operate management and maintenance of coastal areas in Balochistan.

21.1.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs.316.537 million were allocated to the Authority during the Financial Year 2021-22. Against the said allocation, an expenditure of Rs.302.08 million was incurred, as summarized below:

(Rs. in Million)

Type of Grant	2021-22			
	Final Grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development	166.04	152.68	(13.36)	(8)
Development	150.497	149.4	(1.097)	(0.7)
Grand total (Non-Development + Development)	**316.537**	**302.08**	**(12.93)**	**(4.08)**

21.1.3 Audit profile of BCDA

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2021-22	Revenue/ Receipts audited: financial year 2021-22
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	302.08	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.1.4 Classified summary of Audit Observations

Audit observations amounting to Rs. 63.009 million were raised in this report during the current audit of BDA. Summary of the audit observations classified by nature is as under:

(Rs. in Million)

S. No.	Classification	Amount
1.	Irregular payment	63.009

21.1.5 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.	2009-2010	5	-	5	0
2.	2013-2014	1	-	1	0
3.	2014-2015	8	-	8	0
Total		**14**	-	**14**	0

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

21.2 AUDIT PARAS

21.2.1 Irregular payment of mobilization and secured advance - Rs. 37.897 million

According to clause 67 of the special stipulations in contract agreement, "Mobilization Advance shall be allowed @ 10% of Contract price stated in the Letter of Acceptance against a Mobilization

Advance Guarantee for the full amount of the Advance in the specified from a Scheduled Bank in Pakistan or an Insurance Company having at-least AA rating.

DG, BCDA, Gwadar paid mobilization/secured advances amounting to Rs. 37.897 million to the GCs without obtaining bank guarantees/ insurance bonds and preparation of material at site register.

Payment of mobilization/secured advances without obtaining guarantee /bond was due to weak internal controls, which resulted in undue financial benefit to the contractors.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till finalization of this report.

Audit recommends that bank guarantees and other relevant record be provided to Audit.

21.2.2 Retention of security deposit in non-scheduled bank - Rs. 20.014 million

According to the Rule 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". Further, as per Rule 620 of TR, "Government Promissory Notes or other security deposits (not being cash) received from revenue farmers, contractors or other parties must on no account, be credited as deposits."

DG, BCDA, Gwadar, during the financial year 2021-22, deducted Rs. 20.014 million from various GCs on security deposits and irregularly kept it in Summit Bank account # PK29SUMB9940207140105698 instead of depositing it into the government treasury.

Irregular retention of security deposit occurred due to weak financial controls, which may result in mis-utilization of public funds.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that public money be deposited in government treasury.

21.2.3 Irregular payment of lead charges - Rs. 5.099 million

According to P&D Notification's dated June 14, 2008[1], lead/carriage charges were allowed, beyond 20 Km in all districts of the province from July 2008. The Departments are required to submit a lead plan in the PC-I with a certificate of shortest distance. Lead charges are admissible only if material for filling purpose is obtained from the quarry which is situated beyond 20 Km from the site of work."

DG, BCDA, Gwadar awarded the work "Development of Eco Tourism and Construction of Tourist Resort with Allied Facilities at Miani Horr" to a GC on June 15, 2021. The contractor was paid lead charges for carriage of material without specifying the exact distance, quarry and approved lead plan resulting in irregular payment of Rs. 5.099 million, as detailed below:

(Rs. in Million)

S. No.	SI. No.	Quantity	Lead (KMs)	Total rate paid	Lead charges Paid	Amount
1.	21-6/c	353,707	Not known	23.27	16.02	5.666
Rebate 10%						**0.567**
Total						**5.099**

Payment of lead carriage charges without approved lead plan was due to weak internal controls, which resulted in irregular payment.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

[1] No. P&D-ROCT(I) 129/2008/2383

Audit recommends for provision of approved lead plan.

21.3 Balochistan Development Authority (BDA)

21.3.1 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 are to execute the development projects and schemes pertaining to land and water development, power, agriculture, industries and economic uplift of relatively underdeveloped areas as notified by the Government.

21.3.2 Comments on Budget and Accounts (Variance Analysis)

Development funds amounting to Rs. 1,624.815 million were allocated to the Authority during 2022-23. Against the said allocation, an expenditure of Rs. 1,624.815 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Development Grant No. BC12297 Function No.045202	1,624.815	1,624.815	(-).000360	0.00
Total Development	**1,624.815**	**1,624.815**	**(-).000360**	**0.00**

21.3.3 Audit profile of BDA

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	1,624.815	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.3.4 Classified summary of Audit Observations

Audit observations amounting to Rs. 198.688 million were raised in this report during the current audit of BDA. This amount also includes recoveries of Rs. 8.729 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	139.385
2.	Overpayment	50.574
3.	Government Tax and duties	8.729

21.1.5 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	-
3.	2007-2008	30	-	30	-
4.	2009-2010	5	-	5	-
5.	2010-2011	30	-	30	-
6.	2011-2012	30	-	30	-
7.	2012-2013	13	-	13	-
8.	2013-2014	9	-	9	-
9.	2014-2015	8	-	8	-
10.	2016-2017	12	1	11	8.33
11.	2018-2019	6	1	5	16.66
12.	2019-2020	7	-	7	-
13.	2020-2021	7	-	7	-
14.	2021-2022	4	-	4	-
15.	2022-2023	6	-	6	
Total		**263**	**2**	**261**	**0.760**

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

21.4 AUDIT PARAS

21.4.1 Irregular payment of escalation charges - Rs. 95.686 million

According to P&D Notification dated August 14, 2008[2], “A lump sum escalation of 6% to be added in the PC-1 during its approval, 6% 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.”

The Chairman, BDA awarded the work “Construction of Remaining work of Mir Ali Khail Kajhuri Kach Road, District Zhob (0+000 to 91+000 Km)” to a GC. The contractor was paid an amount of Rs. 191.374 million on account of escalation charges without calculation as per standard procedure and price adjustment formula, as detailed below:

(Rs. in Million)

S. No.	**Total work done**	**Escalation amount Paid**	**Escalation amount payable**	**Amount**
1.	956.868	@ 20 191.374	@ 10 95.686	95.686

Payment of escalation charges without approval and standard calculation occurred due to weak internal controls, which resulted in loss to Government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of overpaid amount from the concerned.

<u>Note:</u> The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 4.2.4 having financial impact of Rs. 692.022. Recurrence of same irregularity is a matter of serious concern.

21.4.2 Non-deduction of rebate - Rs. 46.952 million

[2] No. P&D. ROCT (1)129/2008/3619

According to contractor's rebate offer dated June 24, 2011[3], "rebate of 12% on quoted rates except on item No. 305b of bill No.03. Further, 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".

The Chairman BDA, Quetta awarded the work "Construction of remaining work of Zhob- Mir Ali Khail Khajuri Road" and made payment of Rs. 391.271 million to the contractor during the financial year 2022-23. The management was required to deduct 12% rebate from the running bills of the contractors. However, IPC 4 and IPC 5 were paid without deduction of rebate, which resulted in an overpayment of Rs. 46.952 million, as detailed below:

(Rs. in Million)

S. No.	**IPC No.**	**Cheque No. and date.**	**Gross amount of bill**	**12% rebate recoverable**
1.	IPC 04	145653-54, 06.10.2022 and	220.776	26.493
2.	IPC 05	155180-83 , 01.06.2023	170.495	20.459
Total			**391.271**	**46.952**

Non-deduction of rebate was due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery of the overpaid amount be effected from the concerned.

21.4.3 Irregular payment of installation charges - Rs. 1.901 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 calculation have been checked arithmetically."

[3] No. NPI/BDA/079

The Chairman BDA, Quetta awarded the work "Construction of BT Road from link Road Nawa Killi to Main NHA Road, Quetta (Package III)" and paid an amount of Rs. 1.901 million to GC as installation charges of Kerbstone in the 3rd running bill during the financial year 2022-23. The contractor was allowed an item of work "Supply and installation of hydraulically compressed PCC Kerbstone under SI No.21-92/b for a quantity of 25,800 @ Rs. 1,159.70 per unit. The rate was inclusive of installation charges; hence, separate payment of installation charges was unjustified resulting in an overpayment of Rs. 1.901 million, as detailed below:

(Rs. in Million)

S. No.	**Particulars**	**Installation charges 15 %**
1.	Installation charges @ 15%	1.901

Payment of inadmissible installation charges occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned.

21.4.4 Non-deduction of secured advance - Rs. 27.997 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 up to 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."

The Chairman, BDA sanctioned secured advances amounting to Rs. 27.997 million to various contactors during the financial year 2022-23. However, the same had not been recovered from the running bills of the contractors, resulting in non-recovery of Rs. 27.997 million, as detailed below:

(Rs. in Million)

S. No.	Name of work / contractor	Particulars	Amount
1.	BT Road Nawa Killi to Main NHA, Quetta (Package II), M/s M.N Construction Co.	Secured advance against supply of 20 ton bitumen	4.100
2.	BT Road Nawa Killi to Main NHA, Quetta (Package III), M/s M.N Construction Co.	Secured advance against supply of 60 ton bitumen	12.300
3.	BT Road Nawa Killi to Main NHA, Quetta (Package IV), M/s Sadaat Akhtar Construction Co.	Secured advance against supply and installation of Kerb Stone	11.597
Total			**27.997**

Non-deduction of secured advance occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery of secured advance be made at the earliest.

21.4.5 Non-deduction of BSTS - Rs. 8.729 million

According to BSTS Act, 2015[4], sales tax on services @ 6% and 15% on contract and other services.

The Chairman, BDA, during the financial year 2022-23, made payments of Rs. 145.492 million to the GCs/consultants for execution of civil works without deduction of BSTS amounting to Rs. 8.729 million, as detailed below:

(Rs. in Million)

[4] Section 3 of BSTS Act, 2015

S. No.	Name of work	Name of Contractor	Cheque No./date	Amount	BSTS
1.	Consultancy services for designing of construction of Zhob Mir Ali Khel Khajur Kach (Length 91)	M/s Cameos Consultants	150802-03 / 18.11.2022	17.169	1.030
2.			150887-87 / 02.03.2023	22.989	1.379
3.	BT Road Qalandra Mollazai, Killa Saifullah	M/s Haji Matiullah	155174-75 / 19.05.2023	43.837	2.630
4.	BT Road from Ghorezai Ismailzai to Shaghalo, KSF	M/s Abdul Ghani	155176-77 / 19.05.2023	30.468	1.828
5.	BT Road from Guwal Ismailzai to Barakwal, KSF	M/s Afnan & Brothers	155178-79 /19.05.2023	31.029	1.862
Total				**145.492**	**8.729**

Non-deduction of BSTS occurred due to weak internal controls, which resulted in loss to the Government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of BSTS from the concerned.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 4.2.3 having financial impact of Rs. 14.499 million Recurrence of same irregularity is a matter of serious concern.

21.4.6 Irregular allotment of accommodation and non-recovery of dues - Rs. 7.357 million

According to FD, GoB Notification, dated May 19, 1983[5], "where Government Residence is provided to employee, he will not be entitled to receive 45% or 30% as the case may be, as House Rent Allowance and further, 5% of pay will be recovered from his monthly salary as repair and maintenance charges."

The Chairman BDA, Quetta allotted the residential government accommodations to unentitled officers/officials of different departments in BDA colony during the financial year 2022-23. Further, the house rent, and 5% maintenances charges had not been recovered from the occupants which resulted in loss of Rs. 7.357 million to the authority, as detailed below:

(Rs. in Million)

S. No.	Name of Occupants	Department	Category occupied	Amount
1.	Mr. Nazar Jan, Assistant Director (B-17)	Irrigation and Power Department	Senior Executive Bungalow # 01	0.465
2.	Dr. Changez Gichki	Health	SEB # 07	0.494
3.	Mr. Bismillah Khan	Ex GM, BDA	SEB # 06 Chairman House	3.045
4.	Dr. Faisal Bughti	Health	JEB # 10	1.040
5.	Haji Abdul Hakeem, Assistant	Irrigation and Power	JEB # 11	0.124
6.	Mohammad Hanif, Computer Operator	--do--	JEB # 12	0.260
7.	Ms. Fozia Rehman, Stenographer	S&GAD	JEB # 15	0.858
8.	Mr. Rahim u Din	Irrigation	Flat # 03	0.254
9.	Mr. Shams ur Rehman	Irrigation	Flat # 04	0.252
10.	Mr. Abdul Rashid	Irrigation	Flat # 07	0.328
11.	Mr. Kamal Khan	Irrigation	Flat # 18	0.237
Total				**7.357**

[5] No. CS-III/71/4752-82/GB

Irregular allotment and non-recovery of outstanding dues occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from concerned and measures be taken for vacation of BDA accommodation from unentitled occupants.

21.4.7 Advance payment for purchase of pipes - Rs. 6.444 million

As per GFR 96, "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."

The Chairman, BDA, Quetta paid an amount of Rs. 6.444 million to different contractors on account of supply and installation of M.S blind pipes in June 2023. The pipes were to be installed in approved tube well boreholes, but no drilling work had been carried out, while pipes were purchased in advance to avoid the lapse of budget, as detailed below:

(Rs. in Million)

S. No.	Name of work	Name of contractor	Cheque No. and date	Rate (Per Rft)	Quantity (Rft)	Amount
1.	Construction of 03 shallow depth WSS bores at ward 1 to 5 (Package I)	M/s Haji Afzal Khan	119945 / 21.06.23	3,000	716	2.148
2.	Construction of 02 shallow depth WSS bores at ward 1 to 5 (Package II)	M/s Balochistan Drilling Co.	119950 / 21.06.23	3,000	716	2.148
3.	Construction of WSS in Cantonment area Mullakhel, Hanna Bypass	M/s Haji Afzal Khan	119948 / 21.06.23	3,000	716	2.148
Total						**6.444**

Advance payments were made due to weak financial management, which resulted in undue financial benefit to the contractors.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that advance payment be discouraged, and responsibility be fixed against the person (s) at fault.

21.4.8 Overpayment due to higher/inadmissible rates - Rs. 3.622 million

As per BCSR, 2018[6], "Surface dressing in one coat with bitumen 80/100 or any other approved grade using 40 lbs of bitumen and 5 Cu.ft. of 1/2" size approved crushed aggregate per 100 Sq.ft (1.95 kg. of bitumen and 0.015 Cu.m. of 1/2" size crushed aggregate per Sq.m.) of road surface compacted with rolling to be paid @ Rs. 264.300 Per Sq.m." Further, according to para 2.86 of B&R Code, "The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved."

The Chairman BDA, Quetta awarded different works to various contractors and paid an amount of Rs. 3.622 million by allowing higher / inadmissible rates, as detailed in Annexure 21.4.1.

Payment of higher/inadmissible rates occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The Authority was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of overpaid amount from the concerned.

[6] SI No.21-19-1 of BCSR, 2018

21.5 Balochistan University of Information Technology, Engineering and Management Sciences (BUITEMS)

21.5.1 Introduction

Balochistan University of Information Technology, Engineering and Management Sciences was chartered on 8th July 2002 through Balochistan Ordinance No. XI of 2002 dated 18th July 2002. The purpose of the university is promotion and dissemination of knowledge in areas of emerging sciences and to provide training, research, demonstration, and services in such branches of learning as the University may determine.

21.5.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 716.853 million were allocated to the University during 2022-23. Against the said allocation, an expenditure of Rs. 716.853 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development (QA7673) Grant No. BC21016	716.853	716.853	0.000	
Total Non-Development	**716.853**	**716.853**	**0.000**	

21.5.3 Audit profile of BUITEMS

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	716.853	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.5.4 Classified summary of Audit Observations

Audit observations amounting to Rs. 471.231 million were raised in this report during the current Audit of BUITEMS. This amount also includes recoveries of Rs. 118.545 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	141.157
2.	Loss	155.266
3.	Government tax and duties	4.373
4.	Recoverable	170.44

21.5.5 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.	2009-2010	5	-	5	0
2.	2013-2014	1	-	1	0
3.	2014-2015	8	-	8	0
4.	2016-2017	3	3	0	100
Total		**17**	**3**	**14**	**17.64**

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

21.6 AUDIT PARAS

21.6.1 Excess/inadmissible withdrawal of allowances - Rs. 170.44 million

As per FD Notification's dated, October 15, 2015[1], March 30, 1974[2], April 19, 1983[3], September 3 1995[4] and July 1, 2016 [5], the award of TTS Package to VCs and inadmissibility of House Rent

[1] No. F. P. 2-103/HEC/2015-16/1071

[2] No. FD (R) III-36/72

[3] No. CS-III/71/4752-82/GB

[4] No. FD(R)III-40/Orderly/2481

[5] No.F.No.1(2) Imp/2016-333

Allowance, 5% deduction of pay for Repair and Maintenance, Orderly and Additional Charge Allowances respectively have been prescribed by Government.

The VC, BUITEMS, Quetta, during the financial years 2021-23, paid an excess amount of Rs. 170.44 million to officers and staff on account of various inadmissible/excess allowances, as detailed below.

(Rs. in Million)

S. No.	**AIR Para No.**	**Financial year**	**Detail of Allowances**	**Amount**
1.	1, 10	2022-23	Excess payment of salary	19.71
2.	2,3		Inadmissible Allowances	12.835
3.	4		Non-deduction of 5% Charges	76.998
4.	5		House Rent and Utility Charges	5.630
5.	9		Orderly Allowance	23.086
6.	5	2021-22	House Rent and Utility Charges	4.640
7.	6		Additional Charge Allowance	15.464
8.	7		Orderly Allowance	12.077
Total				**170.44**

Payment of excess/inadmissible allowances was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the management in June 2022 and December 2023, but no reply was received.

In the DAC meeting held on November 08, 2023, the DAC directed to effect recoveries in respect of HRA, utility charges and orderly allowance and seek clarification regarding admissibility of additional charge allowance else the amount be recovered. DAC in respect of Paras for the financial year 2022-23 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends recovery of the inadmissible allowances.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 4.4.2 having financial impact of Rs. 3.604 million. Recurrence of same irregularity is a matter of serious concern.

21.6.2 Breach of scholarship agreement - Rs. 155.266 million

According to Faculty Development Projects of Universities, "after a scholar is in breach of the agreement category, the following steps will be taken by HEC: Scholarship shall be cancelled by the Executive Director, HEC/Chairman, and NSMC, and expenses incurred by the scholar plus a penalty of up to 25% may be recovered from the scholar."

The VC, BUITEMS, Quetta awarded scholarships for Ph. D to various Lecturers/Assistant Professors at different universities abroad, but few Ph. D scholars reported back within the stipulated time. The management failed to realize the penalty amounting to Rs. 155.266 million from the remaining scholars.

Loss on scholarships was due to weak internal controls, which resulted in loss to the University.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned and HEC guidelines/SOPs be implemented in true spirit.

Note: The issue was reported earlier also in Audit Report for Audit Year 2022-23 vide para number 4.4.1 having financial impact of Rs. 118.545 million. Recurrence of same irregularity is a matter of serious concern.

21.6.3 Irregular expenditure on contract staff - Rs. 92.179 million

As per Estacode Vol.-1, S.I No. 133 Guidelines for appointment on cntract basis in BPS-1 to 19, "Selection should be made by the Selection Committees/Boards which have been constituted for regular appointment in BPS-19 and below."

The VC, BUITEMS, Quetta, during the financial year 2022-23, appointed contract staff and paid salaries amounting to Rs. 92.179 million. The expenditure was deemed irregular on account of following reasons;

i. No criteria were formulated for recruitment,

ii. No advertisement was floated in in newspaper,
iii. Approval was not obtained from syndicate,
iv. Fitness Certificates were also found missing,

Appointment without following rules occurred due to weak internal controls, which resulted in irregular payment.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that appointments be regularized from the Senate of the University.

21.6.4 Non-imposition of penalty - Rs. 29.513 million

As per Clause 2 of the General Conditions of Contract, "If the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day or maximum 10% of the contract cost."

The VC, BUITEMS, Quetta, awarded the civil work "Establishment of University College of Zhob" to a GC on May 6, 2020. The contractor failed to complete the work within the stipulated time, but management did not impose penalty amounting to Rs. 29.513 million, as detailed below:

(Rs. in Million)

S. No.	Date of award	Date of completion	Delay period	Cost	10% penalty charges
1.	May 6, 2020	May 6, 2022	13 months	295.128	29.128

Non-imposition of liquidated damages was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audits recommends recovery of liquidated damages from the contractor.

21.6.5 Non-conduct of lab test of construction material - Rs. 19.465 million

According to the SI No. 32-5 & 6, 32-10, 32-29 and 32-30 of BCSR, 2018, "Testing for bricks (for Water Absorption, Compressive Strength, Efflorescence, Flexural test) and Test for Steel Bar (a) Up to 16 mm (Set of 3 Bars) (b) Above 16 mm (Set of 3 Bars) (Tensile strength, %, Elongation, Yield Stress, Weight-Per Meter, Bend/Rebend Test, Proof Stress. Nitrol Solution Test."

The VC, BUITEMS, Quetta, awarded the work "Establishment of University College of Zhob" to a GC on May 6, 2020. An amount of Rs. 19.465 million was paid for different items of work, including Cement Concrete, Steel Reinforcement, Brick works and Earthwork without conducting the essential laboratory tests to verify the materials' specific gravity, compressive strength, and overall quality.

Non-conduct of required tests occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that laboratory tests be carried out.

21.6.6 Non/less deduction of government taxes - Rs. 4.373 million

According to BSTS Act, 2015[6] and Income Tax Ordinance, 2001[7], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; and income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods.

The VC, BUITEMS, Quetta, during the financial year 2022-23, paid an amount of Rs. 45.555 million to various GCs/suppliers for various works and supplies without/less deduction of government taxes. This resulted in non/less realization of government taxes amounting to Rs. 4.373 million.

Non/less deduction of government taxes was due to weak financial controls, which resulted in revenue loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

[6] Section 3 of BSTS Act, 2015

[7] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery of the government taxes be effected from the concerned.

21.6.7 Excess recruitment of staff

According to Para 5.1(d) of Funding Policy for Public Sector Higher Education Institutions of Pakistan, the efficient ratios of Faculty to Student and Faculty to Staff for different categories of enrollment is as under:

Enrollment Category	Faculty: Student
Arts/Humanities / Social Sciences	1: 30
Basic, Natural, etc., Sciences / Agriculture	1: 25
Engineering & Medical	1: 18

The VC, BUITEMS, during the financial year 2021-22, had made excess recruitment of 220 faculty staff without need assessment and endorsement of recruitment committee, as detailed below:

S. No.	Department	Total Staff	Number of BS students	Ratio	To be Appointed	Excess
1.	FMS	99	1766	1:30	59	40
2.	FBS	77	**395**	1:25	16	61
3.	FOE&A	149	2353	1:25	95	54
4.	FSS&H	140	1860	1:25	75	65
Total		**465**	**6374**		**245**	**220**

Excess recruitment without need assessment occurred due to weak internal controls, which resulted in excess appointments.

The matter was reported to the management in June 2023, but no reply was received.

In the DAC meeting held in November 2023, the DAC directed the management to take up the case with the HEC to rationalize posts according to the practicalities on the ground.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.7 Gwadar Development Authority (GDA)

21.7.1 Introduction

GDA was established in October 2003 to improve/implement the Master Plan, which initially suggested only the land use. After the establishment of the Authority, internal road network, land zoning and vision for future Gwadar was developed/finalized.

21.7.2 Comments on Budget and Accounts (Variance Analysis)

Total Development and non-development funds amounting to Rs. 123.800 million were allocated to the Authority during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 123.799 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	Final grant	Actual expenditure	Excess/ (Saving)	%
Development Grant No. BC12294	123.800	123.799	(-).00	0.00
Total Development	**123.800**	**123.799**	**(-).00**	**0.00**

21.7.3 Audit Profile of GDA

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ receipts audited: financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities / Autonomous Bodies etc., under the PAO	1	1	123.799	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.7.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 962.661 million were raised in this report during the Audit. This amount also includes recoveries of Rs. 156.270 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	475.856
2.	Recoverable	268.574
3.	Government tax and duties	163.574
4.	Overpayment	54.657

21.7.5 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.	1999-2000	76	24	52	32
2.	2007-2008	2	-	2	-
3.	2009-2010	5	-	5	-
4.	2011-2012	1	-	1	-
5.	2012-2013	4	-	4	-
6.	2013-2014	7	-	7	-
7.	2014-2015	5	-	5	-
8.	2018-2019	3	2	1	67
9.	2019-2020	3	-	3	-
10.	2020-2021	3	-	3	-
11.	2022-2023	10	4	6	40
Total		**119**	**22**	**93**	**18.48**

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

21.8 AUDIT PARAS

21.8.1 Non-realization of outstanding dues - Rs. 268.574 million

According to Building Control Regulations, 2004 framed by GDA, different fees were required to be charged on scrutiny, processing, advertisement of a scheme etc., for Commercial / Residential / Industrial / Recreational / Ware house and Logistics / Amenities dues."

S. No.	Nature of fee	Fee @ (Rs.)
1.	Scrutiny Fee	Rs. 5,000 Per Scheme
2.	Processing Fee	Rs. 3 Per Sft
3.	Processing Fee	Rs. 4 Per Sft
4.	MoU with GDA	Lump Sum
5.	Advertisement Fee	Rs. 100,000 Per Scheme

DG, GDA, Gwadar, during the financial year 2022-23, failed to realize the due charges from the concerned commercial/residential investors, which resulted in less realization of revenue amounting to Rs. 268.476 million.

Less realization of revenue occurred due to weak internal controls, which resulted in loss to the authority.

The matter was reported to the authority in November 2023, but no reply was received.

In the DAC meeting held on January 1, 2024, the management replied that an amount of Rs. 25.41 million had been recovered. The DAC directed the management to proceed against defaulters as per laid down procedure, cancel the NOCs of the defaulters and accelerate the recovery of the remaining amount of Rs. 243.164 million.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported in the Audit Reports for Audit Years 2020-21 and 2022-23 vide para numbers 3.4.1 and 4.8.1 with the financial impact of Rs. 165.483 million and Rs. 87.816 million respectively. Recurrence of same irregularity is a matter of serious concern.

21.8.2 Non/less deduction of government taxes - Rs. 163.574 million

According to BSTS Act, 2015[8], Income Tax Ordinance, 2001[9], General Sales Tax Act, 1990[10] and Stamp Act, 1899[11], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The DG, GDA Gwadar, during the financial year 2022-23, executed various civil work without/less deduction of government taxes/duties, resulting in revenue loss of Rs. 163.574 million.

Non/less realization of government taxes/duties occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 1, 2024, the DAC directed the management to effect recovery of BSTS, GST and stamp duty.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported in the Audit Report for Audit Year 2022-23 vide para number 4.8.2 with the financial impact of Rs. 68.454 million. Recurrence of same irregularity is a matter of serious concern.

21.8.3 Overpayment due to re-measurement - Rs. 54.657 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."

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[8] Section 3 of BSTS Act, 2015

[9] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[10] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[11] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

The DG, GDA, Gwadar, awarded the work "Necessary facilities of freshwater treatment water supply and distribution Gwadar Phase-II to a GC on item rate basis at a revised cost of Rs. 1,934.09 million. The management carried out re-measurement and enhanced the quantities of the item "Excavation, level including trimming, dressing sides, leveling the bed of trenches to correct grade and cutting pit of joints" on the same RDs in the 11th running bill, resulting in overpayment of Rs. 54.657 million, as detailed below:

(Rs. in Million)

Quantity in 10th R.B bill (Cum)	Quantity in 11th R.B (Cum)	Difference	Rate	Amount
240,831.132	331,927.457	91,096.325	600	54.657

Re-measurement on same RDs occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the authority in November 2023, but no reply was received.

In the DAC meeting held on January 1, 2024, the management replied that due to poor law and order situation, payment till 10th running bill was made on average basis, and once the work was completed, proper cross-sectional measurements were taken, duly recorded in cross section diagrams, and paid accordingly. The DAC directed the department to provide Level Books, Cross Sectional Diagrams and MB to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.8.4 Irregular retention of unspent amount of development schemes - Rs. 381.856 million

According to Rule 290 of Treasury Rules, "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 DG, GDA, Gwadar, during the financial year 2022-23, retained an amount of Rs. 381.856 million on account of funds received for different schemes and kept it in the commercial bank accounts, without utilization, for a long time. These schemes were now being operated through assignment accounts, but the balances available in the commercial bank accounts were not remitted in to the government treasury, as detailed below:

(Rs. in Million)

S. No.	Name of Schemes	Assignment Account	Bank and account number		Closing Balance
1.	Implementation of Gwadar Smart Port City Master Plan	1162126980	NBP	3163239088	279.598
2.	Fish landing Jetty & Allied Harbour work at Pishukan, Gwadar	1162126980	MCB	04910040165 7001	102.258
Total					**381.856**

Non-refund of savings occurred due to weak internal and financial controls, which resulted in irregular retention of public money.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 1, 2024, the DAC directed the department to share physical and financial progress of the ongoing development scheme for verification. Further, the amount should either be disbursed or deposited into government account under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.8.5 Irregular investment of savings - Rs. 94 million

As per Section 12 of BPFM Act, 2020 "all departments, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the finance department by 15th May each year all anticipated savings in the grants or assignment accounts or grant in aid controlled by them."

The DG, GDA, Gwadar, during the financial year 2022-23, withdrew an amount of Rs. 116 million from the savings of the Grant-in-Aid received from the GoB, and invested it in the NBP, Gwadar Branch. The funds had been provided for the salaries of GDA employees, which were irregularly retained and invested instead of surrendering the amount to government.

Investment from Grant-in-Aid was due to weak internal and financial controls, which resulted in blockage of government funds.

The matter was reported to the authority in November 2023, but no reply was received.

In the DAC meeting held on January 1, 2024, the DAC directed that retention and subsequent savings from the Grant-in-Aid funds be justified in the light of BPFM Act Section 12 (i).

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported in the Audit Report for Audit Year 2022-23 vide para number 4.8.9 with the financial impact of Rs. 55.600 million. Recurrence of same irregularity is a matter of serious concern.

21.9 Gwadar Industrial Estate Development Authority (GIEDA)

21.9.1 Introduction

The GoB has developed 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.

21.9.2 Comments on Budget and Accounts (Variance Analysis)

Non-development and Development funds amounting to Rs 1,404.331 million were allocated to the Authority during the financial year 2022-23, against the said allocation, an expenditure of Rs. 938.500 million was incurred, as summarized below:

Type of grant	**2022-23**			
	Final Grant	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development	142.12	179.93	37.81	26.6%
Development	1,262.211	758.57	(503.641)	40 %
Total Non-development & development	**1,404.331**	**938.5**	**465.831**	**33%**

There is a significant saving of Rs. 465.831 million against non-development and development expenditure, which indicated improper budgeting and inefficient utilization of funds.

21.9.3 Audit Profile of GIEDA

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial years 2022-23	Revenue/ Receipts audited: financial years 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	938.500	310.700
5.	Foreign Aided Project (FAP)	-	-	-	-

21.9.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 1,612.552 million were raised in this report, which is recoverable. This amount also includes recoveries of Rs. 1,551.039 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.	Recoverable	1,532.956
2.	Irregular expenditure	58.799
3.	Government tax and duties	18.083
4.	Overpayment	2.714

21.9.5 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
5.	2021-2022	2	-	2	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
6.	2022-2023	2	-	2	0
Total		**18**		**18**	0

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

21.10 AUDIT PARAS

21.10.1 Non-realization of outstanding installments - Rs. 1,532.956 million

According to Clause 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 four equal quarterly installments of Rs. 0.047 million each.

MD, GIEDA, during the financial year 2022-23, allotted plots valuing Rs. 3,773.500 million of commercial and industrial categories to allottees on submission of down payment of Rs. 0.100 million each. A sum of Rs. 2,240.544 million was deposited by allottees up to June 2023, however, an amount of Rs. 1,532.956 million was still outstanding, as detailed below:

(Rs. in Million)

S. No.	No. of plots	Rate of plot	Amount
1.	2,265 Acres Industrial Plots	Rs. 1.5 million per Acre	3,397.500
2.	453 Commercial Plots 1,000 Sq yards	Rs. 0.5 million per plot	226.500
3.	98 Commercial Plot 400 Sq yards	Rs. 0.3 million per plot	132.900
4.	83 Commercial Plot 200 Sq Yards	Rs. 0.2 million per plot	16.600
Total			**3,773.500**
Amount Recovered			**2,240.544**
Outstanding			**1,532.956**

Non-realization of outstanding installments occurred due to weak internal controls, which resulted in loss to the authority.

The matter was reported to department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the management replied that that a sum of Rs. 10.404 was recovered from the consumers. The DAC directed the department to take effective measures for full recovery of the due amount under intimation to audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 4.10.1 having financial impact of Rs. 1,562.170 million. Recurrence of same irregularity is a matter of serious concern.

21.10.2 Non-installation of Water Desalination Plant - Rs. 58.799 million

According to Rule 10 of GFR, "Every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. Further, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money."

MD, GIEDA awarded the work "0.2 MGD reverse osmosis desalination plant for GIEDA" to a GC at an estimated cost of Rs. 58.799 million. An amount of Rs. 45.305 million had been paid to the contractor for construction of lead road and import of the desalination plant in 2006. Since then, the imported plant had remained idle.

Non-completion of the scheme occurred due to inefficiency of the management, which resulted in wastage of government funds.

The matter was reported to department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the DAC directed the authority to ensure immediate revival and take effective steps for proper management of the plant and its related assets.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.10.3 Less deduction BSTS - Rs. 18.083 million

According to BSTS Act, 2015[1], the government levied sales tax on services @ 6% and 15% on contract and other services.

MD, GIEDA, during the financial year 2022-23, awarded various works and made payments amounting to Rs. 452.064 million to different GCs for execution of contractual works by deducting less BSTS amounting to Rs. 18.083 million.

Less deduction BSTS occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the DAC directed the department to recover the amount from the concerned contractors.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

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21.10.4 Non-deduction of cost of tack coat - Rs. 2.714 million

As per Handbook of Civil Engineering, "The prime coat is the initial application of a binder to an abstract highway 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".

MD, GIEDA, during the financial year 2022-23, awarded different works to GCs. The contractors carried out premix carpeting under SI.No.21-33 of BCSR, 2018, which included cost of tack coat, but the management did not deduct cost of tack coat @ Rs. 82.25 per Sqm provided under SI.No.21-24/1, resulting in overpayment of Rs. 2.714 million, as detailed below:

(Rs. in Million)

S. No.	Name of work/ Contractor	Cheque No. and date	Quantity (Sqm)	Rate (Rs.)	Amount
1.	Infrastructure Development of Phase-II, M/s Salal Gichki Construction Co.	38358972, 27.03.23	16,052.86	82.25	1.320
2.	Infrastructure Development of Phase-II, M/s Afnan and Brothers, GC	38358985, 03.04.23	16,944.68	82.25	1.394

[1] Section 3 of BSTS Act, 2015

S. No.	Name of work/ Contractor	Cheque No. and date	Quantity (Sqm)	Rate (Rs.)	Amount
Total					**2.714**

Non-deduction of cost of tack coat occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to GIEDA authorities in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the management replied that premix carpeting was laid in two layers. First 1.5” layer with Prime coat which is initial application of a binder on aggregate base course and the tack coat was applied in second 1.5” layer of premix carpet. Audit was of the view that recovery of tack coat be made from initial layer of premix carpeting where the prime coat was used. The DAC directed for early recovery from the concerned contractor.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.11 Lasbela Industrial Estate Development Authority (LIEDA)

21.11.1 Introduction

The LIEDA was established under an Ordinance in 1984. Primary objective of its establishment was to provide infrastructure facilities such as road, water, sewerage, power gas and telecommunication to the industrialists in its five industrial estates and one special industrial zone situated in Lasbela district.

The Authority generates its own funds. Main sources of the income are sale of plots, annual ground rent and saving from electricity and power charges, charged from the industrialists. Electricity and water are procured in bulk from Karachi Electric (KE) Supply Corporation (KESC) and Irrigation Department respectively.

21.11.2 Comments on Budget and Accounts (Variance Analysis)

Development funds amounting to Rs. 7,611.214 million were allocated to the Authority during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 7,444.78 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final grant	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development	7376.286	7,376.286	0	0
Development	68.494	68.494	0	0
Total	**7444.78**	**7,444.78**	0	0

21.11.3 Audit Profile of LIEDA

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	7,44.78	7,620.574
5.	Foreign Aided Project (FAP)	-	-	-	-

21.11.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 494.142 million were raised in this report, which is recoverable. Summary of the audit observations classified by nature is as under:

(Rs. in Million)

S. No.	Classification	Amount
1.	Recoverable	231.67
2.	Irregular expenditure	262.472

21.11.5 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.	1999-2000	76	24	52	32
2.	2007-2008	2	-	2	0
3.	2009-2010	5	-	5	0
4.	2010-2011	5	-	5	0
5.	2012-2013	4	-	4	0
6.	2013-2014	3	-	3	0
7.	2014-2015	6	-	6	0
8.	2019-2020	2	-	2	0
9.	2022-2023	4	-	4	0
Total		**107**	**24**	**83**	**22.42**

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

21.12 AUDIT PARAS

21.12.1 Line losses of electricity - Rs. 262.472 million

The LIEDA is procuring electricity in bulk quantity under Tariff B-4 Industrial Supply Tariff and further distributing amongst consumers according to their load capacity and charge under Tariff B 1, B 2 and B 3 as per applicable Uniform Tariff rates notified by K-Electric Limited from time to time.

MD, LIEDA, during the financial year 2022-23, procured 157,649,845 units of electricity in bulk quantity valuing Rs. 5,486.151 million from M/s K-Electric Limited for distribution amongst the consumers/industries of Hub and Winder. The authority billed 149,929,202 units of Rs. 5,733.447 million. However, balance quantity of 7,720,643 units, resulting in loss of Rs. 262.472 million.

Line losses of electricity occurred due to poor management of power supply, which resulted in loss to the Authority.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the DAC directed the department to take effective measures to reduce/minimize the line losses.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.12.2 Non-recovery of electricity and water charges - Rs. 139.440 million

The LIEDA is procuring electricity in bulk quantity under Tariff B-4 Industrial Supply Tariff and further distributing amongst consumers according to their load capacity and charge under Tariff B 1, B 2 and B 3 as per applicable Uniform Tariff rates notified by K-Electric Limited from time to time.

MD, LIEDA, during the financial year 2022-23, did not recover an amount of Rs. 139.440 million on electricity and water charges from consumers of various factories, as detailed below:

(Rs. in Million)

S. No.	Particulars	Amount
1.	Electricity charges from consumers	138.927
2.	water charges from consumers	0.513
Total		**139.44**

Non-recovery of electricity and water charges occurred due to weak administration, which resulted in loss to the Authority.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the management replied that that a sum of Rs. 13.598 million and Rs. 0.190 million on electricity charges and water charges respectively was recovered from the consumers. The DAC directed the department to take effective measures for full recovery of the due amount.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21, 2022-23 and lean period 2022-23 vide para numbers 3.6.3, 4.12.1 and 1.3.4 having financial impact of Rs. 8.058

million, Rs. 44.533 million and Rs. 33.325 million respectively. Recurrence of same irregularity is a matter of serious concern.

21.12.3 Non-recovery of outstanding dues from government entities - Rs. 51.579 million

As per GFR 26, "It is the duty of departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Government Account."

MD, LIEDA, during the financial year 2022-23, allotted industrial plots to various government offices/entities in Industrial and Trading Estates, Lasbela, but did not recover cost of installments of plots (Premium), annual ground rent and electricity charges along with penalty charges from concerned entities, which resulted in non-recovery of outstanding dues of Rs. 51.579 million.

Non-recovery of dues occurred due to weak financial controls, which resulted in loss to Authority.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the DAC directed the department to pursue the matter with concerned departments for early recoveries.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.12.4 Non-recovery of outstanding dues on allotments - Rs. 40.662 million

According to the circulars issued by the LIEDA from time to time duly approved by BOD in their meetings, "The Authority has to charge the fee structure on allotment of industrial/commercial and residential plots, ground rent and conservancy charges as per following fee structure:"

S. No.	Nature of fee	Premium	Ground rent (Per annum)	Conservancy charges
1.	Industrial Plot	Rs. 3,100 Per Sqm i) 25 % payment along with application ii) Balance on quarterly installments within 2 years	Rs. 10 Per Sqm	Rs. 2,000 Per Industry Per month
2.	Commercial Plot	Rs. 3,000 Per Sqm	Rs. 15 Per Sqm	Rs. 1,000 Per month
3.	Residential Plot	Rs. 2,000 Per Sqm	Rs. 10 Per Sqm	-

MD, LIEDA, during the financial year 2022-23, did not realize government dues of Rs. 40.662 million from various allotees and government entities established in Lasbela Industrial Estates on account of premium (cost of land), ground rent and conservancy charges along with penalties, as detailed below:

(Rs. in Million)

S. No.	Type of charges	Actual amount	Penalty amount	Total Amount
1.	Premium on Plots	0.121	1.365	1.486
2.	Ground Rent	14.970	15.882	30.852
3.	Conservancy	4.996	3.328	8.324
Total dues outstanding		**20.087**	**20.575**	**40.662**

Non-recovery of dues occurred due to weak financial controls, which resulted in loss to the Authority.

The matter was reported to the department in November 2023, but no reply was received.

In the DAC meeting held on January 12, 2024, the management replied that a sum of Rs. 1.271 million was recovered from the consumers. The DAC directed the department to take effective measures for full recovery of the due amount.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit year 2022-23 vide para numbers 4.12.3 and 1.3.2 (lean period) having financial impact of Rs. 69.732 million and Rs. 39.685 million respectively. Recurrence of same irregularity is a matter of serious concern.

21.13 Lasbela University of Agriculture, Water & Marine Sciences, Uthal

21.13.1 Introduction

Lasbela University of Agriculture, Water and Marine Sciences, located in the historic and magnificent district of Lasbela, Balochistan, is truly a comprehensive institution of higher education with enduring commitment to achieve excellence in higher education, innovative technology, cutting-edge research, and superior public service.

LUAWMS is dedicated to prepare its graduates for successful careers and enable them to play a constructive role in progressing social inclusion, economic prosperity, and environmental quality

21.13.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs.3,928 million were allocated to the Department during 2022-23. Against the said allocation, an expenditure of Rs.3,928 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	2022-23			
	Final Grant	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development	3,928	3,928	0	0
Total Non-Development	**3,928**	**3,928**	**0**	**0**

21.13.3 Audit Profile of LUAWMS

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	3,928	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.13.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. million 93.311 were raised in this report during the current Audit. This amount also includes recoveries of Rs. 11.571 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.	Loss	2.800
2.	Irregular	41.097
3.	Recoverable	49.414

21.13.5 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	2014-2015	2	-	2	0
2	2016-2017	4	-	4	0
Total		6	-	6	0

The Audit Report has not yet been discussed by the PAC.

21.14 AUDIT PARAS

21.14.1 Breach of scholarship agreement - Rs. 24.556 million

According to Faculty Development Projects of Universities, “after a scholar is in breach of the agreement category, the following steps will be taken by HEC: Scholarship shall be cancelled by the Executive Director, HEC/Chairman, and NSMC, and expenses incurred by the scholar plus a penalty of up to 25% may be recovered from the scholar.”

The VC, LUAWMS at Uthal, awarded scholarships for Ph. D to 03 Officers at different universities abroad, but the scholars failed to report back within the stipulated time period. The management failed to realize penalty amounting to Rs. 24.556 million from the scholars, as detailed below:

(Rs. in Million)

S. No.	Name	Designation	Leave granted	Extended	Amount
1.	Mr. Raza Muhammad Bazai	Assistant Registrar	05.10.10 to 05.01.16	05.01.16	12.776
2.	Ms. Kalsoom Jaffar	Lecturer	05.10.10 to 05.10.15	05.10.15	11.780
3.	Mr. Shafique ur Rehman	DD, QEC	25.12.19 to 31.12.22	31.12.22	0
Total					**24.556**

Non-realizing penalty from the scholars was due to weak internal controls, which resulted in loss to the University.

The matter was reported to the management in June 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed for taking steps in line with laid down SOPs set by the HEC.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.14.2 Improper utilization of Covid-19 funds - Rs. 13.345 million

As per HEC letter dated May 25, 2021[1], "the emergency response SOPs and policy guideline to respond more effectively to Covid, i.e., Support for LMS, software licensing support, capacity building for online readiness, support for students receiving financial assistance and build skills with online course."

[1] No. (HEDP)/2019-20

The VC, LUAWMS, Uthal during the financial year 2021-22, received Rs. 35.898 million to respond effectively to Covid-19 prevention. Audit noticed that an expenditure amounting to Rs. 13.346 million was incurred on account of building renovation, payroll software, and security gates from the Covid-19 fund in the next financial year which was not related to Covid-19. Further, the unutilized funds of Rs. 22.553 million was retained in a PLS account to earn profit instead of being refunded to HEC, as detailed below:

(Rs. in Million)

S. No.	Name of firm	Description	Date	Cheque No.	Amount
1.	M/s Stock Power, Quetta	P/o IT equipment's	14.01.22	19334905	3.911
2.	M/s Era Software	P/o MIS	18.04.22	19334906	0.499
3.	M/s Stock Power, Quetta	P/o IT equipment's	27.04.22	19334909	8.336
4.	M/s Alpha Tech		10.06.22	19334913	0.408
5.	M/s Muhammad Ali Enterprises		30.06.22	19334916	0.192
Total					**13.346**

Irregular utilization of Covid-19 funds and non-refund of remaining amount was due to weak financial management, which resulted in unnecessary blockage of public money.

The matter was reported to the management in June 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed the management for regularization of the expenditure by the competent forum. Further, the interest earned on the amount and its further utilization may also be shared with the Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.14.3 Irregular transfer of research funds to endowment account - Rs. 13.610 million

According to the Secretary GoB, Colleges Higher and Technical Education, Department letter dated January 25, 2021[2], "The funds released shall be utilized for the purpose for which the same are being released. The research topic shall however be shared to separately in due time."

The VC, LUAWMS, during the financial year 2021-22, received an amount of Rs. 22.92 million from GoB for research. However, an amount Rs. 9.31 million was spent on research, while the remaining Rs. 13.61 million was irregularly deposited into the main account instead of being returned. Further, many researchers who received funding did not complete their activities or submit reports.

Irregular transfer of funds and non-completion of research activities were due to weak financial management, which resulted in non-achievement of the intended objectives.

The matter was reported to the management in June 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed the management to provide detailed records to Audit for verification and the regularization of expenditures through the appropriate authorities.

No further progress was intimated till the finalization of this report.

Audit recommends regularization of expenditures by the competent authority.

21.14.4 Less-realization of auction amount - Rs. 13.102 million

According to Para 4.35(3) of B&R Code, "Stores which are completely under serviceable, should be written off and either sold by auction or destroyed, as may be ordered by the authority sanctioning the writing off. When the unserviceable stores are destroyed the fact should be certified in the survey report as well as in the relevant registers by the sanctioning authority in whose presence the material will be actually destroyed."

The VC, LUAWMS, during the financial year 2021-22, auctioned the scrap and steel from an old LTM building with a covered area of 54,000 square feet, collecting a revenue of Rs. 3.610 million. However, estimates prepared by the Assistant Engineer indicated a recoverable quantity of 278,538 Kg,

[2] No. FD (S.O-x)4-4/2020-21/1367-83

at an expected amount of Rs. 16.712 million based on an approved contractor rate of Rs. 60 per Kg. This resulted in shortfall of Rs. 13.102 million.

Less realization of auction amount was due to weak internal controls, which resulted in a loss to the University.

The matter was reported to the management in June 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed the management to provide all relevant records, including tender documents, estimates, and details of tax deduction, for audit verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.14.5 Payment of inadmissible allowances/excess salary - Rs. 11.756 million

As per HEC and FD, GoB, Notification's dated September 30, 2021[3], September 3 1995[4], July 1, 2016,[5] the details of increments and admissibility of Orderly and Additional Charge Allowances, respectively have been prescribed by the Government.

The VC, LUAWMS at Uthal, during the financial year 2021-22, paid an excess amount of Rs. 11.756 million to officers and staff on account of various inadmissible allowances/excess salary, as detailed below:

(Rs. in Million)

AIR Para No.	Financial year	Allowances detail	Amount
8	2021-22	Excess withdrawal of salary	2.954
10		Orderly allowance	5.736
19		Additional Charge allowance	3.066
Total			**11.756**

[3] No.103/HEC/2021-22/687

[4] No. FD(R)III-40/Orderly/2481

[5] No.F.No.1(2) Imp/2016-333

Payment of inadmissible allowances/excess salary occurred due to weak internal controls, which resulted in loss to the University.

The matter was reported to the management in June 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed the management that the case of advance increments paid to the Pro-VC be presented to the Chancellor's office or HEC for clarification. The pay fixation should also be communicated to Audit for verification. Further, recovery of Additional Charge and Orderly Allowances be effected from the concerned at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.14.6 Non-utilization of sports activity funds - Rs. 10.585 million

As per Rule 170 of Treasury Rules, "Unspent cash balances, out of releases from Federal Consolidated Fund, lying either in PLA/SDA or in Commercial Bank shall be deposited back to Government Account in a manner and within a time frame to be decided by Finance Division."

The VC, LUAWMS, Uthal, during the financial year 2021-22, received funds amounting to Rs. 16.603 million from HEC under the Kamyab Jawan Talent Hunt Youth Sports League for Women Hockey and weightlifting trails at KPK province talent hunt. The management neither utilized the amount of Rs. 10.585 million for the said purpose nor surrendered the said amount. However, a portion of the funds amounting to Rs. 6.018 million was utilized for different activities, but the supporting vouchers of these transactions were not available rendering the expenditure unaudited, as detailed below:

(Rs. in Million)

S. No.	Activity	Cheque No. and date	Amount	Exp:	Balance	Remarks
1.	Women Hockey Talent Hunt	168372, 02/06/22	9.549	0	9.549	Non-utilized during year

2.	Weightlifting trails	168065, 03/02/22	7.054	6.018	1.036	Vouchers missing
Total			**16.603**	**6.018**	**10.585**	

Non-utilization of sports activity funds was due to weak internal and financial controls, which resulted in irregular payments and unnecessary blockage of funds.

The matter was reported to the management on June 27, 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed the management to produce the record of funds including missing vouchers of Rs. 6.018 million and utilization report along with details of unspent amount.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.14.7 Loss due to non-operational MIS - Rs. 2.800 million

As per GFR 23, "Every Government officer should realize fully and clearly that he will be 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 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."

In LUAWMS, Uthal, the MIS was not operational despite incurring expenditure amounting to Rs. 2.800 million on the initiation of the project by the HEC in 2010. The University's management failed to adopt and upgrade the system, resulting in wastage of resources.

Non-operational MIS was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the management in June 2023, but no reply was received.

In DAC meeting held on August 29, 2023, the DAC directed the management to conduct fact finding inquiry with a view to fix responsibility in addition to implementation of the project without further delay. Moreover, steps be taken for blacklisting of the firm.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

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21.14.8 Non-production of record for complaint raised by PPRA

The PPRA vide their letter dated September 26, 2022[6] to the AGP pointed out several violations of PPRA Rules during the execution of development schemes by the LUAWMS. Further, AGP office vide their letter dated November 24, 2022[7] directed DGAB to look into the violations committed.

The VC, LUAWMS, during the financial year 2021-22, failed to provide records associated with tendering process in respect of Dera Murad and Wadh Campuses despite repeated requests.

Non-production of record was due to weak internal controls, which rendered the expenditure unaudited/unverified.

The matter was reported to the management in December 2022, but no reply was received.

In the DAC meeting held on August 29, 2023, the University Management asserted that they strictly adhered to all government procurement procedures and mentioned that the main issue or problem was not specified in the letter. However, Audit disagreed, referencing the PPRA letter from September 2022, which explicitly stated that the University published three tender notices in August 2022, with one containing a violation of PPRs. This information was duly shared with the management. The DAC directed the office to provide the relevant record to Audit within a fortnight.

No further progress was intimated till the finalization of this report.

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[6] No.1-8/AGP/IT/2022

[7] No.2893/3/P&C/1/2018

Audit recommends for provision of relevant record besides taking disciplinary action against the officials impeding provision of record.

21.14.9 Excess withdrawal of salary on TTS by VC - Rs. 3.557 million

Based on Notifications from both the Governors Secretariat Balochistan[8] and the Higher Education Commission (HEC)[9], the revised salary package for the Vice-Chancellor (VC) of a Public University under the tenure track is as follows: The salary scale ranges from Rs. 394,875 to Rs. 684,450, with increments specified within the package.

The VC LUAWMS at Uthal, appointed under the TTS, received excessive salaries due to incorrect calculation of basic pay and the inclusion of additional pay and allowances i.e., senior post and Ph.D. allowances which resulted in an overpayment of Rs. 3.557 million.

(Rs. in Million)

Particulars	Basic Pay	VC Sr. Post Allow 20%	Ph. D Allowance	Excess Amount
VC, LUAWMS (2021-22)	2.864	0.573	0.120	3.557

Excess withdrawal of salary on TTS occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on August 29, 2023, the DAC directed to seek clarification from HEC regarding the TTS salary package for the Vice Chancellor at the maximum stage and the admissibility of PHD allowance. Furthermore, DAC directed that the pay fixation criteria, along with all necessary rules and notifications, be provided to the audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

[8] No. SGB/2-1/UoB/2020/375-85 dated 18.09.2020.

[9] No. F.P.2-103/HEC/2021-22/687 dated 30.09.2021.

21.15 Quetta Development Authority (QDA)

21.15.1 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.

21.15.2 Comments on Budget and Accounts (Variance Analysis)

Development and non-development funds amounting to Rs. 1,272.6 million were allocated to the department during 2022-23. Against the said allocation, an expenditure of Rs. 576.84 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	678.32	547.7	130.62	19.2
Development Grant No. BC12201 Function No. 061120	594.28	29.144	565.14	95
Grand Total Non-Development and Development	**1,272.6**	**576.84**	**695.76**	**54.6**

21.15.3 Audit profile of QDA, Balochistan

(Rs. in Million)

S. No.	Description	Total number	Audited	Expenditure audited financial year 2022-23	Revenue/ Receipts audited financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc. under the PAO	1	1	576.84	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.15.4 Classified Summary of Audit Observations

Audit observation amounting to Rs. 693.674 million was raised in this report during the audit of Quetta Development Authority. This amount also includes recoveries of Rs. 675.909 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	668.565
2.	Loss	13.82
3.	Less realization of receipt	7.344
4.	Irregular expenditure	3.945

21.15.5 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.	2021-2022	4	-	4	0

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

21.16 AUDIT PARAS

21.16.1 Non-recovery of dues and surcharge from the allottees - Rs. 668.565 million

As per Rule 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 to

Government Accounts”. Further, according to allotment orders of allotees, “In case the installments are not paid on due date a surcharge @20% or 25% on unpaid installment would be on payable.”

The DG, QDA, Quetta, during the financial year 2020-21, failed to recover an amount of Rs. 534.852 million against the allottees of commercial and residential plots. The management neither recovered outstanding dues from the allottees nor imposed late payment surcharge on unpaid installment, which resulted in loss of Rs. 133.713 million to the Authority.

Non-recovery of outstanding dues occurred due to weak internal and financial controls, which resulted in loss to the authority.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on January 17, 2024, the department replied that Rs. 36.350 million had been recovered from allottees of residential plots. The DAC directed the department to effect the complete recovery without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.16.2 Non-recovery of capital value tax – Rs. 13.820 million

According to Balochistan Finance Act, 2013, 4% of total cost of allotted plot shall be paid to the Government as Capital Value Tax by the allottees on allotment.

The DG, QDA, Quetta during the financial year 2021-22, failed to recover capital value tax amounting to Rs. 13.820 million @ 4% from the allottees of residential plots in Zarghoon Housing Scheme.

Non-recovery of capital value tax occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on January 17, 2024, the department replied that the CVT was applicable to plots measuring 500 Sq.yds and above. However, this regulation came into effect after 2013, while the allotments in question were made in 2012. The DAC directed the department to furnish the notification along with the allotment orders.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.16.3 Less receipts of government dues - Rs. 7.344 million

As per Rule 26 GFR, "It is the duty of Department Controlling Officers to see that al sums due to the Government are regularly and promptly assessed, realized and duly credited in the public account."

The DG, QDA, Quetta, during the financial year 2021-22, failed to collect the remaining dues of car parking and family park amounting to Rs. 7.344 million against the GCs.

Non-recovery of outstanding amount occurred due to weak internal controls, which resulted in loss to the authority.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on January 17, 2024, the DAC directed to effect the complete recovery from defaulters.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.16.4 Procurement without inviting open tender - Rs. 3.945 million

According to Rule 15(2) of BPPR, "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."

The DG, QDA, Quetta, during the financial year 2020-21, awarded different contracts amounting to Rs. 3.945 million, without inviting open tenders.

Award of contract without inviting open tender occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on January 17, 2024, the department replied that the Jabal-e-Noor car parking area was temporarily assigned while the Zarghoon car parking area was under litigation and could not be tendered. The DAC directed the department to cancel the contract for the Jabal-e-Noor car parking, family park and to share details of litigation in respect of Zarghoon car parking.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.17 Sardar Bahadur Khan Women's University, Quetta

21.17.1 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.

21.17.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 369.425 million were allocated to Sardar Bahadur Khan Women's University, Quetta during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 369.425 million was incurred, as summarized below:

(Rs. in Million)

Type of grant	**2022-23**			
	Final Grant	**Actual expenditure**	**Excess / (Saving)**	**%**
Non-Development (QA7674) Grant No. BC21016	369.425	369.425	0.000	0.00
Total Non-Development	**369.425**	**369.425**	**0.000**	**0.00**

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

(Rs. in Million)

S. No.	**Description**	**Total number**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	369.425	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.17.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 243.670 million were raised in this report during the current Audit. Summary of the audit observations classified by nature is as under:

(Rs. in Million)

S. No.	Classification	Amount
1.	Irregular	243.670

21.17.5 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	0
2.	2012-2013	1	-	1	0
3.	2013-2014	2	-	2	0
4.	2014-2015	2	-	2	0
5.	2015-2016	3	-	3	0
6.	2017-2018	2	2	-	100
7.	2020-2021	2	-	2	0
8.	2021-2022	5	-	5	0
9.	2022-2023	4	-	4	0
Total		**23**	**2**	**21**	**10**

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

21.18 AUDIT PARAS

21.18.1 Excess withdrawal of salary on TTS by VC - Rs. 6.689 million

Based on Notifications from both the Governors Secretariat Balochistan[1] and the Higher Education Commission (HEC)[2], the revised salary package for the Vice-Chancellor (VC) of a Public

[1] No. SGB/2-1/UoB/2020/375-85 dated 18.09.2020.

[2] No. F.P.2-103/HEC/2021-22/687 dated 30.09.2021.

University under the tenure track is as follows: The salary scale ranges from Rs. 394,875 to Rs. 684,450, with increments specified within the package.

The VC, SBKWU, appointed under the TTS, received excessive salaries due to an incorrect calculation of basic pay and the inclusion of additional pay and allowances i.e., senior post, personal pay, and house rent allowances during the financial years 2019-21 and 2022-23, which resulted in an overpayment of Rs. 6.689 million.

(Rs. in Million)

S. No.	**Particulars**	**Basic Pay**	**VC Sr. Post Allow 20%**	**House Rent**	**Personal Pay**	**Excess Amount**
1.	VC, SBKWU (2019-21)	2.026	0.404	1.037	0	3.469
2.	VC, SBKWU (2022-23)	1.390	0.278	1.320	0.232	3.220
Total		**3.416**	**0.682**	**2.357**	**0.232**	**6.689**

Excess withdrawal of salary on TTS was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the management in September 2022, and October 2023, but no reply was received.

In the DAC meeting held on January 12, 2023, and January 26, 2024, the DAC decided that clarification from the HEC/competent forum regarding TTS salary package for VC at maximum stage and admissibility of HRA be obtained.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.18.2 Irregular appointment of contractual staff - Rs. 58.442 million

As per Section 12(4) of SBKWU Act, 2004, "the VC shall have the powers to create and fill temporary posts for a period not exceeding six months." According to Section 12(4)(i) of SBKWU Act, 2004, "the VC shall have the powers to appoint a faculty employee in BPS 18 and non-faculty employees

B-17 and below on temporary basis for a period not exceeding six months provided that the same post/s shall be filled on regular basis by adopting of regular recruitment procedures and final recommendation of selection board /Committee.” Further, according to SBKW University Quetta (Service) statutes-2013 S.No.9(i), Initial recruitment shall be made on merit through open competition after advertisement of the vacancies in prescribed manner.

The VC, SBKWU, during the financial years 2019-21, incurred an expenditure of Rs. 58.442 million on account of salaries of contractual appointments. The VC appointed various Officers/Officials on contractual basis for a period of six months which was regularly extended for six months period as a routine practice.

The following irregularities were observed:

- The Contractual staff was hired against regular vacant posts.
- The extension in contractual period beyond the appointing period was against the rules.
- The appointments were carried out without open competition and advertisement.

Appointment of contractual staff in disregard of standing rules occurred due to weak internal controls, which resulted in irregular payments.

The matter was reported to the department in September 2022, but no reply was received.

In the DAC meeting held on January 12, 2023, the DAC directed that the case be referred to the Senate for regularization and the practice be discontinued.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.18.3 Non-reconciliation of general fee and other receipts with bank-Rs. 151.525 million

As per APPM 6.3.4, “A monthly reconciliation of bank accounts is a necessary part of financial management and is also an effective measure for detecting and deterring fraud and irregularities. Further as per FTR Vol-I, “when Governments moneys in the custody of a Government officer are paid into the treasury or the Bank, the head of the office making such payments should compare the treasury officer’s or the bank’s receipt on the challan or his pass book with the entry in the cash book before attesting it, and satisfy himself that the amounts have been actually credited into the treasury or the bank. When such payments are appreciable, he should as soon as possible after the end of the month obtain from the treasury a consolidated receipt for all remittances made during the month which should be compared with the postings in the cash book".

The VC, SBKWU during the financial year 2021-22, realized a sum of Rs. 151.525 million on account of General fee and other receipts but failed to reconcile those receipts with the bank. The absence of a reconciliation statement hindered the audit to verify the actual amount received through these transactions.

Non-reconciliation occurred due to poor financial management and weak internal controls which may result in misuse of fee causing revenue loss to the University.

The matter was reported to the department in June 2023, to which no reply was received.

In the DAC meeting held on January 23, 2024, it was replied that an inquiry was initiated to probe into the matter in which staff from student fee collection office and directorate of IT were involved. After the inquiry delinquent have been dealt in accordance with E&D rules. The DAC directed the management to provide the inquiry report, detailing the embezzled amount and the recovery process, to the Audit. Further, reconciliation of the receipts be ensured under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.18.4 Long outstanding TA and other Advances - Rs. 12.314 million

As per para 13 of financial statues 2013 of SBKWU "When requisition for general Advance is made for certain specific expenses, the Treasurer with the approval of the Vice- Chancellor may allow the advance to the requisitioned. It is important that the advance holder should render the statement of expenses within 30 days of incurring the expenditure duly supported by cash memos and evidence that all Codal formalities wherever applicable, have duly been observed, Advance should not be drawn unless it is immediately required. No other advance is released unless advance already drawn is adjusted".

The VC, SBKWU paid an amount of Rs. 12.314 million to the officers and staff of the university on account of travelling and other advances but the said advances were not found adjusted and were still outstanding against the officers/officials since 2009-10. Further, detailed account of the expenditure and acknowledgement receipts in support of payment to the contractors/suppliers were not submitted to date.

Presence of outstanding advances was due to weak internal controls which resulted in revenue loss to the University.

The matter was reported to the department in June 2023, to which no reply was received.

In the DAC meeting held on January 23, 2024, the DAC directed the management that details of recovery effected be shared with Audit and the remaining amount be recovered from the concerned at the earliest under intimation Audit.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.18.5 Irregular expenditure on hiring of internees - Rs. 14.700 million

According to Rule 88,89 of GFR, Vol.-I "an authority is ultimately responsible for watching the progress of expenditure on public services under its control and in order to exercise proper control, he should keep himself informed of what has actually been spent against an appropriation and that what commitments and liabilities have been and will be incurred against it for keeping the expenditure within the grant".

The VC, SBKWU during the financial year 2021-22 hired 49 internees deputed to various departments and paid an amount of Rs. 14.700 million without any action plan for management of internees, policy, and time frame of hiring of internees and budget allocation, as detailed below:

(Rs. in million)

No. of Internees	**Monthly Salary**	**Total in the FY 2021-22**
49	25,000	14.700

Irregular expenditure occurred due to weak internal controls which resulted in further increase in the expenditure of the University.

The matter was reported to the department in June 2023, to which no reply was received.

In the DAC meeting held on January 23, 2024, it was replied that the internees were hired on need basis. The DAC directed the management that the hiring of internees be regularized by Senate. The DAC further emphasized that regular positions should be filled through open competition rather than resorting to ad-hoc appointments with minimal remuneration.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.19 Quetta Water Supply and Sanitation Authority (QWASA)

21.19.1 Introduction

Quetta Water and Sanitation Authority was established in 1989 under an Act to perform, (a) initiate and maintain a continuous process of comprehensive water supply, sewerage and sanitation in the area; (b) to operate and maintain water supply, sewerage and sanitation system within the service area (c) to establish, maintain and periodically revise as necessary, planning controls, design and construction criteria, and regulations for water supply, sewerage and sanitation services for Quetta District.

21.19.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development and development funds amounting to Rs. 4,408.760 million were allocated to Quetta Water Supply & Sanitation Authority during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 4,358.751 million was incurred, as summarized below:

(Rs in million)

Type of Grant	2021-22			
	Final Grant	**Actual expenditure**	**Excess/ (Saving)**	**%**
Non-Development Grant No. BC21015	4,408.760	4,358.751	(-)50.009	1.13
Total Non-Development	**4,408.760**	**4,358.751**	**(-)50.009**	**1.13**

21.19.3 Audit Profile of (QWASA)

(Rs. in Million)

S. No.	Description	Total numbers	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts				
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	4,358.751	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.19.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 2,440.793 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 1,891.109 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	27.527
2.	Irregular expenditure	522.157
3.	Government tax and duties	28.342
4.	Recoverable	1862.767

21.19.5 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.	2009-2010	6	-	6	0
2.	2011-2012	5	-	5	0
3.	2012-2013	13	-	13	0
4.	2013-2014	20	-	20	0
5.	2022-2023	5	-	5	0
Total		**49**		**49**	0

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

21.20 AUDIT PARAS

21.20.1 Less realization of government revenue - Rs. 1,862.767 million

According to QWASA's Notification dated March 22, 2019[3], the Board of Directors in its meeting held on January 04, 2019, and with the prior approval of Provincial Government, the MD, QWASA fixed the following monthly fees/rates on supply of water through tube wells in Quetta District with effect from March 01, 2019:

S. No.	Description	Category	Rate
1.	Government installed	Govt.	5,000
2.	Private/ Domestic bore 1'	Private	1,000
3.	Scheme/ Community	Private	2,000

[3] No. WASA/26/Gen/Admin/6625-42

S. No.	Description	Category	Rate
4.	Private/Domestic bore 4'	Private	5,000
5.	Water Supply	Tanker	15,000
6.	Plaza/Hotel/Hospital	Private	30,000
7.	Service Station/Dairy/Marriage Hall/ Ice Factory	Commercial	15,000
8.	Agriculture	Agriculture	2,000

MD, QWASA, Quetta failed to recover an amount of Rs. 1,862.767 million till the financial year 2021-22 on account of water consumer fees from the domestic/ commercial consumers, government departments and private tube well owners/operators, as detailed below:

(Rs. in Million)

S. No.	**Nature of consumers**	**Total Numbers of consumers**	**Outstanding as June 30, 2021**	**Dues for the financial year 2021-22**	**Outstanding as June 30, 2022**
1.	Domestic	87,484	1,319.508	346.436	1,665.944
2.	Commercial	5,150	441.286	71.159	512.445
3.	Government Departments	430	101.971	4.428	106.399
4.	QWASA Staff	555	0.620	0.233	0.853
5.	Private Tube well	481	76.350	31.632	107.982
Total					**1,862.767**

Less realization of outstanding dues occurred due to weak internal controls, which resulted in loss to authority.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends making recovery of outstanding dues from the concerned.

Note: The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 4.16.1 having financial impact of Rs. 1,952.753 million. Recurrence of same irregularity is a matter of serious concern.

21.20.2 Non-surrendering of unspent amount of Grant-in-Aid - Rs. 223.517 million

As per BPFM Act, 2020[4] "all departments, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the finance department by 15th May each year all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them."

MD, QWASA, Quetta, during the financial year 2021-22, was operating an account No. 800139 in ABL Zarghoon Road Quetta. The Bank statements of the said account showed an unspent amount of Rs. 223.517 million on June 30, 2022, which was neither spent by the authority nor was the same surrendered to the government.

Non-utilization of funds occurred due to weak financial management, which resulted in blockage of government funds.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the unspent amount be deposited into government account.

21.20.3 Irregular award of contract – Rs. 119.85 million

According to Rule 51(b)(f) of BPPR, "Procurement of additional quantities of the items from the original contractor or supplier, where after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme: Provided that (i) the cost of additional quantities of items shall not exceed fifteen percent (15%) of the original contract amount." As per Para 2.82 of B&R Code, "No work shall commence unless properly detailed design and estimates have been sanctioned by the competent authority, except real emergency works, which must also be immediately reported to the authorities competent to accord technical sanction."

MD, QWASA advertised the work "Repair and maintenance of WASA Tube wells" at cost of Rs. 45 million in Daily Jung Quetta on August 6, 2021. The following irregularities were observed:

[4] Section 12 of Balochistan Public Finance Management Act, 2020

i. Based on the comparative statement, M/s Juma Khan, GC provided the lowest rate of Rs. 1.387 million per bore. After assessing the extent of work, the procurement committee sent offer letters to two additional firms, namely M/s Al-Saad and Brothers and M/s Fateh Muhammad and Son's GC. Subsequently, M/s Al-Saad and Brothers was excluded from the contract, leaving the contract with the remaining two firms.

ii. The management enhanced the contract and expended Rs. 164.845 million, instead of Rs. 45 million without inviting open tender. Since the enhancement was more than 15% of contract price therefore retendering was required.

iii. M/s Al-Saad and Brothers, GC was paid an amount of Rs. 26 million, despite the fact that the contractor was not awarded the work.

iv. The total expenditure incurred on repair works was Rs. 164.845 million whereas, administrative and technical approval of Rs. 45 million was obtained.

This resulted in irregular expenditure of Rs. 119.850 million.

(Rs. in Million)

S. No.	M/s Juma Khan and Brothers, GC	M/s Fateh Muhammad and Sons, GC	M/s A-Saad and Brothers, GC	Total (Exp:)	Cost	Diff.
1.	7.561	131.282	26	164.845	45	119.85

Irregularities in the tendering process occurred due to weak contract management, which resulted in mis-procurement.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that inquiry be conducted, and expenditure be regularized.

21.20.4 Excess deduction of security deposit to avoid the lapse of funds - Rs. 92 million

According to Para 2.66 of B&R Code, read with Clause 19 of condition of the contract agreement, and further as per Rules 290 of Treasury Rules, "Security deposit @ 10% should be deducted from payment made to the contractor for work done and may be refunded after three months from date of completion of scheme. "It is not permissible to draw money from the treasury to prevent the lapse of budget grant."

MD, QWASA, made payment of Rs. 118 million during the financial year 2021-22, on account of drilling and development of bores. Security deposit amounting to Rs. 92 million, which was 78% of the total payment, was deducted to avoid lapse of budget.

Excess deduction of security deposit occurred due to weak financial controls, which resulted in blockage of funds.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

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

21.20.5 Irregular expenditure from development funds - Rs. 86.790 million

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

MD, QWASA received an amount of Rs. 237.677 million from NHA and Quetta Development Package for replacement and relocation of pipelines. It was observed that an amount Rs. 86.790 million was expended on establishment and repair and maintenance charges irregularly.

The irregularity occurred due to weak financial controls, which resulted in misclassification.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the expenditure be regularized by the BoD and funds be recouped without further delay.

21.20.6 Less deduction of BSTS - Rs. 28.342 million

According to BSTS Act, 2015[5], “sales tax on services are @ 6% and 15% on contract and other services respectively.”

MD, QWASA, Quetta paid Rs. 424.707 million to various contractors for execution of civil works and repair & maintenance, during the financial year 2021-22. The management did not deduct BSTS at the prescribed rate from the contractors’ bills. Less deduction of BSTS put the government into revenue loss of Rs. 28.342 million.

Less deduction of BSTS occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery of BSTS be effected from the concerned.

21.20.7 Overpayment due to incorrect higher rate - Rs. 27.527 million

According to Rule 19(iv) of GRF Vol-I, “the terms of a contract once entered into should not be materially varied without the previous consent of the authority competent to enter into-the contract as so varied. No payments to contractors by way of compensation, or otherwise, outside the strict terms of the contract or in excess of the contract rates may be authorized without the previous approval of the competent authority. Further, according to Rule 38(1) of BPPR, “A procuring agency may cancel the bidding process at any time prior to the acceptance of a bid or proposal.”

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[5] Section 3 of BSTS Act, 2015

MD, QWASA, placed an advertisement in the Daily Jung Quetta on August 6, 2021, regarding the “repair and maintenance of tube wells including pullout of machinery through Crane” at an estimated cost of Rs. 45 million. Contract was awarded to M/s Fateh Muhammad and Son's GC on September 3, 2021 at the lowest quoted rate of Rs. 1.386 million per bore. However, on December 09, 2021, the management asked the pre-qualified firms to submit their financial bids again for the same work without providing any valid reasons and the same contractor offered a rate of Rs. 1.583 million who was again awarded the work at the higher rate without calling open tenders. The bid was cancelled after acceptance of proposal irregularly, which resulted in overpayment of Rs. 27.527 million to the contractor.

Overpayment occurred due to weak financial management, which resulted in loss to the government.

The matter was reported to the authority in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in July 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends recovery of overpaid amount from the concerned.

21.21 University of Balochistan (UoB)

21.21.1 Introduction

The UoB, Quetta is the oldest educational institution of higher learning in the province entrusted with the responsibilities to educate and train potentially talented human resource and manpower to meet the emerging needs of the industry and society. It plays a vital role in the development of Pakistan in general and Balochistan in particular.

21.21.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 2389.6 million were allocated to the University of Balochistan during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 2,146.61 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development	300.00	300.00	0	0
Development	2,089.60	1,846.61	242.99	11.6
Total	**2,389.6**	**2,146.61**	**242.99**	**10**

21.21.3 Audit Profile of UoB, Quetta

(Rs. in Million)

S. No.	Description	Total numbers	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	2,146.61	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.21.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 209.821 million were raised in this report during the current Audit. Summary of the audit observations classified by nature is as under:

(Rs. in Million)

S. No.	Classification	Amount
1.	Irregular expenditure	131.9
2.	Government tax and duties	23.32
3.	Recoverable	54.601

4.17.5 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.	2009-2010	1	0	1	0
2.	2013-2014	6	0	6	0
3.	2014-2015	3	0	3	0
4.	2015-2016	3	0	3	0
5.	2016-2017	2	1	1	50
6.	2017-2018	8	6	2	80
7.	2019-2020	2	0	2	0
8.	2020-2021	1	0	1	100
9.	2022-2023	2	0	2	0

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of compliance
Total		**28**	**6**	**22**	**21.42**

21.22 AUDIT PARAS

21.22.1Excess withdrawal of salary on TTS by VC- Rs. 8.398 million

Based on Notifications from both the Governors Secretariat Balochistan[1] and the Higher Education Commission (HEC)[2], the revised salary package for the Vice-Chancellor (VC) of a Public University under the tenure track is as follows: The salary scale ranges from Rs. 394,875 to Rs. 684,450, with increments specified within the package.

The VC, UoB, appointed under the TTS, received excessive salaries due to an incorrect calculation of basic pay and the inclusion of HRA during the financial years 2019-21. This resulted in an overpayment of Rs. 8.398 million**.**

(Rs. in Million)

Particulars	Basic Pay	House Rent	Excess Amount
VC, UoB (2021-22)	5.300	3.098	8.398

Excess withdrawal of salary occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in June 2022, but no reply was received.

In the DAC meeting held on January 03, 2023, the DAC decided that clarification from the HEC regarding TTS salary package for VC at maximum stage and admissibility of HRA be obtained under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends stoppage of inadmissible allowances and recovery over drawn amount.

21.22.2 Non-deduction of government taxes/duties - Rs. 23.32 million

[1]No. SGB/2-1/UoB/2020/375-85 dated 18.09.2020.

[2] No. F.P.2-103/HEC/2021-22/687 dated 30.09.2021.

According to BSTS Act, 2015[3], and Stamp Act, 1899[4], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; services and supply of goods amended to 7%, 3% and 4% respectively, and stamp duty @ 0.25% of cost of contract.

The PD, Expansion of Academic Facilities, UoB, paid an amount of Rs. 1,652.65 million on account of services rendered by contractors without deduction of government taxes/duties amounting to Rs. 23.32 million.

Non-deduction of government taxes/duties occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on January 11, 2024, the DAC decided that recovery be effected from the concerned at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends recovery of government taxes/duties from the concerned.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2020-21 and 2022-23 vide para numbers 3.8.1 and 4.18.2 having financial impact of Rs. 12.357 million and Rs. 5.843 million respectively. Recurrence of same irregularity is a matter of serious concern.

21.22.3 Non-obtaining of performance security – Rs. 131.90 million

According to Rule 39 of PPRR, "Where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount."

The VC, UoB, during the financial years 2021-23, awarded contracts to different contractors amounting to Rs. 1,318.95 million without obtaining performance security @ 10% amounting to Rs. 131.90 million from the contractors, as detailed below:

(Rs. in Million)

S. No.	Component	Name of Contractors	Contact amount	Performance security
1.	Library	Ali Ahmed Jan	77.77	7.78
2.	CRC	RAB Constructions	517.46	51.75
3.	IT Facilitation	RAB Constructions	137.49	13.75
4.	Student Facilitation	Chamal Associate	17.91	1.79

[3] Section 3 of BSTS Act, 2015

[4] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

5.	Boys Hostel	Ali Ahmed Jan	155.31	15.53
6.	Boys Hostel 2 blocks	Tahir and brothers	344.73	34.47
7.	Cafeteria	Chamal Associate	68.27	6.83
Total			**1,318.95**	**131.90**

Non-obtaining of performance security occurred due to weak internal controls, which may result in compromised quality of works.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on January 11, 2024, the DAC decided that performance security from the concerned contractors be obtained without further delay under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends obtaining performance security from the concerned contractors.

21.22.4 Non-collection of outstanding dues - Rs. 46.203 million

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

The VC, UoB, during the financial years 2021-23, failed to realize an amount of Rs. 46.203 million on account of tuition fees and hostel dues, as detailed below:

(Rs. in Million)

S. No.	**Description**	**Amount**
1.	Hostel Due	8.053
2.	Tuition Fees	38.150
Total		46.203

Non-collection of outstanding dues occurred due to weak internal controls, which resulted in a revenue loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

In the DAC meeting held on January 11, 2024, the DAC directed the department to provide the record of hostel dues and expedite the recovery of tuition fees.

No further progress was intimated till the finalization of this report.

Audit recommends recovery of dues from the concerned.

21.23 University of Loralai (UoL)

21.23.1 Introduction

The university was established in 2009 as a sub-campus of the University of Balochistan (UOB) Quetta. Later, it was declared a full-fledged university with the promulgation of the University of Loralai Act No.VI of 2012, passed by the Provincial Assembly of Balochistan on 24 September 2012 and assented to by Governor, Baluchistan on 27 September 2012.

21.23.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 2,800 million were allocated to the University of Loralai during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 2,800 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development	1300	1300	0.000	0.00
Development	1500	1500	0.000	0.00
Total Non-Development	**2800**	**2800**	**0.0**	0.00

21.23.3 Audit Profile of UoL

(Rs. in Million)

S. No.	**Description**	**Total numbers**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	953.375	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.23.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 109.192 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 10.644 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	5.00
2.	Overpayment	79.687
3.	Government tax and duties	24.505

21.24 AUDIT PARAS

21.24.1 Overpayment due to excess and higher rates - Rs. 79.687 million

As per Para 2.86 of B&R Code, “The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved.”

The VC, University of Loralai, during the financial years 2019-22, overpaid an amount of Rs. 79.687 million to GCs by allowing higher/excess rates than approved in the BoQs.

Overpayment was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the management in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in June 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the contractors.

21.24.2 Non-deduction of BSTS - Rs. 24.505 million

According to BSTS Act, 2015[1], sales tax on services @ 6% and 15% on contract and other services respectively.

[1] Section 3 of BSTS Act, 2015

The VC, University of Loralai, during the financial years 2019-22, made payments of Rs. 408.409 million to the GCs without deduction of BSTS which resulted in a revenue loss of Rs. 24.505 million.

Non-deduction of BST was due to weak internal controls, which resulted in a revenue loss to the government.

The matter was reported to the management in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in June 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned.

21.24.3 Non-recovery of utility charges from staff - Rs. 5 million

According to to decision taken in the 4th meeting of Finance and Planning Committee vide letters dated, March 10, 2021[2], it was decided that faculty and staff shall be charged for the facility of accommodation and amount will be deducted from their salaries.

The VC, University of Loralai, during the financial years 2019-22, failed to recover utilities and maintenance charges from the staff residing in different faculty hostels, which resulted in a loss of Rs. 5 million, as detailed below:

(Rs. in Million)

S. No.	Total number of staff	Date	Amount
1.	50 female teachers @ 5000	2021-22	2.500
2.	50 male teachers @ 5000	2021-22	2.500
Total			**5**

Non-recovery of utility charges was due to weak internal controls, which resulted in loss to the government.

[2] No. D-reg/UOL/302-07

The matter was reported to the management in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in June 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned.

21.25 University of Turbat (UoT)

21.25.1 Introduction

University of Turbat is the second General University in public sector, chartered by the Government of Balochistan vide Act 2012 passed by the Balochistan Provincial Assembly in May 2012. The main objective of the establishment of the University of Turbat in the Mekran region in Balochistan is to provide better opportunities of higher education to the students of Turbat (Kech) and adjoining districts of Panjgur, Gwadar and Awaran.

21.25.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 277.692 million were allocated to the University of Turbat during the financial year 2022-23. Against the said allocation, an expenditure of Rs. 277.692 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development (TB 7274) Grant No. BC21016	277.692	277.692	**0.000**	0.00
Total Non-Development	**277.692**	**277.692**	**0.000**	**0.00**

21.25.3 Audit Profile of UoT, Quetta

(Rs. in Million)

S. No.	**Description**	**Total numbers**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-

S. No.	Description	Total numbers	Audited	Expenditure audited: financial year 2022-23	Revenue/ Receipts audited: financial year 2022-23
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	277.692	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.25.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 51.064 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 10.644 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	10.644
2.	Irregular expenditure	40.420

21.25.5 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.	2022-2023	2	0	2	0
Total		**2**	0	**2**	**0**

21.26 AUDIT PARAS

21.26.1 Non-utilization of funds - Rs. 18 million

According to Section 4.1(h) of Universities Act, 2022, "To institute programmes for the exchange of students and teachers between universities, educational institutions and research organizations inside as well as outside Pakistan."

The VC, University of Turbat, during the financial year 2022-23, had allocated an amount of Rs. 18 million for conducting research activities. The management failed to utilize this amount on research programmes. There was limited evidence to suggest that university actively engaged in initiatives aimed at sharing knowledge, data, or findings with other corporate entities or public sector institutions. University had not fully embraced collaborative approach in disseminating research outcomes to corporate and the public sector.

Non-utilization of funds was due to weak internal controls, which deprived the deserving researchers from enhancing their professional capabilities.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends conducting research in line with Universities' Act.

21.26.2 Non-imposition of penalty - Rs. 3.200 million

As per Clause 2 of the general conditions of contract, "if the contractor fails to complete the work within a stipulated time, he shall be liable to pay compensation @ 1% per day or maximum 10% of the contract cost".

The VC, University of Turbat, during the financial year 2022-23, failed to recover/impose the penalty amounting to Rs. 3.200 million from the contractors. The contractors failed to complete the work within the stipulated period and did not apply for time extension.

Non-imposition of penalty was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that liquidated damages be recovered from the concerned.

21.27 Mir Chakar Khan Rind University

21.27.1 Introduction

Mir Chakar Khan Rind University Act No.180 of 2018, passed by the Provincial Assembly of Balochistan on 13 June 2018 and assented to by Governor, Baluchistan. Having the prerogative to be the foremost university of Sibi, Mir Chakar Khan Rind University is built to stand autonomous on the urge for education, pedagogy, and research in the rural fields of Balochistan.

21.27.2 Comments on Budget and Accounts (Variance Analysis)

Non-Development funds amounting to Rs. 254.557 million were allocated to the University of Mir Chakar Khan Rind University during the financial year 2021-22. Against the said allocation, an expenditure of Rs. 254.557 million was incurred, as summarized below:

(Rs. in Million)

2022-23				
Type of grant	**Final grant**	**Actual expenditure**	**Excess/ (Saving)**	**Percentage**
Non-Development	488.935	505.098	16.163	3.3
Total Non-Development	**488.935**	**505.098**	**16.163**	**3.3**

21.27.3 Audit Profile of MCKRU, Quetta

(Rs. in Million)

S. No.	**Description**	**Total numbers**	**Audited**	**Expenditure audited: financial year 2022-23**	**Revenue/ Receipts audited: financial year 2022-23**
1.	Formations	-	-	-	-
2.	Assignment Accounts	-	-	-	-
3.	Special Drawing Accounts	-	-	-	-
4.	Authorities/ Autonomous Bodies etc., under the PAO	1	1	505.098	-
5.	Foreign Aided Project (FAP)	-	-	-	-

21.27.4 Classified Summary of Audit Observations

Audit observations amounting to Rs. 30.407 million were raised in this report during the current Audit. This amount also includes recoveries of Rs. 30.407 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	27.709
2.	Government tax and duties	2.698

21.28 AUDIT PARAS

21.28.1 Outstanding admission/tuition fees - Rs. 14.340 million

According to HEC guidelines, “Universities are required to collect revenue as per the budgeted amount, and any deviation from the budgeted amount must be reported to the HEC. The revenue collection should be transparent, and all funds must be properly accounted for.”

The VC, MCKRU, Sibi, during the financial year 2022-23, failed to collect the outstanding fees amounting to Rs. 14.340 million across various programs. Despite the enrollments/admissions of a total of 403 students in both sessions, an amount of Rs. 14.340 million was outstanding, as detailed below:

(Rs. in Million)

Detailed	Total Admission Fees	Total Fee collected	Fee outstanding
Main Campus Students Fees Collection, 2022-23	15.285	0.945	14.340

Outstanding fees was due to weak internal controls, which resulted in a revenue loss to the University.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the outstanding amount of students’ admission fees be collected/recovered at earliest.

21.28.2 Excess/inadmissible withdrawal of allowances - Rs. 13.369 million

As per FD, GoB, Notification's dated March 30, 1974[1], April 19, 1983[2], September 3 1995[3], July 1, 2016,[4] June 30, 2008[5] and February 18, 2020[6], the House Rent Allowance, 5% deduction of pay for Repair and Maintenance, Orderly, Additional Charge, Conveyance and Qualification Allowances respectively have been prescribed by the Government.

The VC, MCKRU, Sibi, during the financial years 2021-23, paid an excess amount of Rs. 13.369 million to officers and staff on account of various inadmissible/excess allowances, as detailed below:

(Rs. in Million)

S. No.	**AIR Para No.**	**Financial year**	**Detail of Allowances**	**Amount**
1.	20	2021-22	House Rent allowance	5.297
2	21		5% House R&M	2.450
3.	22		Conveyance Allowance	2.990
4.	23		Additional Charge Allowance	1.149
5.	24		Qualification Allowance	0.090
6.	25		Orderly Allowance	0.402
7.	12	2022-23	5% House R&M	0.156
8.	13		Conveyance Allowance	0.205
9.	14		Orderly allowance	0.630
Total				**13.369**

Excess/inadmissible withdrawal of allowances was due to weak internal controls, which resulted in a loss to the University.

[1] No. FD (R) III-36/72

[2] No. CS-III/71/4752-82/GB

[3] No. FD(R)III-40/Orderly/2481

[4] No.F.No.1(2) Imp/2016-333

[5] No.I(I)imp/2008

[6] No.FD(R-I)III-42/2020/335-45

The matter was reported to the management in March 2023, but no reply was received.

In the DAC meeting held on November 27, 2023, the DAC directed the management to present the matter to the Senate for formal approval of HRA, besides effecting recovery of Conveyance, Orderly Allowances and Qualification pay. Further, seek clarification regarding admissibility of Additional Charge Allowance from the competent forum else effect recovery. The DAC in respect of Paras for the financial year 2022-23 was not convened despite repeated requests.

No further progress on DAC directives was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

21.28.3 Less deduction of BSTS - Rs. 2.698 million

According to BSTS Act, 2015[7], sales tax on services are @ 6% and 15% on contract and other services respectively.

The VC, MCKRU, Sibi, during the financial year 2022-23, incurred an expenditure of Rs. 50.068 million on civil works and deducted 2% BSTS instead of 6%, resulting in less deduction of BSTS amounting to Rs. 2.698 million.

Less deduction of BSTS was due to weak financial controls, which resulted in a revenue loss to the government.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned.

[7] Section 3 of BSTS Act, 2015

Chapter 22

22 Miscellaneous Departments

22.1 Balochistan Education Endowment Fund (BEEF)

12.1.1 Non-surrender of Grant-in-Aid - Rs. 450 million

According to Section 22 of BPFM Act, 2020, “All department, their attached departments and sub-ordinate offices, and autonomous organizations shall surrender to the FD [by the thirty-first day of May each year], all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.”

The CEO, BEEF, GoB, during the financial year 2020-21, did not surrender the unspent balance of Grant-in-Aid amounting to Rs. 450 million. Instead, the amount was deposited into the private saving account in bank against the Rules.

Non-surrender of unspent balance of Grant-in-Aid occurred due to weak financial controls, which resulted in unnecessary blockage of public money.

The matter was reported to the department in August 2022. The management replied that all investments were made in accordance with investment policy approved by the BOD. Audit did not agree, as the department did not produce approval from the competent authority. Further, investment from grant-in-aid amount was against the Rules.

The PAO was requested to convene a DAC meeting in August 2022, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that unspent amount along with interest earned be deposited into government account.

22.1.2 Irregular expenditure of bonus - Rs. 26.955 million

According to Article 10 of Memorandum of Association of BEEF, “the income of the company and any profit of the company, shall applied solely towards the promotion of the company and no portion of thereof shall be distributed or paid directly and indirectly by way of bonus.”

The CEO, BEEF, GoB, during the financial year 2020-21, paid an amount of Rs. 26.955 million on account of bonus to its employees by violating Article 10 of their Memorandum of Association.

Payment of bonus from income of the organization occurred due to weak internal controls, which resulted in irregular expenditure.

The matter was reported to the department in August 2022. The department replied that bonus was paid to the employees after approval of BOD. Audit was of the view that payment of bonus was irregular in the light of Article 10 of Memorandum of Association, which needed to be stopped.

The PAO was requested to convene a DAC meeting in August 2022, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends for strict compliance of Rules.

22.2 BPPRA

22.2.1 Irregular retention of public money - Rs. 196.864 million

As per Section 12 of BPFM Act, 2020 "all departments, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the finance department by 15th May each year all anticipated savings in the grants or assignment accounts or grant in aid controlled by them. In case of autonomous organizations, surrender of any savings from their grant-in-aid are subject to provisions of their respective enactments." Further, according to Finance Department's Notification dated August 23, 2008[8], "No account in the Commercial Bank can be opened for public money, without the prior permission of the Finance Department."

The MD, BPPRA, during the financial year 2021-22, failed to surrender the unspent amount of Rs. 196.864 million of Grant-in-Aid and retained in the Bank Account without the prior approval of the FD, GoB.

Irregular retention occurred due to poor financial management, which resulted in unnecessary blockage of public funds.

The matter was reported to the management in May 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the unspent amount from Grant-in-Aid be deposited into government account.

[8] No. SO (B&A)1-1/Misc./S&GAD/2008-09/520-52.

22.3 Balochistan Provincial Assembly

22.3.1 Irregular retention of government vehicles

As per Balochistan Staff Car Rules, 2000 "A staff car belonging to an attached Department or a Subordinate or a Department shall not be used by the Administrative Department /Minister". Further, High Court of Balochistan had ordered that vehicles provided to Ministers/Advisors to Chief Minister Balochistan shall be retrieved."

The Secretary, Provincial Assembly Secretariat, GoB, during the financial years 2021-23, provided vehicles to Ex-Ministers/ Members/Speakers, which were not retrieved till the completion of Audit as detailed in Annexure 22.1.

Irregular retention of government vehicles occurred due to poor asset management, which resulted in loss to the government.

The matter was reported to the department in September 2023. The department replied that 15 vehicles had been recovered and remaining would be retrieved soon. Audit advised for provision of handing/taking over of 15 vehicles besides, making efforts for retrieving of remaining ones.

The PAO was requested to convene a DAC meeting in October 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends retrieval of government vehicles.

22.4 Director General Public Relation (DGPR)

22.4.1 Doubtful expenditure on advertisements - Rs. 117.408 million

As per Para 3.3.12 and 3.3.12.12 of APPM, "Reporting and monitoring at a transaction level, Drawing and Disbursing Officers must ensure claims for payment are properly prepared and duly approved, as per the Schedule of Authorized Expenditure, classified, and recorded according to the rules procedures for expenditures."

The DGPR, GoB, during the financial year 2022-23, incurred an expenditure of Rs. 117.408 million on advertisement. It was revealed that the position of DG remained vacant due to ongoing legal proceedings, and no officer had been officially delegated the authority to authorize payments. Further, the DDO, who lacked the necessary competence, processed multiple payments for advertisements to the relevant entities. Furthermore, an amount of Rs. 83.471 million was disbursed to Category C newspapers without adherence to the essential prerequisites outlined in the advertisement policy:

- The verification of ABC certificates,
- Confirmation of the number of daily copies to be published, and
- Validation of sanction orders, among other requirements.

Doubtful expenditure occurred due to weak internal controls, which may result in loss to the government.

The matter was reported to the department in October 2023, but no reply was received.

In the DAC meeting held on January 03, 2024, the DAC directed the management that an inquiry be conducted into the matter.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

22.4.2 Expenditure without calling open tenders - Rs. 3.058 million

According to Rule 15(2) of BPPRRs, "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."

The DGPR, GoB, during the financial years 2021-23, incurred an expenditure amounting to Rs. 3.058 million, by split-up to avoid open tenders.

Expenditure by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in October 2023, but no reply was received.

In the DAC meeting held on January 03, 2024, the DAC directed the management that the amount be regularized by the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

22.5 Law & Parliamentary Affairs

22.5.1 Non-submission of financial statements/vouchers - Rs. 15 million

According to Rule 207(3) of GFR, Vol. I, "Before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the Grant-in-Aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended." Further, 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."

The Advocate General Balochistan Quetta, during the financial years 2021-23, withdrew an amount of Rs. 15 million against Grant-in-Aid, but the Audited Financial Statements and vouchers were neither submitted to AG office nor was made available to Audit for scrutiny, as detailed below:

(Rs. in Million)

S. No.	Cheque No.	Date	Vendor Name	Head of account	Amount
1.	1488240	18.10.2021		A05213	2.500

2.	1996026	22.03.2022	Chairman Balochistan Bar Council, Quetta		2.500
3.	1944651	06.06.2023			2.500
4.	2078924	22.06.2023			2.500
5.	2078925	22.06.2023			2.500
6.	2073607	19.06.2023			2.500
Total					**15**

Non-submission of audited financial statements/vouchers occurred due to weak financial controls, resulting in unaudited/unverified expenditure.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

No further progress was intimated till the finalization of this report.

Audit recommends that Audited Financial Statements/vouchers be provided.

22.5.2 Irregular payment through DDO - Rs. 9.636 million

According to Para 4.2.9.9 of APPM, "cheques payment should be released to the payee or personally collected by the payee or his authorized agent."

The Provincial Ombudsman (Mohtasib), Quetta, during the financial years 2017-22, withdrew an amount of Rs. 9.636 million and disbursed the payment through DDO instead of making payments to the respective vendors/officials.

Payment through DDOs instead of vendors/officials was due to weak financial controls, which resulted in irregular expenditure.

The matter was reported to the department in December 2022, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

No further progress was intimated till the finalization of this report.

Audit recommends that acknowledgment receipts of expenditure and justification of DDO payments along with tax deductions be provided.

22.6 Population Welfare Department

22.6.1 Non/less deduction of government taxes - Rs. 10.960 million

According to BSTS Act, 2015[1], Income Tax Ordinance, 2001[2], General Sales Tax Act, 1990[3] and Stamp Act, 1899[4], the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The DG Population Welfare, Quetta, GoB, during the financial year 2021-22, made payments to various GCs/suppliers for various works and supplies without/less deduction of government taxes/duties. This resulted in non/less realization of governmental taxes amounting to Rs. 10.960 million.

Non/less deduction of government taxes was due to weak financial controls, which resulted in loss to government.

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned.

22.6.2 Expenditure without inviting open tenders - Rs. 3.391 million

According to Rule 15(2) of BPPRRs, "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."

The Secretary, Population Welfare Department, Quetta, GoB, during the financial years 2019-22, incurred an expenditure amounting to Rs. 3.391 million on account of various contingent heads, by split-up to avoid open tenders.

Expenditure by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

[1] Section 3 of BSTS Act, 2015

[2] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

[3] General Sales Tax (GST) Act, 1990 as amended vide Finance Act, 2014-15

[4] S. No.4 (22 A) Schedule I to Stamp Act, 1899, as amended vide Balochistan Act, 1994

The matter was reported to the department in June 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the expenditure be regularized by the competent authority.

22.7 Social Welfare Department

22.7.1 Non-initiating of health delivery through PPP and non-availing of subsidy - Rs. 109.446 million

According to component 7 of PC-I, "The program will introduce Social Sector intervention, community organization and access to technology, that also open opportunities for alternative health delivery mechanism, most especially through a (PPP) framework. Further, as per component 5 of PC-I, "A formal MoU will be signed by the Social Welfare Department, wherein all the major and prominent hospitals in private sector will be approached to provide subsidy for the medical treatment to the patient covered under this scheme/fund."

The PD/Director, BAEF, Quetta, for the financial years 2018-22, paid an amount of Rs. 2,188.936 million to panel hospitals for the medical treatment to the patients without initiating health delivery mechanism through PPP framework. Further, the payment was made without availing subsidy from the panel hospitals in violation of PC-I provisions. The department could have saved Rs. 109.446 million had the hospitals been approached for a minimum 5% subsidy. Besides, the health delivery mechanism could have been improved by introducing health insurance policy through PPP.

The lapse occurred due to weak internal controls, which not only resulted in financial loss but also had detrimental impact on the health delivery mechanism.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends implementation of PC-I provisions in letter and spirit.

22.7.2 Non-rendering of detailed vouched accounts - Rs. 17. 727 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."

The DG, Social Welfare Department, Quetta withdrew an amount of Rs. 17.727 million on account of Grant in Aid during the financial year 2022-23 on abstract contingent bills and paid to different institutions without presenting vouched adjustment accounts duly countersigned by the head of the department, as detailed below:

(Rs. in Million)

S. No.	Date	Name of institutions	Amount
1.	31.05.23	SOS Children Village of Balochistan	10
2.	30.12.22	Umeed Special Education Center	5
3.	02.03.23	Institute For Special children	2.500
4.	23.06.23	Rural Community Centre.	0.227
Total			**17.727**

The irregularity occurred due to weak financial management, which resulted in unaudited expenditure.

The matter was reported to the department in October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends submission of detailed vouched accounts to Audit for verification.

22.7.5 Irregular retention of government money - Rs. 10.901 million

According to FD's Notification dated August 23, 2008[5], "No account in the Commercial Bank can be opened for public money, without the prior permission of the FD." Further, according to Rule 26 of GFR Vol.I, "It is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the public account."

The DG, BCRA, GoB, during the financial year 2021-22, collected an amount of Rs. 10.901 million on account of registration fees from NGO's, NPO's and other charitable organizations and retained it in the bank account instead of depositing the same in the public account.

Irregular retention of public money occurred due to weak financial controls, which resulted in unnecessary blockage of public funds.

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[5] No. SO (B&A)1-1/Misc./S&GAD/2008-09/520-52.

The matter was reported to the department in May 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the receipts be deposited into government account.

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22.7.6 Irregular payments in the name of DDOs - Rs. 10.30 million

According to section No.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 Social Welfare Department, Balochistan, during the financial years 2019-23, withdrew an amount of Rs. 10.30 million and disbursed it through DDO instead of drawing cheques in the name of the respective vendors:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Amount
1.	Secretary, Social Welfare, Balochistan	3	8.320
2.	DG, Social Welfare	2	1.980
Total			**10.300**

Payment through DDOs instead of vendors occurred due to poor financial management, which resulted in irregular expenditure.

The matter was reported to the department during June to October 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends providing justification of DDO payments and acknowledgment receipts along with tax deductions.

22.8 Science & Information Technology Department

22.8.1 Non-maintenance of trainings record - Rs. 5.600 million

As per Rule 12 of GFR, Vol.-I, "Funds allotted to spending units are to be expended in the public interest and upon the objects for which the money was provided."

DG, IT, GoB, during the financial year 2022-23, incurred an expenditure of Rs. 56.554 million on "installation of CCTV cameras at tertiary care hospitals and trainings". A sum of Rs. 5.600 million was paid for imparting training to the staff, but no documentary evidence was maintained to authenticate the payment.

Non-maintenance of training record occurred due to weak internal controls, due to which the expenditure remained unaudited/unverified.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that relevant record of training be provided to Audit.

22.8.2 Non/less deduction of government taxes - Rs. 2.082 million

According to BSTS Act, 2015[6], Income Tax Ordinance, 2001[7], the government levied income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The Secretary, Science and Information Technology Department, GoB, Quetta, during the financial year 2022-23, awarded the work "Establishment/Renovation of Citizen Facilitation Center E-Khidmat Center" to M/S Ali Traders, GC. Payments were made to the contractor without/less deduction of government taxes amounting to Rs. 2.082 million.

Non/less deduction of government taxes occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the recovery be effected from the concerned.

22.8.3 Expenditure without inviting open tenders – Rs. 1.686 million

[6] Section 3 of BSTS Act, 2015

[7] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

According to Rule 15(2) of BPPRRs, "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."

The DG, IT, GoB, during the financial year 2021-22 incurred an expenditure of Rs. 1.686 million on various purchases, by split up to avoid open tenders.

Expenditure by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in June 2023, but no reply was received.

In the DAC meeting held on November 10, 2023, the DAC directed the management to regularize the expenditure by the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

22.9 Transport Department

22.9.1 Less realization of tax receipts - Rs. 221.96 million

According to FD, GoB, Book Vol.-II, "Estimate of receipts for the financial year 2022-23 against Transport Department was fixed at Rs. 182.374 million."

The following offices of Transport Department, GoB, during the financial year 2022-23, failed to realize the targeted revenue, as detailed below:

(Rs. in Million)

S. No.	Name of office	AIR Para No.	Target Amount	Amount Realized	Shortfall
1.	Secretary, Provincial Transport Authority	3	212.167	91.455	120.712
2.	Secretary, Regional Transport Authority, Quetta	2	192.067	90.919	101.248
Total			**404.234**	**182.374**	**221.96**

Less realization of revenue receipts occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that efforts be made for realization of yearly set target.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 24.1.16 having financial impact of Rs. 25.965 million. Recurrence of same irregularity is a matter of serious concern.

22.9.3 Non-realization of route permit fees - Rs. 19.767 million

As per Transport Department's Notification dated March 13, 2013[8]. "Penalty on late payment after expiry of route permit fixed Rs. 300 per month for all categories i.e. Stage carriage (Bus/Minibus), public carrier (Trucks, loading vehicles."

The following offices of Transport Department, GoB, during the financial year 2022-23, failed to collect route permit fees from owners of various classes of vehicles, resulting in a revenue loss of Rs. 19.767 million:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Type of vehicle	Outstanding Amount
1.	Secretary, PTA	2	Trucks, Trollies, Buses, Mini Buses and Taxis, Pickups, Trucks/loaders and Buses, Mini buses, Rickshaws	6.505
2.	Secretary, RTA	6		13.262
Total				**19.767**

[8] No. SOA (A)PTD/2-15/2013/272-33

Non-realization of route permit fees was due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the outstanding amount of route permit fees be recovered.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2022-23 vide para number 24.1.17 having financial impact of Rs. 9.433 million. Recurrence of same irregularity is a matter of serious concern.

22.9.4 Non-recovery of registration fees - Rs. 10.500 million

As per Rule 253(A) of Motor Vehicle Rules, 1969, "License fee for the one year in the city districts shall be Rs. 50,000 and fee for the renewal of such a license for one year in the City Districts or the Tehsil Municipal Administrations shall be Rs. 35,000."

The Secretary, RTA, GoB, during the financial year 2022-23, failed to realize license fees from owners of private bus terminals, resulting in non-recovery of Rs. 10.500 million.

Non-recovery of registration fees occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in December 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in December 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that the registration fees be realized from the concerned.

22.10 Women Development Department

22.10.1 Expenditure without inviting open tenders - Rs. 16.484 million

According to Rule 15(2) of BPPRRs, "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."

The following offices of Women Development Department, GoB, during the financial year 2021-23, incurred an expenditure of Rs. 16.484 on procurement of different items, by split-up to avoid open tenders, as detailed below:

(Rs. in Million)

S. No.	Name of Office	AIR Para No.	Financial Year	Amount
1.	Secretary, Women Development Department, GoB	1,2	2022-23	12.665

2.	Directorate for Women Development, Quetta	1	2022-23	3.819
Total				**16.484**

Expenditure by split-up to avoid open tenders occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department during September to November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that expenditure be regularized by the competent authority.

22.10.2 Non-submission of financial statements/vouchers - Rs. 12.500 million

According to Rule 207(3) of GFR, Vol.I, "Before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned in order to see that the Grant-in-Aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended." Further, 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."

Secretary, Women Development Department, GoB, during the financial year 2022-23, withdrew an amount of Rs. 12.500 million against Grant-in-Aid, but the Audited Financial Statements and vouchers were neither submitted to AG office nor was made available to Audit for scrutiny.

Non-submission of audited financial statements/vouchers occurred due to weak financial controls, resulting in unaudited/unverified expenditure.

The matter was reported to the department in November 2023, but no reply was received.

The PAO was requested to convene a DAC meeting in November 2023, followed by repeated reminders, but no meeting was held till the finalization of this report.

Audit recommends that audited financial statements along with relevant vouchers be provided to Audit.

22.11 Excise and Taxation Department

22.11.1 Advance payment and non-blacklisting of firms - Rs. 1.811 million[9]

According to Rule 379 of Treasury Rules, “payment for supplies is not permissible unless the stores have been received and surveyed. Payments prior to verification of quality and quantity of the materials may be permitted in exceptional cases only. Further, according to Rule 23(1) of BPPR, “the blacklisting of suppliers willful failure to perform in accordance with the terms of one or more than one contract.”

DG, Excise and Taxation Quetta, during the financial year 2014-15, paid advance payment of Rs. 3 million to a GC, for supply of computerized number plates. The firm could not complete the supply and defaulted on its obligations amounting to Rs. 1.811 million.

Advance payment and non-recovery of outstanding dues occurred due to weak internal controls, which resulted in loss to the government.

The matter was reported to the department in February 2016, but no reply was received.

In the DAC meeting held on October 05, 2023, the DAC directed the management to produce proof of disciplinary action taken against the officials for advance payment in addition to blacklisting of the firm.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

[9] MfDAC for the Audit Year 2017-18

Chapter 23

23.1 Foreign Aided Projects

Gwadar-Lasbella Livelihoods Support Project-II under Pakistan and International Fund for Agricultural Development (IFAD)

23.1.1 Irregular payment without inviting open tenders - Rs. 239.824 million

According to Rule 15 (1) of BPPRs, 2014, “Procurements over two hundred thousand rupees and up to one million rupees shall be advertised by timely notification on the Authority’s website.”

Scrutiny of records of PD, GLLSP, Phase-II, Gwadar, for the financial year 2022-23, revealed that an expenditure of Rs. 239.824 million was incurred under the component of “Community Physical Infrastructure” i.e., for drinking water supply schemes, installation of solar home system and construction of protection wall for flood” without inviting open tenders, as detailed below:

(Rs. in Million)

S. No.	Financial Year	Description	Amount
1.	2022-23	Community Physical Infrastructure, (CPI)	239.824

The irregularity occurred due to weak internal controls, which resulted in mis-procurement.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management clarified that it wasn't a single scheme, but rather a compilation of multiple schemes. Further, community development was carried out by NRSP as the services were provided by NRSP being a social mobilization partner through cash forward program where the money was transferred to the community directly to carry out the civil works. Furthermore, BPPRA remained silent where procurement policies were implemented by donors. Audit highlighted that tenders should be called to obtain comparative rates and competitive quality. The DAC directed the management to submit the procurement guidelines of IFAD to the Audit for verification. Furthermore, the office's monitoring mechanism, including well-defined roles at each tier, should also be provided to the Audit. It was additionally decided that the matter should be raised with BPPRA for clarification.

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

Audit recommends implementation of DAC directives.

Balochistan Livelihood and Entreprenuership Project (BLEP), Quetta

23.1.2 Wasteful expenditure due to non-maintenance of plants – Rs. 9.076 million

As per the contract agreement signed with Forest department and community, "BLEP would be responsible for the plantation of Pistachio, Pomegranate, fig and Almond covering an area of about 100 acres."

The PD, BLEP, during the financial year 2022-23, awarded contract to M/s Hazel Wood Pvt amounting to Rs. 9.076 million on account of procurement of plants, land preparation, excavation of channels, digging of pits, and plantation. During the field visit, Audit noticed that 50 % of plants in the Bayana Bakhtiar area of district Killa Saifullah had dried due to lack of water sources and poor monitoring causing huge loss to the project. Further, the same component was also being implemented by the Forestry & Wildlife department under TBTTP program. Furthermore, no coordination with the line department was carried out to avoid overlapping. The details are given below:

(Rs. in Million)

S. No.	Name of Contractor	Particulars	Estimated Cost
1.	M/s Hazel Wood Pvt.	Procurement of plants, land preparation, excavation of channels, digging of pits.	9.076

Wasteful expenditure occurred due to weak internal controls, which resulted in extra budgeting on a single component.

The report was issued to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management informed that Forest department proposed the plantation. However, the process of plantation was the core responsibility of BLEP while raising the plants was that of the Forest department. Further, district Noshki showed 90 % success unlike Killa Saifullah. Audit highlighted that the lapse should have been highlighted in the PSC meeting for the revision of PC-I. Further, if plantation was executed for communal benefits, the satisfactory reports should have been obtained from the community. The DAC directed the management to take up the case in the upcoming PSC to fix responsibility for the loss incurred and the satisfactory reports from the community be provided to Audit for verification.

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

Audit recommends implementation of DAC directives.

Omani Grant Project, Gwadar Planning & Development Department, Government of Balochistan

23.1.3 Non-deduction of income tax on civil work and hiring of vehicles - Rs. 26.743 million

According to Section 153(i)(c) of Income Tax Ordinance, 2001 amended up to date vide Finance Act, 2014 and FBR clarification letter No. DCIR/WHT-U-III//RTO/QTA/21 dated August 2014, rate of withholding tax for non-corporate sector was increased from 6.5% to 7.5% on execution of contracts and 7% to 10% on services.

The PD, Omani Grant Project, District Gwadar, during the financial year 2022-23, made payments of Rs. 341.626 million on account of civil works and Rs. 11.205 million on hiring of vehicles to the contractor without deducting due income tax. Scrutiny of the accounts record revealed that income tax @ 7.5% amounting to Rs. 25.622 million on civil works and 10% amounting to Rs. 1.121 million on hiring of vehicles was not deducted from the contractor.

Non-deduction of income tax occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management informed that as the works had been executed by FWO, which was a government organization, therefore, was exempted from taxes. Audit emphasized for the provision of tax exemption certificates. The DAC directed the management to provide the Income Tax exemption certificates to Audit for verification.

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

Audit recommends implementation of DAC directives.

23.1.4 Less deduction of BSTS and Income tax - Rs. 1.124 million

According to BSTS Act, 2015[10] and Income Tax Ordinance, 2001[11], sales tax on services @ 6% and 15% on contract and other services respectively; and income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The PD, Omani Grant Project, District Gwadar during the financial year 2022-23, incurred an expenditure of Rs. 11.205 million on account of hiring of vehicles and Rs. 5.788 million on hiring the services of consultant. Scrutiny of accounts record revealed that 6% BSTS was deducted amounting to Rs. 0.672 million on account of hiring of vehicles instead of 15% BSTS amounting to Rs. 1.681 million. Further, 8% income tax amounting to Rs. 0.463 million was deducted from the consultant instead of 10% income tax amounting to Rs. 0.579 million, resulting in less-deduction of government taxes amounting to Rs. 1.124 million.

Less deduction of BSTS & income tax occurred due to weak financial controls, which resulted in loss to the Government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management informed that the deductions were made as per the instructions laid down in the rules i.e., 6 % BSTS and 8 % income tax. Audit did not accept the reply as BSTS on services as per rules should be deducted @ 15 % and income tax on services should be deducted @ 10 %. The DAC directed for provision of the rule according to which the existing deductions had been made, or in case of failure, recovery of due income tax and BSTS be effected from the concerned at the earliest under intimation to Audit.

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

Audit recommends implementation of DAC directives.

23.1.5 Overpayment on escalation charges beyond the PC-I Provision - Rs. 56.18 million

As per PC-I, the revised cost of the project "Construction of Road from Nigore Sharif to Suntsar (54 Kms)" was estimated to Rs. 1,256.966 million, based on the NHA schedule of 2014. The construction of the road was divided into two sections, with an "Escalation" of 3% amounting to Rs. 12.390 million allocated for Section-1(A), and Rs. 11.232 million allocated for Section -11(B) to facilitate payment to the contractor.

The PD, Omani Grant Project, District Gwadar awarded the work “Construction of Black Top Road from Nigore Sharif to Suntsar (54 Kms) balance work” to M/s FWO vide work order No.DPD/(OG) 302-08, dated 26.08.2020 at an estimated cost of Rs. 797.583 million.

According to the PC-I, a provision of Rs. 23.622 million was allocated for escalation. However, the contractor was allowed Rs. 79.809 million, resulting in overpayment of Rs. 56.186 million. In addition, "Progress Report" of the Project indicated that 24.57 Km Road work out of 54 Km had already

[10] Section 3 of BSTS Act, 2015

[11] Section 153 of Income Tax Ordinance, 2001 as amended vide Finance Act, 2022

been completed which was equivalent to 45%. The "Embassy of Sultanate of Oman, Islamabad" had extended the deadline till December 31, 2023, to complete the remaining work.

Overpayment on escalation charges occurred due to weak financial controls, which resulted in loss to the government.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management replied that the PC-I had been prepared in 2006, approved in 2007 and the funds were allocated in 2011. Additionally, the funding procedure was complex as the donor reimbursed the expenses after they were incurred. The PC-I underwent revisions in 2020, with an additional amount of Rs. 23 million included to account for escalations in the PC-I. However, Audit highlighted that the 3% escalation was to be provided for the 54 Kms of road. The DAC directed the management to provide the documentary evidence of payment of escalation to Audit for verification.

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

Audit recommends implementation of DAC directives.

23.1.6 Awarding of contract without obtaining performance security - Rs. 79.758 million

As per Rule 44 of BPPR, 2014, Performance Security, (1) Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of contract price. (2) The performance guarantee shall be released within sixty days of completion of the contract subject to clearance of everything else."

The PD, Omani Grant Project, District Gwadar awarded contract amounting to 797.583 million to M/s FWO for construction of road without obtaining performance security of Rs. 79.758 million, in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company.

Non-obtaining of performance security occurred due to weak internal controls, which resulted in undue financial aid to the contractor.

The matter was reported to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management explained that since the works were carried out by FWO, a government organization, they were exempt from taxes. However, Audit pointed out that BPPR should be followed, as the BPPRA Act was enacted following approval from the provincial assembly, and exemptions could only be granted by the competent authority. The DAC directed the management to take up the issue with BPPRA and share the outcome with Audit.

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

Audit recommends implementation of DAC directives.

Governance and Policy Project (GPP) for Balochistan" under Grant No. TF0A3352-PK from MTDF through World Bank, P&D Department Balochistan

23.1.7 Non-maintenance of Fixed Asset Register

According to Para 67 of the Financial Management Manual regarding recording in Asset Register: Upon tagging of assets, entries will be made in the asset register by OSU's Admin Officer/Line Departments' Admin officer. The entries in the asset register should be supported by the following documents, adequately archived, referenced, and indexed:

- Copy of Bank's approved Procurement Plan;
- Copy of Purchase Order/Supply Order;
- Goods Received and Inspection Report;
- Inventory Entry Certificate (in case the assets are procured for Line Departments and are in their custody);
- OSU FMS will review the accuracy and completeness of asset register on quarterly basis.

During the Audit of the accounts record of the PC, GPP, for the financial year 2022–23, it was observed that the project management procured various types of fixed assets. However, the fixed asset register was not updated as per the format provided by the World Bank in the Financial Management Manual.

Non-maintenance of Fixed Asset Register was due to non-observance of financial rules and regulations, which may result in misuse or theft of the Assets.

The report was issued to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management stated that they were maintaining assets register with detailed entries. Audit pointed out that this register should include all the inventories, especially since the project has concluded. The DAC directed the management to furnish the assets register to Audit for verification. Additionally, they were instructed to establish a committee under the administrative department to conduct a physical verification of the assets, recommend their distribution, and share the result with the Audit.

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

Audit recommends implementation of DAC directives.

23.1.8 Non-conducting physical verification of fixed assets

According to Para 68 of the Financial Management Manual, “the Operational Support Unit and line departments with GPP assets shall assign officials (other than Admin Officers) to conduct physical verification of the assets in their custody at least twice during every financial year and prepare a detailed inspection report as a result of such verification. The physical verification report will be endorsed by the OSU coordinator or administrative secretary of the line department (as the case may be). Moreover, GPP assets will also be subject to the verification of GPP’s internal and external audits.”

During the Audit of the accounts record of the PC, GPP, for the financial year 2022–23, it was observed that the project management procured various types of fixed assets. However, no physical verification of the said assets was conducted by the GPP and line department in violation of the above-quoted rules. Audit is of the view that the non-conducting of physical verification of the fixed assets may lead to the conclusion that the items or assets were misplaced or were in the custody of unauthorized persons.

Non-conducting of physical verification of fixed assets was due to weak internal controls, which may result in misuse or theft of assets.

The report was issued to the department in September 2023, but no reply was received.

In the DAC meeting held on October 26, 2023, the management informed that the physical verification was already carried out by the admin officer. Audit highlighted that the physical verification should be carried out by an officer other than the admin. The DAC directed the management that 100 % physical verification be carried out by P&DD, GoB under intimation to Audit.

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

Audit recommends implementation of DAC directives.

TA Grant for Enhancement of Agricultural Production using Efficient Irrigation System in Balochistan (1006-PAK)

23.1.9 Undue delay in completion of the project

The project "Enhancing Agriculture Production using Efficient Irrigation System (Technical Assistance)" funded by the Islamic Development Bank (IsDB) was significantly delayed in its completion. As per PC-IV of the project, the completion date was set for June 30, 2020.

During audit of the project TA Grant for Enhancing Agriculture Production using Efficient Irrigation System, Balochistan, it was observed that the project was not completed till December 2022, resulting in a delay of almost 29 months, spanning two consecutive financial years. The undue delay would hinder the achievements and desired goals of the project. Besides, inflation would result in cost overruns.

Undue delay in completion of the project was due to weak planning, which may result in non-achievement of desired objectives.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 24, 2023, the management informed that due to Covid 19 pandemic and lockdowns the project activities had been delayed, however, the approval for extension was obtained from the donor. Audit was of the view that the lockdown for Covid 19 pandemic remained for 7 months, but the project was delayed for about 29 months, which was extra-ordinary. The DAC directed the management of the project to provide the detail of extension/approvals of the donor duly attested to Audit for verification.

No further progress was intimated till finalization of this report.

Audit recommends implementation of the DAC directives.

23.1.10 Non-availability of solar mounting structure at site

As per Rule 11 of GFR "Each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial Rules and regulations both by his own office and by subordinate disbursing officers."

Audit of the Project Enhancing Agriculture Production using Efficient Irrigation System (TA) Balochistan, revealed that the installation of a high-efficiency irrigation system (drip/trickle) linked with a solar-powered system at the GPS coordinates (28°01'06.708", 67°55'22.9152") was awarded to M/s Malik Abdul Ghaffar and Brothers on August 31, 2021, and was documented as completed on March 28, 2022.

However, recent satellite imagery from Google Earth as of September 21, 2023 (image attached), showed no visible solar panels or mounting structures at the specified location. Additionally, the coordinates fall within the Sindh Province, which raised questions about the project's implementation given the limited use of solar technology in this region.

The lapse occurred due to weak internal controls, which resulted in non-achievement of the project objectives.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 24, 2023, the management clarified that a technical error in obtaining accurate GPS coordinates resulted in the non-appearance of installed equipment from the satellite imagery. Further, heavy flooding in September 2022 caused the installed equipment and the dug well to disappear. Audit inquired that if the GPS coordinates were inaccurately recorded, those errors should have been conveyed to the donor. The DAC decided that the corrected GPS coordinates should be promptly shared with the donor. Furthermore, the approval obtained from the donor concerning these updated coordinates be shared with Audit.

No further progress was intimated till finalization of this report.

Audit recommends implementation of the DAC directives.

Balochistan Human Capital Investment Project

23.1.11 Non-installing of waste management system – Rs. 90 million

According to Section 16 of the Project Concept Note, "the project's scope encompasses the revitalization and enhancement of various healthcare facilities, primarily focusing on primary care centers and a limited number of secondary level hospitals. Within the context of healthcare operations, significant attention is directed towards the management of environmental impacts, particularly those associated with health care waste. One of the paramount concerns in this regard involves ensuring the safety of syringes, promoting the proper and secure use of medications, and the effective disposal of medical waste.”

During the Audit of PD, (BHCIP-Health Component) Quetta for the financial year 2022-23, a concerning observation was made. Despite the project having been underway for a period of two years, and training initiatives having been carried out, it came to light that the installation of necessary machinery for the management of biomedical waste hazards and segregation, for which an allocation of Rs. 90 million was made, had not yet been completed. This situation underscored a critical need for immediate action and resolution to align the project's objectives with its current progress. Addressing the delay in installing the biomedical waste management equipment is essential to ensure the safety of both healthcare workers and the environment, in accordance with the project's environmental impact goals.

Non installation of waste management system occurred due to weak internal controls, which had a cascading effect, encompassing health, environmental, legal, financial, and community-related consequences.

The matter was reported to the project in October 2023, but no reply was received.

In the DAC meeting held on 13 November 2023, the management informed that the implementation of the waste management system had not been initiated due to delays in the project. The Audit expressed the view that completions of different components as outlined in PC-1 should be completed timely, necessitating thorough preparation and efficient execution. The DAC directed the management to expedite the completion of the assignment without any further delays under intimation to Audit.

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

Audit recommends implementation of DAC directives.

23.1.12 Non-recruitment of elementary school teachers

According to PC-I (Component 2): Improving utilization of quality education services Qualified elementary school teachers will be hired in each upgraded school. Positions as per the criteria followed by SED for middle and high schools will be created in each school upgraded under the intervention. The teachers will be recruited on contract basis for a period of 1 year initially which will be extendable each year, based on teacher attendance reports and performance.

During the audit of the PD, BHCIP (Education component) for the financial year 2022-23, it became evident that the project had reached its midway point. However, 264 elementary school teachers had not been recruited in accordance with the provisions outlined in PC-1. It was noted that every component of the project was being single handedly dealt by the program coordinator which resulted in slow progress and non-achieving of project activities.

Non-recruitment of elementary school teachers occurred due to weak internal controls, which hampered the organization's ability to manage its regular workload.

The matter was reported to the project in October 2023, but no reply was received.

In the DAC meeting held on 13 November 2023, the management updated that the recruitment process was in progress in collaboration with the administrative department and the donor agency, and assured completion soon. However, Audit did not endorse the department’s perspective, pointing out that the project had entered its third year, and according to the provisions of PC-1, the work should have been completed by now. The DAC directed the management to promptly finalize the recruitment process under intimation to Audit.

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

Audit recommends implementation of DAC directives.

Balochistan Integrated Water Resources Management and Development Project (BIWRMD)

23.1.13 Non-completion of schemes aimed for public benefit - Rs. 3,871.180 million

As per PC-I of the project, "The Project Development Objective is to strengthen provincial government capacity for water resources monitoring and management and to improve community-based water management for targeted irrigation schemes in Balochistan."

PD, BIWRMD was required to complete the schemes envisaged for the benefit of the public. The following benefits were envisaged in the PC-I of the project:

- Six irrigation sub-projects: three each in the Nari and Porali basins, spanning 69,300 ha and benefiting 42,800 households, needed for flood protection works in five districts in the Nari basin and two districts in the Porali basin, comprising of construction of (i) earthen bunds with rip rap, (ii) earthen spurs with stone pitching, and (iii) gabion structures.
- The spate irrigation system designed for Mushkaf will provide benefits to over 2,333 households having single and joint families with population of 16,333, with the command of 1,821 ha.

However, progress report shared with audit indicated that the project management failed to complete the schemes on timely basis.

(Rs. in Million)

Total Cost	Expenditure	Financial Progress	Difference
6,960.711	3,089.533	44%	3,871.180

Non-completion of schemes was due to weak administrative controls, which resulted in non-realization of benefits envisaged for the public.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 15, 2023, the management explained the reasons for slow progress and informed the forum that by virtue of corrective measures the Project activities had been put up on the right track and tangible progress towards implementation of various components of the Project had been observed. The DAC showed concern over the slow pace of the project activities and directed the management to expedite the work and submit the progress to the forum. Further, the project should be completed within timelines as stipulated in the revised PC-I.

No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

23.1.14 Non-realization of sale proceeds of steel - Rs. 25.251 million

According to Par 72 of CPWA Code, "When a voucher exhibits any expenditure from which revenue may be expected to accrue, either dismantling or repairs, a note should be recorded to indicate how the old material removed and if sold when the sales proceeds will be credited to Government."

PD, BIWRMD, awarded the work "Construction of Mushkaf Flood Irrigation Scheme" to M/s Noor-Ul-Haq and Brothers JV Umar Jan and Company, Government Contractor at an estimated cost of Rs. 932.188 million vide work order dated 28.09.2019. IPC No. 269. An amount of Rs. 18.112 million was paid vide cheque No. 153978 and BPV No. 188 dated 25.05.2023.

The contractor received payment for the task of dismantling cement concrete reinforced structures, separating the reinforcement from the concrete, cleaning, straightening, and storing the materials. The rate for this task was set at Rs. 4,000 per cubic meter, as specified in item numbers 1.16 and 2.15 of the contract. The payment was recorded in bills numbered in above referred IPC. This specific task was carried out to dismantle four existing Head Regulators. However, the steel obtained from the dismantling process was not stored appropriately, nor was it disposed of through open bidding. As a result, the government sustained a loss of Rs. 25.251 million.

Non-realization of sale proceeds of steel occurred due to weak internal and financial controls, which resulted in loss to the Government.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 15, 2023, the management replied that the work of dismantling of plain concrete cement instead of RCC was carried out in the weir structure that did not contain any steel, therefore, no steel item was obtained as a result of the dismantling that could be disposed of. Audit, however, disagreed with the reply and reasserted its stance that if dismantling was carried out in a structure that did not have steel reinforcements, then the contractor should have been paid for dismantling of PCC only. Audit, therefore, stressed that even if the claim was accepted, still the wrong item of work had been paid, as the BOQ clearly mentioned "Dismantling of RCC Structure" and the difference of both rates still needed to be recovered. The DAC directed the department to provide the IPCs along-with Rate Analysis for the item of work for dismantling the structure to Audit for verification.

No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

Balochistan Water Resources Development Sector Project ADB Loan and Grant Number: L3700-PAK, G9197 and G0597 (BWRDSP)

21.1.15 Time overrun due to slow progress and delay in completion of projects - Rs. 1,091.806 million

Activities of the Program are undertaken as per Annual Work Plan which is given in the PC I. These activities are undertaken in the quarter as defined in the Annual Work Plan. Further, as per Clause A of Section II of Schedule-2 of Financing Agreement dated August 31, 2016, "(a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project

Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators set forth in the Operations Manual."

The PD, BWRDSP made an agreement and awarded contract for "Construction of Kharzan Hitachi Infiltration Gallery Subproject, Mula River Basin, District Khuzdar" to a GC on June 08, 2021 at an estimated cost of Rs. 1,091.806 million. The completion time was 730 days (24 months). Time was extended for 273 days up to March 20, 2024 on June 09,02023. 02^{nd} IPC was paid on 22.06.2023 and progress payment of Rs. 263.548 million was made to the contactor. As per Work and Cash Plan for the financial year 2022-23, duly approved by the Project Steering Committee, 70% of the work was to be completed in the financial year 2022-23.

During audit, record revealed that only Rs. 237.31 million was expended up to June 30, 2023 which is only 22% of the total cost. Thus due to slow progress, completion of contract within extended stipulated time period, which is March 20, 2024, seems far from being achieved.

Slow progress in completion of project was caused due to weak administrative controls which resulted in time overrun.

The matter was reported to the management on November 07, 2023 but no reply was received.

In the DAC meeting held on November 15, 2023, the management explained that due to law and order situation the project was delayed, however, the contractor had been intimated to complete the project by 20-3-2024. The DAC directed the department to expedite the work and submit the progress in the next Audit. The DAC further directed that if the contractor did not complete the project within the given timeline, then liquidated/damages/delay penalty may be imposed on the contractor.

No further progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

Chapter 24
Citizen Participatory Audit

Citizen Participatory Audit (CPA) Report on the Performance of Clean Drinking Water for All (CDWA) Project Balochistan (Phase-II)

Financial Years 2016-17 to 2020-21

AUDITOR-GENERAL OF PAKISTAN

AUDIT IN BRIEF

The Director General Audit Balochistan, Quetta conducted Citizen Participatory Audit (CPA) of Clean Drinking Water for All (CDWA) Project (Phase-II) Balochistan for the period 2016-17 to 2020-21. Citizen Participatory Audit was incorporated for the first time in the Audit Plan for the Audit Year, 2023-24 duly approved by the Auditor-General of Pakistan. The main objective of the audit was to assess the performance of CDWA Project (Phase-II), Balochistan in light of views of the local CSOs, NGOs, Communities, and Citizens. The Audit was conducted in accordance with the ISSAI Auditing Standards, adhering to internationally recognized best practices by following the Philippines model.

CDWA Project, Balochistan was established to provide clean drinking water to all the people in accordance with the Millennium Development Goals, 2001 through installation and operationalization of water purification plants at different public places with a view to improve the health situation in the country by controlling water borne diseases.

Audit Findings:

The main findings of CPA Audit were as follows:

i. Water contamination and low-quality standards of water supplied by the WFPs.
ii. Non-functional/operational WFPs.
iii. Improper selection of Water-Source Sites.
iv. Improper execution of project design.
v. Non-availability of essential data / record.
vi. Non-existent Complaint Management and Monitoring System.
vii. Improper following up of the CDWA Project.
viii. Lack of coordination amongst the stakeholders.

Audit Recommends to:

- Establish effective quality assurance and control mechanism to maintain quality standards of water supplied by the plants.
- Promptly implement corrective measures to ensure the operational status of all WFPs, along with comprehensive infrastructure maintenance.
- Improve future water-source site selection and initiate efforts to revive water sources across Balochistan.
- Consider the futuristic population density factor.
- Coordinate with the Health Department to acquire necessary data and maintain proper documentation of project records at both the PD office and the Secretary of the PHE Department, GoB.
- Establish a Complaint Management System within the controlling office and implement robust Monitoring and Control Systems.
- Implement Community Development Initiatives, conduct social awareness and mobilization campaigns, and initiate awareness programs for local citizens about the importance of clean drinking water.
- Enhance coordination between project management and all relevant line departments, as well as other stakeholders.

24. BACKGROUND

24.1.1 Brief History

According to WHO, access to safe drinking water is one of the basic human rights as well as one of the basic human needs. According to UN Secretary General, water is not only necessary for life rather it is itself life. More than 27.2 million Pakistanis lack access to safe drinking water despite considerable improvement; larger proportion of population has started utilizing improved sanitation facility as well as improved water source[1]. According to PSLM, 89% of Pakistan's over-all population have access to improved sources of water, 33% to motor pump, 27% to tap water, 26% to hand pump, and 3% population having access to a dug well. The rest 11% of the population have access to other sources involving many health issues caused by non-availability of clean drinking water.[2] Diarrhea has become the second leading cause of death in Pakistani children under 5 years of age.[3] According to PCRWR, 79% of water supply schemes' sources were found unsuitable for drinking purpose. On the contrary, 88% water supply schemes were found unfit for consumer's use. About 35% rural water supply schemes were either non-functional or abandoned. Many diseases were caused due to contaminated water which included typhoid, hepatitis, intestinal worms, and diarrhea.[4] According to PSLM, out of four provinces, diarrhea cases were reported 11 percent in Balochistan which was the highest percentage in Pakistan.[5]

24.1.2 Situation of Balochistan

According to UNICEF, the situation has become more critical in Balochistan. According to UNICEF, water which is supplied via different sources is not safe all the time because, contamination in water is caused by chemical and bacterial pollutants existing in groundwater and surface sources. Some usual causes of water contamination include discharge of domestic sewage into water bodies, agricultural run-off with pesticides and chemical fertilizers in rainy season, and open defecation. The four major contaminants of water measured in sources of drinking water include i) fluoride, ii) arsenic, iii) nitrate, and iv) bacteriological pollutants.[6] Government of Balochistan has made consistent efforts to bring improvement in the situation and ensure easy access to clean drinking water since 1987. Public Health Engineering Department was established in that year, and collaborations started with many organizations by the government to resolve the issue of clean drinking water for all. Hence, CDWA Scheme was launched. CDWA Project (Phase-II) has been selected for Citizen Participatory Audit as approved in Audit Plan for the Audit Year, 2023-24.

24.1.3 Brief Description of the Project

CDWA Project (Phase-II) was designed and initiated in 2015 with targets to install 85 solarized plants, 22 RO plants, and 63 UF plants.[7] Table-1 below outlines the detailed components of the project:

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[1] *UNICEF Report on Water Safety measures in Pakistan, 2017.*

[2] *Pakistan Social and Living Standards Measurement (PSLM) report (2014–2015).*

[3] *Source: Water Aid Fact Sheet 2016 – WASH Situation in Pakistan. The number of deaths under-5 due to diarrhea is sourced from WHO Global Health Observatory Data.*

[4] *Pakistan Council of Research in Water Resources (PCRWR) Survey Report, 2011–2012.*

[5] *Pakistan Social and Living Standards Measurement (PSLM) report (2014–2015).*

[6] *UNICEF Evaluation Report, 2018.*

[7] *Approved PC I of the Project, 2015.*

Table-I

CLEAN DRINKING WATER FOR ALL (CDWA) PROJECT (PHASE-II)			
S. No.	**Particulars/ Components**	**Specific Details**	**Remarks**
1.	Sponsoring Agency	Government of Balochistan (GoB)	Through PSDP for FY 2015-16.
2.	Executing Agency	PHED	--
3.	Budget Allocation	Rs. 300.00 million	--
4.	Project Approval Date	01.12.2015	By PDWP
5.	Project Start Date	01.12.2015	--
6.	Duration of the project	18 Months	--
7.	Projected completion date	30.05.2017	--
8.	Actual Completion Date	30.06.2021	Project could not be completed on time due to delay in release of allocated budget grants.
9.	Total Project Cost	Rs. 300.00 million	
10.	Source of Funding	GoB	--
11.	Location	All over Balochistan	--
12.	No. of Purification Plants Installed	84 One RO Plant could not be installed due to disputed site.	(63 UF + 21 RO Plants) One RO plant could not be installed due to disputed site.
13.	Targeted Population of the Project (beneficiaries).	1,890,000 Citizens/ Individuals	--
Source: PC-I/ Planning Documents of the Project			

24.2 OBJECTIVES OF CDWA PROJECT (PHASE-II)

According to PC-I of the Project, following objectives were envisaged to be attained from the intervention:

i. To provide safe drinking water free of all contamination.
ii. To provide clean drinking water to all the people in accordance with the Millennium Development Goals, 2000.
iii. To provide safe potable drinking water.
iv. To improve the health situation in the country by controlling water borne diseases.
v. To identify drinking water supply problems.
vi. To select locations for installation of water purification plants at public places.
vii. To install and operationalize water purification plants at selected places.

24.3 AUDIT FOCUS

The Citizens Participatory Audit (CPA) focused on evaluating the implementation of the CDWA Project (Phase-II) in three key districts of Balochistan Province: Quetta, Loralai, and Mastung. The assessment covered following locations where UF and RO plants were installed, along with solar panels and accessories.

- CGS Colony, Block-4, Ziarat Road, Satellite Town, Quetta
- Farooqia Tableeghi Markaz, Quetta
- Railway Station, Quetta
- Directorate of Education, Shawak Shah Road, Quetta

- WSS Sheikh Atta Muhammad Street, Arbab Karam Khan Road, Quetta
- WSS Dasht, Digari Road Quetta
- Police Training Center, Quetta
- Pak PWD Colony, Sariab Road, Quetta
- SBK Women University, Quetta
- Sangeen Housing Scheme, Airport Road, Quetta
- Cadet College Mastung
- Nouroz Stadium Mastung Town
- Govt. Girls High School Mastung Town
- WSS Poultry Farm Mohallah, Loralai
- WSS Mekhtar Town, Loralai
- WSS Balochistan Residential College, Loralai
- WSS Sardar Wazir Khan Nasar, Duki, Loralai
- WSS Killi Sardar Masoom, Duki, Loralai

To comprehensively understand the project, interviews and surveys were conducted with citizens, NGOs, and CSOs from the 16 districts, including field visits to Quetta, Loralai, and Mastung. A survey questionnaire was utilized to gather input on the CDWA Project Phase-II, with the help of representatives of different CSOs, with a particular emphasis on assessing awareness, performance, and the impact of the project.

24.4 AUDIT OBJECTIVES

The primary objective of the audit was to evaluate the project's performance based on input from CSOs, involving citizens and various civil society groups and organizations in the audit process. The specific audit objectives were as follows:

1. Assess whether the CDWA phase-II achieved the intended objective of providing clean drinking water in Balochistan in an efficient and effective manner;
2. Review the design and site selection of the project and assess whether the installed WFPs were functional or otherwise;
3. Examine the capacity of the project regarding maintenance and repair of the WFPs, and evaluate whether the allocated budget for the annual maintenance of the WFPs was properly utilized;
4. Assess the performance of the project with regard to Efficiency, Economy and Effectiveness (3Es);
5. Identify factors responsible for success or failure of project.

24.5 AUDIT CRITERIA

The guidelines, rules and regulations used as standards for the evaluation and validation of the implementation of CDWA Project included the following:

i. ISSAI Auditing Standards.
ii. National Standards for Drinking Water Quality, 2008.
iii. WHO Guidelines for Drinking Water Quality.
iv. Approved PC-I of the Project.
v. National Drinking Water Policy, 2009.
vi. UNICEF Evaluation Report, 2018.
vii. Water Quality Analysis Reports by PCRWR.
viii. Sustainable / Millennium Development Goals.
ix. Balochistan Environmental Protection Act, 2014.
x. Pakistan Social and Living Standards Measurement (PSLM) report 2014-2015.
xi. Water Aid Fact Sheet 2016 - WASH Situation in Pakistan.
xii. PCRWR Survey Report 2011-2012.

24.6 AUDIT SCOPE AND METHODOLOGY

The audit methodology employed a combination of primary and secondary data collection techniques from diverse sources. Primary data sources included field visits to three districts, namely Quetta, Mastung, and Loralai. Data was gathered through surveys, questionnaires, interviews, and discussions. Additionally, a desk audit was conducted for the Project Management Unit (PMU), field offices in relevant districts, and the Public Health Engineering Department (PHED).

To enhance assurance, CSOs assisted in collecting data through surveys/questionnaires from various districts. The Field Audit Team, accompanied by the Project Director (PD), visited 18 site locations (10 in Quetta, 5 in Loralai, and 3 in Mastung). Samples were obtained from various union councils and site locations, totaling 290 citizens and representatives from CSOs and NGOs, selected through Convenience Sampling. The survey covered 59 filtration plants, comprising 36 functional and 23 non-functional plants.

The sources of secondary data included research and evaluation reports on drinking water[8].

Hence, the Field Audit Team (FAT) comprising representatives of CSOs identified their Audit scope and adopted their Audit methodologies regarding CDWA Project (Phase-II) Balochistan, as follows:[9]

1. Understanding the CDWA Scheme through gathering and understanding of rules, regulations, standards, policies, and necessary reports related to CDWA Scheme in Pakistan such as:
   - International standards and national policies related to CDWA Scheme.
   - Government Reports of CDWA Scheme and programs at national level;
   - Government Reports and UNICEF Validation and Evaluation Reports on CDWA Program at national and provincial level;
   - Project Planning Documents and project justifications reports at national and provincial Government levels;
2. Identifying and selecting the CDWA beneficiaries/ local CSOs and Citizens;
3. Inviting, selecting and engaging CSOs interested to participate as partners of DAGP.
4. Conducting formal meetings and awareness sessions; participated by DG Audit Balochistan and partner CSOs for engagement on:
   - Focus audit area.
   - Methodology (use of sampling, survey questions and citizens' responses).
   - Audit Plan (planning, execution and communication and reporting).
   - Audit Program (audit objectives, procedures, timelines and tasking).
   - Survey Plan [Survey questionnaires (SQ) and citizens' interviews].
   - Sampling method adopted and selection of sample plants in selected districts and surveying 5 to 10 citizens against each plant (including field visits to 3 Districts; Quetta, Loralai and Mastung).
5. Performing field work to administer SQs to Citizens:
   - Data processing and analysis:
     - ➢ Data encoding and tabulating answers obtained from survey of citizens/ local residents.
     - ➢ Analyzing tabulated answers of SQs and Documenting and summarizing survey results in the form of Response Tables.

AUDIT PERIOD

The Citizen Participatory Audit of CDWA Project (Phase-II), Balochistan was incorporated and conducted as per Audit Plan for the Audit Year, 2023-24 duly approved by the Auditor-General of Pakistan.[10]

[8] UNICEF Report on Water Safety measures in Pakistan, 2017; Pakistan Social and Living Standards Measurement (PSLM) report (2014-2015); WaterAid Fact Sheet 2016 - WASH Situation in Pakistan; PCRWR Survey Report, 2011-2012; Pakistan Social and Living Standards Measurement (PSLM) report (2014-2015); and UNICEF Evaluation Report, 2018

[9] *Minutes of the Meetings with CSOs on Citizen Participatory Audit & Appendix-1 Questionnaire on CPA.*

[10] *Minutes of the Audit Plan Approval Meeting dated 18.07.2023.*

24.7 AUDIT TEAM COMPOSITION

The composition of Field Audit Team (FAT) was as under with representation of following CSOs[11]:

S. No.	Name / designation of officers from Audit Department	S. No.	Name / designation of representatives of CSOs
1.	Mr. Faiz Muhammad Jaffar, Director Audit Works, Office of DG Audit Balochistan.	2.	Ms. Rubina Khan, Chief Executive Officer, SAWERA Foundation, Balochistan, Quetta.
3.	Mr. Kanwal Kumar, Audit Officer, O/O DG Audit Balochistan.	4.	Mr. Nasrullah Khan, Member, Protection Officer, DANESH, Balochistan, Quetta.
5.	Mr. Danish Saleem, Assistant Audit Officer, O/o DG Audit Balochistan.	6.	Mr. Muhbat Khan, General Secretary, BIRD, Balochistan, Quetta

24.8 AUDIT RESULTS:

DATA ANALYSIS AND RESULTS

Based on the collected data, the following analysis has been carried out:

24.9.1 District-wise functionality of the project as per sample size:

District-wise functionality of WFPs was assessed through field visits in three districts by the Field Audit Teams while in remaining thirteen districts, data of WFP functionality was obtained through citizen responses collected via surveys, questionnaire, interviews and discussions with the assistance of representatives of the CSOs/NGOs.

It was revealed from the result of sampled districts that out of 59 WFPs, 36 plants (61%) were operational while 23 plants (39%) remained non-operational, as detailed below:

Table-2

FUNCTIONAL / NON-FUNCTIONAL WFPs IN 16 SAMPLED DISTRICTS

S. No.	Districts	Tehsil	No. of Sample Plants			Citizens Sample size
			Total	Functional	Non-Functional	
1.	Pishin	Pishin	2	1	1	10
2.		Barshore	1	1	0	10
3.		Karezat	1	1	0	10
4.	Quetta	Quetta	**10**	**6**	**4**	40
5.	Killa Abdullah	Chaman	3	2	1	10
6.		Gulistan	1	1	0	10
7.		Doubandi	1	0	1	5
8.		Kill Abdullah	1	1	0	5
9.	Zhob	Zhob	3	2	1	10

[11] *MOU Signed between DAGP & CSOs as Annexure-3*

10.	Killa Saifullah	Kill Saifullah	2	1	1	10
11.		Muslim Bagh	2	1	1	10
12.	Barkhan	Barkhan	1	1	0	5
13.		Rakhni	1	0	1	5
14.	Loralai	**Loralai**	**3**	**3**	**0**	**20**
15.		**Duki**	**2**	**1**	**1**	**10**
16.	Musakhel	Musakhel	1	1	0	5
17.		Drug	1	0	1	5
18.	Mastung	Mastung	3	2	1	20
19.	Kalat	Khaliqabad	1	1	0	5
20.		Surab	2	0	2	10
21.	Khuzdar	Wadh	2	1	1	10
22.		Zehri	1	1	0	10
23.		Khuzdar	4	2	2	10
24.	Lasbela	Uthal	1	0	1	5
25.		Hub	1	1	0	10
26.	Sibi	Lehri	1	0	1	5
27.		Sibi	1	1	0	5
28.	Harnai	Harnai	2	1	1	5
29.	Kohlu	Kohlu	2	1	1	5
30.	Ziarat	Sanjavi	1	1	0	5
31.		Ziarat	1	1	0	5
Total			**59**	**36**	**23**	**290**
Source: Primary Data Collected through field visits and Citizens' Responses						

Figure-I demonstrates below the Project functionality of 16 sampled districts:

Fig-I

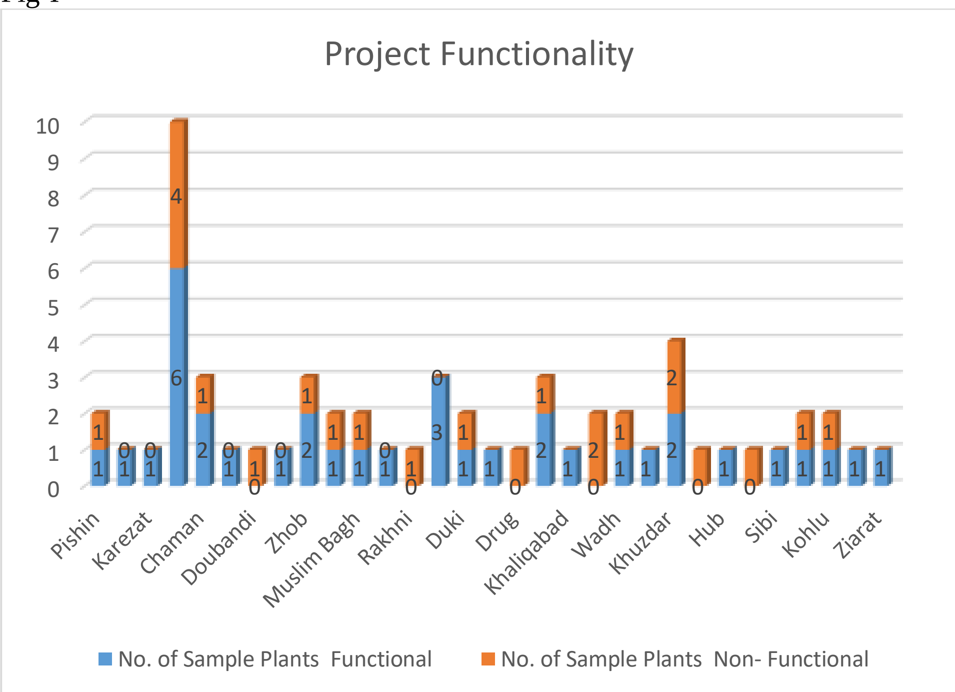
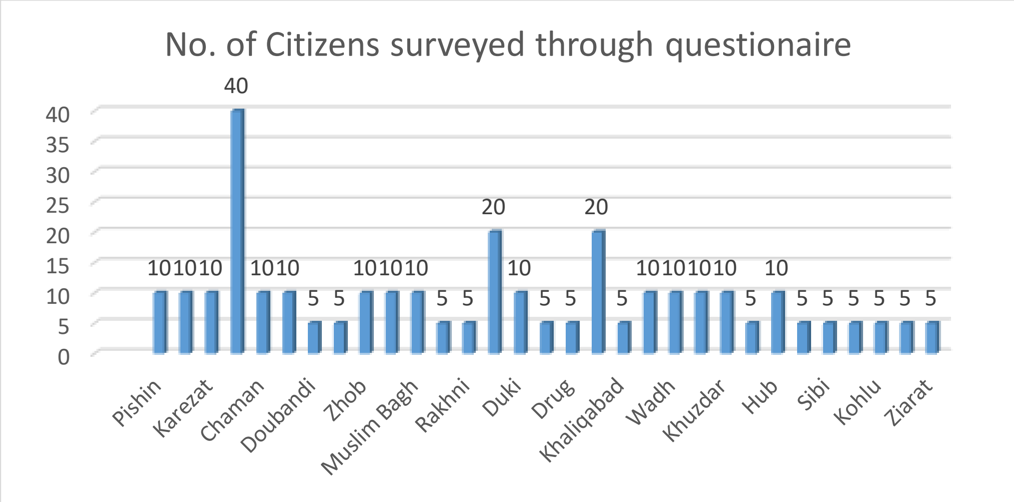


Figure-II below demonstrates citizen responses obtained via surveys, questionnaire, interviews, and discussions with the help of representatives of the CSOs/NGOs.
Fig-II



24.9.2 Citizens' Satisfaction Level from CDWA Project

The analysis of data obtained through questionnaires from citizens indicated that the level of satisfaction with the performance of the CDWA Project remained positive. However, it is noteworthy that 24% expressed concern about the project's performance, as outlined below:

Figure-III

It was concluded from the assessment of the citizens' responses that 15% were highly satisfied, 38% were satisfied, 23% remained un-aware of the project benefits, 13% were highly dis-satisfied, and 11% remained dis-satisfied with the performance of the project. Hence, 53% is the satisfaction rate among citizens of the areas where the water filtration plants (UF plus RO) were found fully operational.

24.9.3 Overall Functionality of the CDWA Project

To provide a comprehensive overview, additional data relevant to the CDWA Project (Phase-II) was gathered from the UNICEF Evaluation Report of 2018, covering both phases. The report revealed that a total of 606 plants (including UF and RO) were installed in the province. Among these, 364 plants were functional, while 242 plants were non-functional in various districts, as detailed in Table-3 (see figure-IV).

Table-3

DISTRICT-WISE FILTRATION PLANTS UNDER CDWA SCHEME IN BALOCHISTAN

S. No.	Division	Districts	Total	Functional	Non-Functional
1.	Kalat	Khuzdar	39	7	32
2.		Lasbela	23	19	4
3.		Mastung	18	4	14
4.		Kalat	15	3	12
5.		Washuk	3	1	2
6.		Kharan	1	1	0
7.		Awaran	3	1	2
8.	Makran	Kech/Turbat	21	8	13
9.		Gwadar	13	4	9
10.		Panjgur	2	0	2
11.	Nasirabad	Kachhi	24	9	15
12.		Jafferabad	85	60	25
13.		Nasirabad	37	23	14
14.		Jhal Magsi	12	10	2
15.		Sohabat Pur	40	19	21
16.	Quetta	Quetta	70	61	9
17.		Pishin	34	23	11
18.		Killa Abdullah	24	24	0
19.		Nushki	9	2	7
20.		Chagai	4	1	3
21.	Sibi	Sibi	14	13	1
22.		Harnai	7	7	0
23.		Ziarat	12	10	2
24..		Kohlu	7	5	2
25.		Dera Bugti	8	5	3
26.	Zhob	Zhob	22	19	3
27.		Sheerani	7	2	5
28.		Loralai	24	9	15
29.		Killa Saifullah	17	10	7
30.		Barkhan	7	4	3
31.		Musa Khel	4	0	4

Total	**606**	**364**	**242**
Source: UNICEF Evaluation Report, 2018			

The analysis of the data indicated that the project achieved successful operationalization of 60% of the installed water plants, while 40% remained non-operational despite the project's closure. Figure-IV illustrates this distribution.

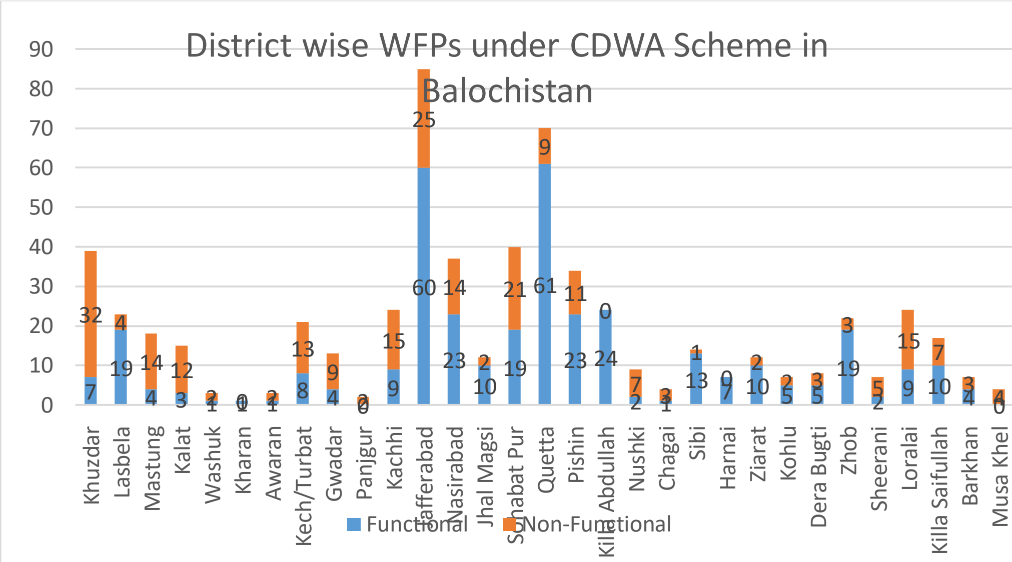


Fig-IV

The primary reasons for the 40% non-functionality of the project plants were identified as a shortage of water or limited water sources, out-of-order plant machines, malfunctioning pressure pumps, and social and security concerns.

The assessment of citizens' responses and field audit visits in sampled districts concluded that 61% of WFPs were operational, while 39% remained non-operational, with a 53% satisfaction level among citizens. This aligns closely with the findings from the UNICEF study, which revealed that 60% of the installed WFPs were functional, while 40% remained non-functional.

24.10 AUDIT OBSERVATIONS/FINDINGS

24.10.1 Water contamination and low-quality standards of water supplied by the WFPs

As per Drinking Water Quality Standards set out by Pakistan Environmental Protection Agency in June 2008, “The Maximum Contaminant Level (MCL) for bacteria in drinking water is zero coliform colonies per 100 milliliters of water and maximum allowed turbidity in drinking water shouldn't be more than 5 Nephelometric Turbidity Units (NTU) and should ideally be below 1 NTU.” Further, “Modular Technology utilizes pre-engineered units for customizable treatment systems, performing functions such as sedimentation, filtration, disinfection, or reverse osmosis.”

During the CPA of CDWA Project Phase-II, field visits to districts Quetta, Loralai, and Mastung uncovered concerns raised by citizens regarding the water quality from certain WFPs, indicating it was not suitable for drinking. In response, FAT collected water samples for laboratory testing to address citizen doubts. Test results conducted by PCRWR confirmed the presence of bacteria in the water, posing a potential risk to human health from water-borne diseases.[12] The issue inter alia stemmed from ineffective use of Modular Technology in WFPs, attributed to unskilled operators. The detail is as under:

S. No.	Location of Plant	Water Quality Parameter	Permissible Limit	Result
1.	BRC Loralai	Coliform Bacteria	0 per ml.	4 per ml.
2.	Poultry Farm Loralai	Color	Colorless	Objectionable
		Coliform Bacteria	0 per ml.	3 per ml.
		Turbidity	5 (WHO)	11
3.	Cadet College Mastung	Color	Colorless	Objectionable
		Taste	Tasteless	Objectionable

Further, no testing mechanism existed to ensure water met minimum standards and was contamination-free, with no available quality test reports.

Compromised quality of drinking water was caused due to non-utilization of Modular Technology in WFPs and non-existing mechanism for quality assurance and control, which resulted in non-fulfilment of one of the major objectives of the project.

The matter was reported to the department on October 24, 2023. The management replied that corrective actions would be taken for lapses in the use of Modular Technology and control systems in WFPs. Further, management submitted water testing reports. Audit was of the view that the tests conducted during the audit from PCRWR were authentic which confirmed the presence of bacteria in the water.

In the DAC meeting held on December 11, 2023, the DAC directed the department to fully utilize modular technology in WFPs through regular training sessions and practical demonstrations by plant operators. Additionally, the department was instructed to conduct third-party validation for water quality, and a proposal for establishing a proper Quality Testing Mechanism to be initiated through Secretary PHE, GoB.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.2 Non-functional / operational WFPs

As per approved PC-I of the CDWA Project, "After completion of six months commissioning period, the plant will be handed over to the beneficiaries/department. Manpower requirements during execution and operation of the project be provided/arranged by the contractor or firm. Cartridge filters are consumable items and may need replacement upon observation of differential pressure across filter element." Further, as per Section 6.4 (ii) of National Drinking Water Policy, 2009, "Provincial Governments will develop standard operating procedures for planning, design, construction, monitoring and operations and maintenance for the various categories of water supply schemes."

[12] *As per Water Quality Analysis Report issued by PCRWR dated 13.10.2023.*

During the CPA of CDWA Project (Phase-II), visits to 18 WFP sites in Quetta, Mastung, and Loralai revealed issues of non-functionality, neglect in repair and maintenance, and a lack of ownership for many installed plants despite the initial support from the Project Management and PHED, GoB. Neither the concerned community nor PHED was willing to bear the operation and maintenance costs. While a few sites were well-maintained with hygienic surroundings, several others exhibited unclean and deteriorating conditions, jeopardizing their longevity, as listed below, and detailed in Annexure 24.1.

- Some of the plants could not provide water with full capacity due to limited water supply from water source.
- Plant operators of some of the plants were not paid salaries.
- Some plants were non-functional due to fault in the solar supply system, lack of repair, maintenance, and ownership.
- In some of the plants filtration and solar system were severely damaged due to non-maintenance.
- In some plants solar plates/panels were found missing/stolen.
- Solar inverters in some plants were out of order and solar batteries had dried-up.
- Some of the plants were closed.
- The cartridges in jumbo filters and main membrane were not replaced in all the sites visited/inspected.
- The plants which were visited/inspected were not handed over to PHED.

The issues of non-functionality, maintenance and operation, and poor infrastructure occurred due to weak administrative and monitoring controls, which resulted in non-fulfilment of major objectives of the project.

The matter was reported to the department on October 24, 2023. The management replied that the issues of O&M Budget, functionality of WFPs, capacity building and issues of salaries of plant operators were being taken up to higher-ups. Defects in solar panels noted by the audit were under rectification and the issue of maintenance of the departmental infrastructure would be taken up with the PAO to approach the concerned municipal authorities for regular cleanliness. Moreover, nonfunctional WFPs would soon be operationalized.

In the DAC meeting held on December 11, 2023, the DAC directed the department to initiate a proposal through Secretary PHE, GoB, containing demand for financial, technical and human resources for immediate operationalization, maintenance and ownership of all UF and RO plants of CDWA scheme throughout Balochistan.

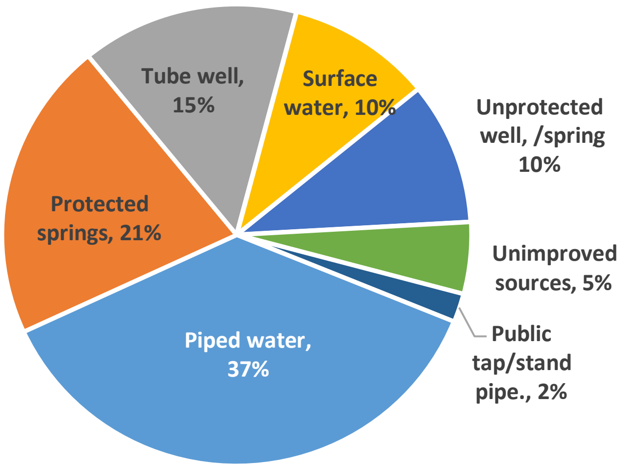
No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.3 Improper selection of Water-Source Sites

As per approved PC-I of the project of CDWA, “Different locations/UCs were selected for installation of WFPs in 30 districts of Balochistan.”

During CPA of CDWA Project (Phase-II), it was observed that site selection focused on existing tube wells, providing only 15% of the province's water. The other major sources, constituting 85%, such as piped water or protected springs could have been used for site selection to broaden the scope of WFPs in terms of coverage and population density.



It was further observed that the main elements for selecting proper sites, such as easy accessibility of local community and least distance to water source, in some cases, was not taken into consideration while installing the WFPs, as detailed below:

S. No.	Site Location/Plant	Status of Water Source
1.	Farooqia Tableeghi Markaz, Quetta.	The plant was completely non-operational from last one year due to out of order water source.
2.	CGS Colony, Block-4, Ziarat Road, Satellite Town, Quetta.	The plant could not provide water with full capacity due to limited water supply from water source.
3.	WSS Dasht, Digari Road, Quetta	The plant was non-operational for 2 years due to collapse of water source.
4.	Nouroz Stadium Mastung Town, Mastung	The plant could not be installed from the very start of the project due to in-activation and non-connectivity of water source.
5.	WSS Sardar Wazir Khan Nasar	The plant was installed in a very low populated area, catering for the need of six households only.

Poor site selection occurred due to weak planning and design of the project, which resulted in inefficiency of the project.

The matter was reported to the department on October 24, 2023. The management replied that the site selection was done on the basis of the need for clean water in the rural as well as urban areas, adding that the department would coordinate with the Local Administration to revive the dysfunctional plants.

In the DAC meeting held on December 11, 2023, the DAC directed the department to provide the initial need assessment and reasons for selecting only one source of water as the basis for site selection. The forum further directed to initiate a proposal through Secretary PHE, GoB for placing selection of proper water source sites based on the relevant criteria in future project designs including Phase III of CDWA Project.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.4 Improper execution of project design

According to UNICEF, "Population density had occurred in many districts of Balochistan since 1998-2017; the density had doubled in some cases, while, it had increased to more than quadruple as the size of Quetta.[13] As per Census of Pakistan, 2023 conducted by the Pakistan Bureau of Statistics, "District wise population recorded was as follows:

S. No	District	Population 1998	Population 2017	Population 2023	Average Annual Growth Rate
1.	Quetta	774,547	2,269,473	2,595,492	2.270
2.	Mastung	150,039	265,676	313,271	2.790
3.	Loralai	141,980	244,446	272,432	1.830

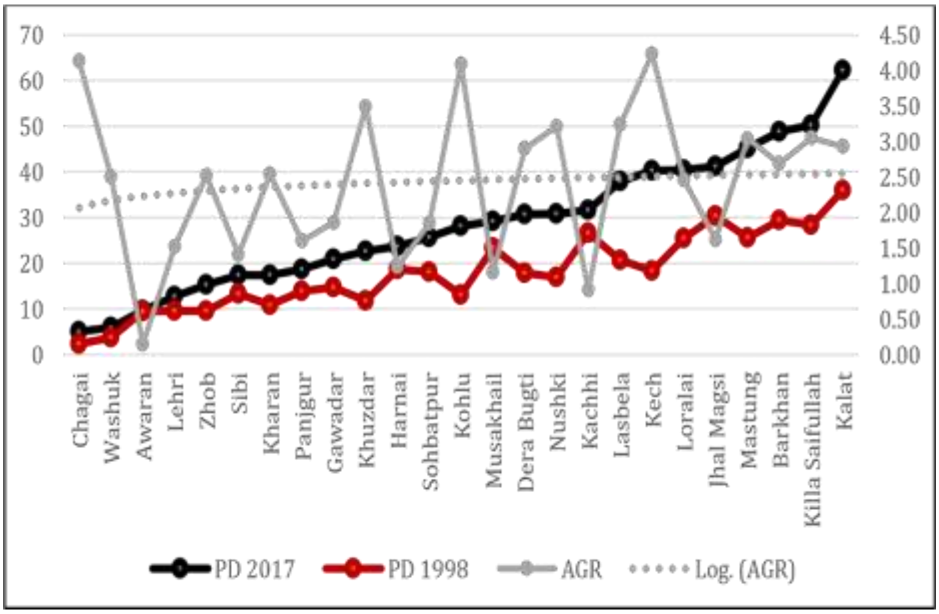
During CPA of CDWA Project (Phase-II), visit/inspection of 18 different sites of WFPs in Quetta, Mastung and Loralai and citizen surveys/interviews revealed that no consideration was awarded to the futuristic growth in population and their requirement for clean drinking water. The installation of some plants in less-populated areas and others in over-populated areas highlighted the need for a more strategic and foresighted approach in site selection to meet the growing demands of the communities, as detailed below:

S. No.	Site Location/Plant	Status of Water Source
1.	WSS Sardar Wazir Khan Nasar	The plant was installed in a very low populated area, catering for the need of six households only.
2.	WSS CGS Colony, Satellite Town, Quetta	The plants were installed in highly populated areas which could not supply water at full capacity to every household in the area.
3.	WSS Sardar Masoom, Duki	

Besides, the original design of the project, featuring one plant per UC or 20,000 people[14], was flawed from the outset. Since 2011, the population density has significantly increased with average annual growth rate of about 2.5, further underscoring the need for a reassessment of the project's infrastructure and capacity, as illustrated below:

[13] *UNICEF Evaluation Report, 2018.*

[14] *UNICEF Evaluation Report, 2018.*



Non-consideration of population density factor was caused due to weak project design and planning, which resulted in less provision of drinking water to the public.

The matter was reported to the department on October 24, 2023. The management replied that the population target was based on the criteria of 2.5 liters per capita per day on average, which is the guideline set by WHO. However, as per the project management's calculations one WFP could cater for the needs of only 2500 souls against the initial estimation of 20,000 people.

In the DAC meeting held on December 11, 2023, the DAC directed the department to justify the huge gap of estimated 20,000 beneficiaries per WFP and that of actual beneficiaries of 2,500 per WFP. Besides, the forum directed to initiate a proposal through Secretary PHE, GoB for placing futuristic population density factor in future project designs including Phase III of CDWA Project.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.5 Non-availability of essential data / record

According to PC-I of the Project, one of the prime objectives of the CDWA project was to decrease, eliminate, and prevent the occurrence of water-borne diseases among the targeted citizens/ communities.

During CPA of CDWA Project (Phase-II), it was observed that no data or record was available with the local health authorities, nor with the PHED on the occurrence, increase or decrease in the water-borne diseases (i.e., diarrhea, hepatitis, typhoid, tuberculosis etc.) among the targeted communities after the installation of WFPs, in terms of key performance indicators. No data was provided by the district health authorities despite formal correspondence of the Audit Management with the concerned DHQs.[15] Additionally, the Project management remained unsuccessful in maintaining proper and complete record

[15] *Letters/ proforma to DHOs on increase/ decrease in prevalence of water- borne diseases*

of the project exemplified by the absence of Progress Reports, Completion Reports, handing / taking over of WFPs to divisional authorities and local communities, and Monitoring and Evaluation Reports.

Non-availability of data on water-borne diseases and crucial record was due to weak monitoring and control mechanism of the project, which hindered effective project assessment and monitoring of its outcomes.

The matter was reported to the department on October 24, 2023. The management replied that the data on the decrease in the prevalence of waterborne diseases would be ensured by the health / concerned department and also would be cross-checked with the PHE department and made available to the Audit.

In the DAC meeting held on December 11, 2023, the DAC directed the department to provide details of waterborne diseases before and after the implementation of the project, establishing significant fall in the disease rate as envisaged in the PC-I. DAC further directed the department to produce progress reports, handing/taking over of WFPs to the divisional authorities and monitoring and evaluation reports.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.6 Non-existent Complaint Management and Monitoring System

As per Section 6.4 (ii) of National Drinking Water Policy 2009, "Provincial Governments will develop Standard Operating Procedures (SOPs) for planning, design, construction, monitoring and operations and maintenance for the various categories of water supply schemes. This will ensure adherence to the technical standards and specifications and quality construction and sustainable service."

During CPA of CDWA Project (Phase-II), visit/inspection of 18 different sites of WFPs in Quetta, Mastung and Loralai and citizen surveys/interviews revealed that no system existed in the PHE Department and PD office to receive, process, and redress complaints of the citizens, CSOs, NGOs, local communities, and other stakeholders including the general public. Furthermore, no SOPs were formulated to develop a monitoring system to continuously collect data on various operational issues of WFPs, analyzing the data and then taking corrective measures.

Lack of proper complaint management and monitoring system was due to weak planning, management, and control of the project, which resulted in deleterious impact on the effectiveness of the project.

The matter was reported to the department on October 24, 2023. The management replied that the matter had been taken up with Secretary, PHE, GoB to improve the proper monitoring and complaint management system.

In the DAC meeting held on December 11, 2023, the DAC directed the department to initiate a proposal through Secretary PHE, GoB to establish an effective mechanism of complaint redressal.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.7 Improper following up of the CDWA Project

As per Guidelines / Framework for safe drinking water system provided in approved PC-I of the Project, 2.1.4, "A management plan documents system assessment and operational monitoring and verification plants and describes actions in both normal operation and during incidents where a loss of control of the system may occur. It should also include supporting measures; training programs, research and development, procedures for evaluating results and reporting, community protocols, community consultation.”

During the CPA of CDWA Project (Phase-II), various CSOs reported the absence of efforts in community development and highlighted the government's failure to launch social awareness campaigns. Field visits confirmed that the PHE Department did not implement community development initiatives, particularly in the scattered communities of Balochistan. No officers or staff with resources were deployed for community engagement, hindering the equitable distribution of project benefits. Moreover, there was a lack of social awareness creation among citizens, CSOs, media, and the general public. No mobilization drives were conducted to inform and involve local communities and beneficiaries regarding awareness of the importance of clean drinking water for better hygiene and waterborne disease reduction.

Lack of community development initiatives, social awareness and mobilization drives were due to lack of internal controls, which resulted in lack of ownership by the concerned communities.

The matter was reported to the department on October 24, 2023. The management replied that in PC-I, there was no provision of POL and T.A. for the social awareness program or community mobilization drive. The importance of clean drinking water was highlighted in some cases through UNICEF material, pamphlets flyers, banners and workshops.

In the DAC meeting held on December 11, 2023, the DAC directed the department to initiate a proposal through Secretary PHE, GoB, containing targets of mass awareness campaign for citizens, CSOs and NGOs for availing benefits from the project.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.10.8 Lack of coordination amongst the stakeholders

As per Objectives and Project Targets envisaged in PC-I of the Project, “One of the Project targets is to notify all project committees and establish project implementing and coordination units.”

The CPA audit of the CDWA Project unveiled significant coordination issues that hampered its functionality. The absence of coordination among key stakeholders, including the PHE Department, Local Government, Health Department, Local Administration, and Police Department during site selection for WFPs in various districts adversely impacted the project. The deficiency in coordination also affected the proper archiving of data and records related to progress of project, hindering the smooth operation of the WFPs and consequently undermining the overall functionality of the CDWA Project.

Lack of coordination was due to prevalence of weak monitoring controls, which resulted in non-achievement of objectives of the project.

The matter was reported to the department on October 24, 2023. The management replied that there was gap of coordination which would be filled for maintenance of the WFPs.

In the DAC meeting held on December 11, 2023, the DAC directed the department to take effective measures and ensure close coordination with all departments and stake holders for immediate resolution of operational issues for smooth operation of the installed WFPs.

No further progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

24.11 RECOMMENDATIONS FOR MANAGEMENT'S ACTION

Keeping in line with the above, following steps are recommended:

The management is required to operationalize the 40% non-functional WFPs. Besides, it is strongly recommended to initiate effective measures to establish a robust system of coordination, awareness, complaint redressal, monitoring, capacity building, improved quality of water and maintenance of WFPs.

While the completed CDWA Project Phase-II faced challenges due to weak project management, future program extensions should consider WHO Guidelines and relevant National Policies for meaningful community impact. Ensuring effective project management at the district level, regular operation and maintenance, sound monitoring and control systems, and periodic reviews are essential for future success. Addressing issues like alternate energy sources, permanent deployment of plant operators, citizen engagement, and establishing a reliable water quality testing mechanism are crucial for the program's sustainability and effectiveness. Consistent coordination with relevant departments is emphasized to resolve operational issues.

24.12 MANAGEMENT'S COMMENTS

As per Project Director CDWA Project, Phase-II with Solar System was advanced stage of completion comprising 85 (UF/RO) plants in priority areas of the province such as educational institutes, hospitals, government buildings, universities, and other public places. Major achievements of the project included installation of 85 plants and provision of safe drinking water with the volume of 1,020,000 liters per day; the number of beneficiaries stood at 200,000 souls with improved health conditions; employment to plant operators; control over biological, chemical, and bacterial water contaminants; provision of easy access to clean and safe filtered water at district and union council level. However, the reasons for non-functionality of plants were negligence of plant operators and dried up water sources. Though the project was completed, yet, the management faced numerous difficulties and challenges at execution stage which included worse law and order situation, land ownership disputes of local communities, lack of public awareness about the importance of filtered water, shortage of resources such as lack of funding, lack of vehicles, and shortage of administrative and technical staff.

The management agreed to take corrective measures for systemic improvement in the operation of WFPs in the targeted areas. For the purpose, the management has initiated a formal proposal through Secretary PHED, GoB for provision of financial, technical and human resources for immediate operationalization, repair, maintenance and quality assurance of the WFPs installed under the project.

24.13 AUDIT TEAM'S EVALUATION AND REJOINDER / CONCLUSION

Although, the impact of CDWA Project (Phase-II) has been positive on citizens and communities by improving local health and hygiene through the supply of clean water. However, the project fell short of meeting 100 percent of citizens' needs due to factors such as the use of unclean vessels, jerry cans, plastic bottles, reduced operational timings, and a lack of effective monitoring system. Despite facing challenges such as inadequate funds, a shortage of trained labor, political interference, and a difficult law and order situation, the project was successfully completed by the GoB. Lessons learned from this experience include the importance of extending the CDWA program to the grassroots level (ward level) and addressing deficiencies and gaps identified in prior phases of the scheme. From the experience of this project, following lessons were learnt:

- Providing access to clean drinking water necessitates mass communication and awareness campaigns within local communities. Engaging citizens in adopting hygienic practices for using safe drinking water is crucial to achieving more fruitful results. Effective communication and community engagement play vital role in ensuring the success and acceptance of change interventions related to access to clean water and hygiene practices.

- The overall effectiveness of a planned intervention, as exemplified by the project, is compromised by weak monitoring and supervision. Adequate supervision, monitoring, and control by the PHE Department are essential to enhance the effectiveness and sustainability of interventions like the CDWA Project. A robust system of supervision and monitoring ensures that the project progresses as planned, issues are addressed promptly, and the intervention achieves its intended goals.

- Ownership is crucial for project success. The PHE Department was needed to ensure sound financial management with strong internal controls. Proper documentation and digitization of project records, including inventory/store management, operators' deployment, attendance, and training records, are essential for effective oversight and ownership. Establishing a comprehensive and well-documented system would contribute to the successful management and sustainability of the CDWA Project.

ACKNOWLEDGEMENT

The Audit Management wishes to express special gratitude to the members of Civil Society Organizations (CSOs); SAWERA Foundation, DANESH, and BIRD for practically participating in the audit process and undertaking field visits and Other local CSOs of Balochistan including IBS, SHAD, CYAD, HE-SOW, WEASS, PIDS, HANDS, BSDSB, and EYES who provided assurance for full cooperation, facilitation, and assistance for direct participation of Citizens at local as well as provincial level in the audit process. The Audit Management also demonstrates appreciation to CDWA Project Management for facilitation and cooperation with the FAT during field audit work.

Chapter 25
Impact Audit: DigiBizz Freelancing and Entrepreneurship Programme
25 Introduction:

25.1 Background:

In the backdrop of rising unemployment and financial challenges, it has become a paramount duty of the government to steer the educated youth of the province by providing them employment opportunities. Every year approximately 2000 students graduate from the Universities in the ICT sector in Balochistan. However, the public sector can cater to only a few of them, whereas the private sector is nearly unavailable for accommodating ICT professionals. In such scenario, online freelancing can help provide income opportunities to the unemployed workforce.

According to the Global Competitiveness Report, Pakistan[1] lags behind most countries in terms of technological awareness and job preparedness. Such a scenario calls for investment in training about the development of ICT and technical skills among the youth, enabling them to fulfill their dreams of earning a decent living in an honorable way. Hence, Science and Information Technology Department, Government of Balochistan availed new market/job trends, in Feb 2022, by venturing upon DigiBizz Freelancing and Entrepreneurship Programme which is being funded by P&DD with an approved cost of Rs. 200 million for a period of 3 years. It has two phases. Phase-I of the programme was launched in Quetta district by establishing 04 training centers. In Phase-II, the programme will be rolled out to Khuzdar, Turbat, Pishin, Loralai districts of Balochistan. The programme has a main target of training 2000 youth of Balochistan through both the phases[2].

25.1.1 Role of Project/Program:

DigiBizz's primary role is to train young individuals to become successful freelancers, initiate startups, and entrepreneurs. The components of program are: i) Amazon, web and e-commerce, ii) Digital Marketing and Advertisement, iii Creative Designing.

DigiBizz is aligned with the United Nations' Sustainable Development Goals (SDGs) in two significant ways ("***THE 17 GOALS Sustainable Development***"):[3]

1. Providing training opportunities for youth to create self-employment through online freelancing.
2. Fostering entrepreneurship and startups to generate jobs and reduce societal inequalities.

25.2 Overview:

25.2.1 Program Deliverables:

The Digibizz Freelancing Training and Entrepreneurship Program aims to:[4]

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[1] https://iips.com.pk/pakistan-on-global-competitiveness-index/

[2] Digibizz Balochistan. (2021). *PC1 Document Digibizz Balochistan*.

[3] *THE 17 GOALS | Sustainable Development*. (n.d.). Sustainable Development Goals. Retrieved August 8, 2023, from https://sdgs.un.org/goals

[4] https://Digibizz.gob.pk/

- “Promote Online Digital Freelancing by enabling self-employment opportunities through online Freelancing mechanisms.
- Support Startups, Entrepreneurship and Foster a pathway for the youth to initiate and manage businesses.
- Facilitating in placement assistance of Freelancers.
- Encourage home-based earning opportunities for women, ensuring gender equality”.

25.2.2 Objectives:

As per PC-1 the objectives of the initiative are:

- To provide training opportunities for the youth to create self-employment opportunities using the online digital freelancing mechanism.
- Development of soft digital skills of our youth to earn a sustainable income in the province.
- Empower youth by allowing them an opportunity to not only work on their own but also to contribute positively to Pakistan by bringing in foreign exchange for the country.
- Empower and elevate the status of women by allowing them to earn an honorable living while working from home, ensuring gender equality.

25.3 Scope and Methodology

25.3.1 Scope:

The audit's focus was confined to the evaluation of impact of Digibizz project which was launched at initial cost of Rs. 200 million in Balochistan, vis a vis its rival cause for the period 2020-23.

Audit objectives:

What effect did the DIGIBIZZ programme have in developing the relevant IT skills of youth for online earning?”

To assess the impact of the programme on the target population, both with and without the intervention, audit will further strive:

a) To evaluate whether the desired objectives and actual outcomes of the programme have been achieved;
b) To assess what impact did the initiative have on the freelancers' income;
c) To identify if there is any gap between the actual and desired outcome and suggest areas for further improvement;
d) To assess whether the impact on the target population is attributable to the intervention as compared to that of rival causes.

25.3.2 Methodology:

The methodology of impact audit consisted of qualitative and quantitative approaches based on two main comprehensive analytical techniques such as Time Series Analysis and Difference-in-Difference with a view to focus on the following dimensions:

- Understanding the audit entity;
- Visit of department and freelancing centers;
- Online visit of Digibizz website (https://Digibizz.gob.pk/);
- Conducting interviews and getting information through survey Questionnaire;

- Comparative analysis of targets and achievements;
- Comparison with other IT boards freelance initiatives; and
- Obtaining data by literature reviews, articles, newspapers, books, and websites.

25.3.3 Technique Employed:

Evaluation design: Time Series Analysis and Difference-in-Difference
Time-period: Evaluating the impact of change intervention of period before and after of the initiative in 2022.
Rival cause: National Freelancing Training Programme (NFTP)

25.4 Audit Findings:

25.4.1 Condition without: Limited Awareness and Scope in Freelancing

As per audit's survey[5], most students and parents were not aware of gig economy, freelancing and organizations working in this regard in Balochistan. Before the introduction of change intervention there existed a National Freelancing Training Programme in Balochistan, whose focus remained on Content Marketing, Advertising, Creative Designing and Technical skills, which could not address the diverse skill needs of national job market. Before 2022, NFTP was delivering online lectures in five different Universities in Balochistan, one of the venues, University of Khuzdar remained non-functional. The contribution of NFTP was considerable in training graduates and enhancing their online earning capabilities. The total number of NFTP graduates were 374 with annual earnings of $38,454 (on average basis) with 10% increase in earnings from the base year 2020 to 2021. After 2021 till 2023, the annual earnings of the graduates increased by 25% with average earnings stood at $48,945. Apart from NFTP, other rival causes included DigiSkills, Enablers, and Private Freelancing Academies, but NFTP emerged as the main rival cause during the study due to data limitations.

25.4.2 Condition with: Enhanced awareness and opportunities in Freelancing resulted in increased earnings

After the introduction of change intervention graduates received practical instructions and support to successfully navigate the world of freelancing through mentorship and physical classes. Digibizz was offering a comprehensive learning concept that went beyond virtual resources, equipping students with practical skills and the confidence to apply them in real-world scenarios. As a result, graduates were gaining practical knowledge about where and how to earn in the digital marketplace.

During 2022 and 2023, the program had nurtured and imparted freelance skills to 658[6] graduates out of targeted 2000 graduates. So far, they had earned $105,000 [7](Rs. 29.076 million). The gender balance of freelance graduates was roughly equal, with 40% female and 60% male. Female participants had collectively earned an impressive amount of approximately $36,480 and it was on the rise.[8]

[5] Survey conducted by Audit in 2023: Annexure 25.1.

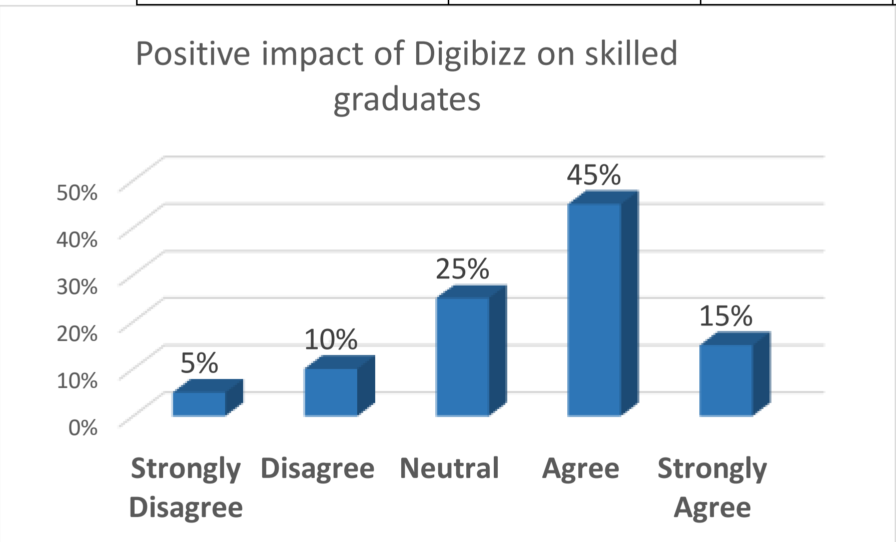
[6] https://Digibizz.gob.pk/

[7] https://Digibizz.gob.pk/

[8] https://Digibizz.gob.pk/

The strength of Digibizz initiative was that it had multi-level monitoring system comprised of master trainers and monitoring and evaluation officers who paid weekly visits to the training centers. This monitoring approach not only ensured that trainees received continuous guidance and support but also fostered an environment of accountability and excellence. Above all, Digibizz freelance programme offered a payment of Rs. 6,300 upon course completion, which served as a strong motivating factor. Results from survey questionnaires of Digibizz graduates are tabulated below:

S. No.	Divisions	No. of graduates surveyed as per sample size	Coverage (%age)	Results (%age)
1.	Kalat	10	10 %	6%
2.	Makran	15	15 %	9%
3.	Naseerabad	10	10 %	6%
4.	Quetta	25	25 %	15%
5.	Sibi	15	15 %	9%
6.	Zhob	10	10 %	6%
7.	Loralai	10	10 %	6%
8.	Rakshan	05	05 %	3%
Total		**100**	**100%**	**60%**



Note: Questionnaire of survey attached at Annexure 25.2

The collective impact of Digibizz in comparison to NFTP is evident in the substantial growth of yearly earnings for Digibizz graduates. Their income surged by an impressive 60%, reaching an average of $52,500 enabling the graduates earn $105,000 out of total of $203,071, as detailed in the below appended table:

(Amount in $)

Condition Without			**Diff:**	**%age Increase in Earnings**	**Condition with**		**Diff:**	**%age Increase in Earnings**	**Net Out-come**
Years	**2020**	**2021**			**2022**	**2023**			
NFTP	36,680	40,228	3,548	10%	43,536	54,535	10,999	25%	15%
Digi Bizz	-	-	-	-	40,458	64,542	24,084	60%	60%

Overall Impact	**45%**

In short, Digibizz had achieved tangible impact in terms of yearly increase in the earnings of the graduates within the span of two years period.

However, the working pace of the Digibizz was not as planned, as only Rs. 34 million had hardly been utilized out of Rs. 200 million. The project was planned to be expanded to other districts of the province, but it remained limited to capital city only. The following areas merit the department's attention for further improvement:

25.4.3 Scarcity of trainers and non-extension of project to districts

The overall progress and implementation of Digibizz was slow even in Quetta district. The programme was intended to be rolled out to other districts, but the management of Digibizz was unable to replicate it despite of lapse of more than one year. The earning and capacity building could have been more had the programme been working on its full potential. Digibizz's incapacity to expend the budget despite lapse of almost two years raised questions on its financial management and strategic planning as they hardly utilized Rs. 34 million out of its 200 million budget. This not only resulted in failure to achieve the intended objectives of the project but also in uplifting the capabilities of students residing in districts outside Quetta.

The management of Digibizz was still encountering hardships in expanding the initiative to Khuzdar, Turbat, Pishin, Loralai districts of Balochistan, despite the fact that the rollover was envisaged in the programme objectives. The main obstacle faced by the programme management, in this regard, in addition to the challenges of law and order and internet availability, was the scarcity of trainers to be stationed in those districts.

25.4.4 Discouragement of destitute students due to non-facilitative environment

Since Balochistan is the poorest province, the students enrolled in Digibizz could not afford laptop, high speed internet and other necessary IT equipment. A common complaint of students as well as teachers was slow internet connectivity in provincial capital. Digibizz was expected to be providing high speed internet connectivity to its students in its centers but it was found that the internet speed remained a major problem despite lapse of one and a half year of its establishment. Students/graduates were not facilitated in connection of necessary IT equipment to work from home.

25.4.5 Inadequate provision of freelancing courses

Freelancing and online business are rapidly evolving discipline, which had grown to include upto 30 various disciplines/ modules catering for diverse courses as per need and capabilities of freelancers. The scope of freelancing was wide and there were many courses[9] that could be offered. Digibizz, however, had been able to offer only three areas including Content Marketing & Advertising, Creative Designing, and Technical Domain for skill development even though it had developed the required capacity to deliver more courses. Further, the Digibizz lagged in offering online courses which could have accommodated more students in taking advantage of the project. Due to less provision of freelancing courses its scope was restrained to limited three (3) courses only. The narrower scope resulted in accommodating less than potential candidates, which had slowed down the pace of the programme than its prospective scope.

[9] www.careers360.com

25.4.6 Insufficient enrollment due to paucity of awareness campaign

An innovative programme could only be successful in milking its envisaged benefits and goals if it was appropriately publicized through suitable means of advertising and awareness campaigns. Although, Digibizz had made an effort to create awareness through social media, its website and other mainstream media, but its voice could not reach all ears and there were still target audience who were unaware of freelancing and the role of Digibizz. Their campaign was limited to social media which had less than desired impact. Due to lack of awareness campaigns the importance of freelancing and role of Digibizz could not be highlighted.

25.4.7 Cumbersome procedure in terms of FCAs

Freelancing is a healthy source of earning foreign currency and it now plays a vital role in the economy of Pakistan by increasing remittances. Pakistani freelancing market had generated $500 million in the last year[10].

Keeping in view the contribution of this important sector in the national economy, it is desirable to make a systematic arrangement to technically support the earners to manage these remittances in a timely and uncomplicated manner.

On the contrary, the programme had setup no proper mechanism for facilitating such graduates, due to which majority of graduates had been facing challenges in opening of foreign currency accounts. The graduates were unaware of protocols of payment gateways, therefore, most of them were dependent on using bank accounts of relatives or friends living abroad. Further, the matter needed urgent attention of Government and SBP, failing which the potential of earning in freelancing could be adversely affected.

25.4.8 Summary of discussion with management:

The management informed that program expansion to other districts was in the plan but due to several constraints such as high-speed internet, power back up, lack of availability of professional freelancing trainers, availability of labs, IT infrastructure and slow budget releases had slowed down the expansion and progress of Digibizz. Audit reaffirmed that the programme should have been rolled out to other districts as envisaged in the PC-I of the project, adding that the delay in expansion not only deprived the students of remaining districts from the benefit of the programme but may also result in time and cost overrun.

The management assured that rollover of the programme to other districts including Sibi and Loralai District was in final stages, as survey had been completed and all the arrangements had been made, and regular sessions in these two districts would be started in the next month.

The management of Digibizz apprised that the Digibizz was unable to provide high-speed internet, laptops and other necessary IT equipment to its trainees due to weak IT infrastructure deployed in the province and non-availability of funds provision. The department, however, added that it had planned to launch another programme for provision of Laptops. Audit recommended that the participants of the programme may be prioritized in the proposed laptop distribution scheme for fruitful results of the programme. The management consented that the graduates who had completed the training programme would be prioritized in the laptop distribution scheme.

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[10] https://mohsinzox.com

The management informed that in vast realm of online disciplines, catering to every single discipline was practically impossible. However, Digibizz was offering the most lucrative courses, which had high market value. Due to smart course selection, the graduates had been earning healthy income, reaching to $105,000, which was the highest average any programme had achieved in such a short span of time.

Moreover, the Digibizz was conducting regular awareness seminars in universities and colleges and had received 1700 applications for 300 slots for the current session. Further, the programme management was also maintaining social media account for updates. Audit emphasized upon the importance of awareness campaigns regarding freelancing and the role of Digibizz and recommended to launch an impactful campaign for awareness of freelancing and the role of Digibizz to achieve the desired goals.

The management informed that Digibizz had identified several viable solutions, including Payoneer and Wise accounts which allowed students to withdraw money directly into their local banks. Audit stressed that freelancing is a healthy source of earning foreign currency and plays a vital role in the economy by increasing remittances and directed the management for establishing a system that could support in managing earnings in timely and uncomplicated manner such as making agreements with banks in arranging to open foreign currency accounts for students of Digibizz.

25.5 Conclusion:

The desired change initiative i.e., Digibizz was able to exert meaningful positive impact on the life and livelihood of graduates of the province in terms of substantial increase in the yearly earnings @ 60% in real terms that had been leading to positive contribution towards the national economy.

The impact attributable to Digibizz in freelancing was the training of 658 graduates out of more than 1200 documented graduates contributing remittances of $105,000, in a short period of almost two years, with the 60% increase in the yearly earnings of the graduates. The significant impact not only uplifted the economic condition of the earners but also boosted their confidence by introducing them to one of the most innovative and independent ways of earning. Keeping in view the increasing trend in the yearly earnings of the graduates the change intervention remained mostly successful in the achievement of its intended objectives with highly positive impact on the life of the graduates. However due to issues highlighted in the paras 25.4.3 to 25.4.7 the desired and full impact could not be achieved.

25.5.1 Recommendations:

Audit recommends to:

1. Initiate the program's expansion to additional districts within the province as envisaged in the PC-1 of the project.
2. Prioritize program participants in the forthcoming laptop distribution initiative to enhance the program's efficacy.
3. Reassess the current course offerings and introduce additional online courses to diversify and enrich the program.
4. Launch a robust awareness campaign highlighting freelancing opportunities and emphasizing Digibizz's pivotal role in achieving program objectives.
5. Develop a streamlined system to facilitate timely and straightforward management of earnings. This includes exploring partnerships with banks to facilitate the opening of foreign currency accounts specifically tailored for Digibizz graduates.

Chapter 26
Thematic Audit: Implementing sustainable campus initiatives to reduce cost and promote financial sustainability in Public Universities

26.1 Introduction

The Director General Audit, Balochistan conducted Thematic Audit of Public Universities during July to November 2023, with a view to report significant findings to stakeholders on the role of Public Universities. A total of five (05) Universities were selected for the thematic Audit namely:

1. Balochistan University of Engineering and Technology, Khuzdar.
2. Lasbella University of Agriculture and Water Marine Sciences, Uthal.
3. Sardar Bahadur Khan Women University, Quetta, Balochistan.
4. Balochistan University of Medical & Health Sciences, Quetta, Balochistan.
5. University of Balochistan.

Balochistan University of Engineering and Technology, Khuzdar

Balochistan University of Engineering and Technology Khuzdar is situated in the province of Balochistan. Before the establishment of BUET, Khuzdar, a limited number of students from the province were nominated for admission in different Engineering Institutions in other provinces of Pakistan which was not adequate to meet the growing need for Engineers in the country. The Federal Government, taking into consideration these factors, announced the establishment of the then Balochistan Engineering College at Khuzdar in 1973-74. The project of the college was given administrative approval by ECNEC in 1977. After passing through different phases of construction, the college was in a position to start its academic activities in 1987-88 in the disciplines of Civil, Electrical and Mechanical Engineering. The institution was subsequently raised to the level of university just after seven years of its successful performance, in the 1994.

Lasbella University of Agriculture and Water Marine Sciences, Uthal

Lasbela University of Agriculture, Water and Marine Sciences is a breeding ground for the skilled professionals, who are the dire need of Pakistan in general and Balochistan in particular, for utilizing the agricultural resources, conserving the water resources and exploiting the marine assets. The University has highly qualified scientists, eminent economists and enlightened literary figures. The University is not just pouring the availing knowledge into the minds of students at B. S level but also equipping the students with the art of the making of knowledge itself at M.Phil. and PhD level.

Sardar Bahadur Khan Women University, Quetta, Balochistan

Sardar Bahadur Khan Women's University (SBKWU) is a public women's university in Quetta, Balochistan, Pakistan. Established in 2004, it is Balochistan's first and Pakistan's third women's university. SBKWU offers quality education in English in 27 disciplines, with over 9000 students enrolled. SBKWU was established in response to the growing demand for higher education among women in Balochistan. The university offers a wide range of undergraduate and postgraduate programs in the arts, humanities, sciences, and social sciences. SBKWU also has a strong focus on research, and its faculty and students are actively engaged in a variety of research projects.

Balochistan University of Medical & Health Sciences, Quetta, Balochistan (BUMHS)

Bolan University of Medical and Health Sciences, Quetta is the first and only Medical University in Balochistan, catering to the teaching and learning needs of medical professionals. BUMHS was established in 2017 under an Act of the Provincial Assembly of Balochistan. It is responsible for admitting students in MBBS and Bachelor of Dental Surgery programs of studies in its constituent Bolan Medical College and its Dental Section (University Dental College), as well as in other public sector Medical Colleges of the province.

University of Balochistan

University of Balochistan, Quetta after its establishment in 1970 through an Ordinance was allowed to function in buildings constructed during 1960's on the area of 184 acres allocated to College for Mining Technology (CMT) at Sariab Road which was shifted to Lahore. Ownership of these buildings along with land were onward transferred to university. Since 1970 to date, University of Balochistan is the mother Public Sector University in the province providing services of higher education and has been expanding considerably time to time as per requirements and needs of the society. University admission policy is to accommodate and facilitate students from all districts of Balochistan giving them equal opportunities. 75% admission quota on district merit is reserved for the far-flung districts deprived of higher education in parallel with 15% quota reserved for thick populated and capital district of Quetta. While 10% admission quota is reserved for talented students on open merit. University of Balochistan student's enrollment at present is 15,108.

26.2 Establishing the Audit Theme

26.2.1 Reasons of selection

The Universities in Balochistan are in financial crunch, which adversely affected the scheduled vocational activities. Major cause of this crunch was shortage of funds, which was catalyzed by financial indiscipline prevalent in these universities which included a) high operating cost b) overstaffing; c) under-utilization of revenue potential including fees and provision of research services and d) over-dependence on grants. For this reason, the said theme was selected in order to answer whether the public universities in Balochistan are capable of establishing a sustainable system contributing to the society in the field of education and research and have the public universities in Balochistan been able to implement cost reduction strategies necessary for financial sustainability (discipline) in line with Sustainable Campus Initiatives.

Further, goal 04 and 17 of the SDGs stressed on quality education and strengthening domestic resource mobilization as detailed below:

S. No.	Theme	SDG Goal	SDG Target	Government Policy Intervention
1.	Implementing Sustainable Campus Initiatives to Reduce Costs and Promote Financial Sustainability in Public Universities	Goal: 04 Quality Education Goal: 17 Partnership to achieve the Goal.	4.7 (b & c) Substantially expand the number of scholarships for enrolment in higher education and increase the supply of qualified teachers 17.1 Strengthen domestic resource mobilization to improve domestic capacity for tax and other revenue collection.	• Revival of Public Sector Universities through Balochistan Universities Act, 2022. • Support of Universities through grants. • Formulation of Grant-in-aid Rules 2021.

26.2.2 Purpose/Objectives

The main purpose / objective of the Thematic Audit was to improve financial discipline leading to cost reduction and sustainability of public universities and enhance educational outputs through increased efficiency.

26.2.3 Scope

Scope of the thematic Audit extends to the Public Universities functioning throughout the province of Balochistan. Focus of the Audit was to assess the level of seriousness assigned to the problem by the government and autonomous bodies through measuring the effectiveness of the various initiatives taken. The Audit was conducted with following TORs:

- Study factors that resulted in bad financial condition of the public universities including irrational increase in salaries and less utilization of revenue potential;
- Evaluate the effectiveness of existing practices and procedures intended to achieve financial discipline and propose recommendations for improvement;
- Review the financial management rules and procedures and assess its effectiveness and compliance;
- Assess the devolution of the education under 18^{th} amendment; whether all the Assets, finances and liabilities were transferred as per the law;
- Assess the NIC recommendations and its implementation;
- Identify gap between expenditure and revenue and highlight weak areas;
- Assess the potential for generation of new revenue streams;
- Assess the potential of cost reduction;
- Assess the research studies of the institution and its impact and contribution;
- Assess the potential for improved infrastructure and technology advancement;
- Review learning outcomes and research and analyze its links with SDGs;
- Check the system of recruitment including an analysis of teacher to student ratio and impact of such appointments on the sustainability;
- Critically evaluate the need and admissibility of Grant-in-Aid provided to the universities by the government;
- Evaluate the liabilities of the university and suggest how to improve the system of revenue management;
- Assess any other issue related to financial management of the universities; and
- Assess the policy, if any, of scholarships for students.

26.2.4 Legal framework governing the theme.

The legal framework governing the theme includes:

- Sustainable Campus Initiatives to foster UNSDGs[11]
- General Financial Rules
- Balochistan Universities Act 2022
- Article 84 of Audit code
- BUMHS, Financial Rules, 2018
- PC-I, Development and Extension of BUMHS, 2020
- PC-I Women University (SBK) sub-Campuses at Pishin & Khuzdar, 2017
- B&R Code
- HEC, M&E Division's meeting held on January 19, 2022
- PPR, 2004

[11] https://ec2u.eu/wp-content/uploads/sites/709/2022/07/D8.12-Sustainable-Campus-Initiatives-to-foster-UNSDGs.pdf

- Balochistan Public Finance Management (BPFM) Act, 2020
- Medical and Health Sciences Act, 2017
- Grant in Aid Rules 2021
- APPM

26.2.5 Stakeholders and governmental organizations identified as directly/indirectly involved.

- Finance Department, Government of Balochistan, Quetta.
- HEC (Higher Education Commission).
- Governor's Secretariat.
- VC. Balochistan University of Engineering and Technology, Khuzdar.
- VC, Lasbella University of Agriculture and Water Marine Sciences, Uthal.
- VC, Sardar Bahadur Khan Women University, Quetta, Balochistan.
- VC, Balochistan University of Medical & Health Sciences, Quetta, Balochistan.
- VC, University of Balochistan.

26.2.6 Role of important organizations

The important organizations include the Chancellors Office, Secretary Higher Education, GoB and the HEC that are related directly to the theme of Audit. As enunciated in the Balochistan Universities Act, 2022, the Governor of Balochistan shall be the Chancellor of the University and the Chairperson of the Senate. The Minister of the GoB, Colleges, Higher & Technical Higher Education Department shall be the Pro Chancellor of the University, who will act as Chancellor in the absence of Governor. The Vice Chancellor and Pro Vice Chancellor shall be appointed by the Chancellor on standard term and conditions.

The Secretary, Higher Education, GoB releases the funds to the Universities of Balochistan and acts as a representative of GoB whose prime responsibility is to ensure that the funds allocated to the Universities are expended in line with the laid down rules.

The HEC being the primary regulator of higher education and facilitator in development of Higher Education in Pakistan has become center of excellence in education, research, and development. The HEC has facilitated higher education institutions in Pakistan to international standards. It is a major funding and financing agency to the universities.

26.2.7 Organizations' Financials

The Universities are funded by Government of Balochistan and HEC through Annual Grants-in-Aid.

BUETK (2021-23)

(Rs. in Million)

S. No.	**Particular**	**Financial Years**	**Budget**	**Expenditure**
1.	HEC Grant (Recurring)	2021-23	625	1,246
2.	Grant in Aid (GoB)	2021-23	422	
3.	Own Resources	2021-23	147	
4.	HEC Grant (Development)	2021-23	419	419
	Total		**1,613**	**1,665**

LUAWMS (2022-23)

(Rs. in Million)

S. No.	Particular	Financial Years	Budget
1.	Main Campus	2022-23	2240.384
2.	Wadh Campus	2018-23	120.786
3.	Naseerabad Campus	2018-23	1567.676
Total			**3928.846**

SBKWU

(Rs. in Million)

S. No.	Particular	Financial Years	Budget	Expenditure
1.	Opening Balance		100.315	
2.	HEC Grant (Recurring)	2022-23	300.360	
3.	Grant in Aid (GoB)	2022-23	369.424	931.517
4.	Own Resources	2022-23	183.539	
5.	HEC Grant (Development)	2022-23	174.605	
	Total		**1,128.243**	**931.517**

BUMHS

(Rs. in Million)

S. No.	Particular	Financial Years	Budget	Expenditure
1.	Opening Balance		1,316.523	
2.	HEC Grant (Recurring)	2022-23	20.000	
3.	Grant in Aid (GoB)	2022-23	95.902	190.390
4.	Own Resources	2022-23	171.299	
5.	HEC Grant (Development)	2022-23	5	
Total			**1,608.724**	**190.390**

UoB

(Rs. in Million)

<table>
<tr><th>S. No.</th><th>Particulars</th><th>Financial Years</th><th>Budget</th><th>Expenditure</th></tr>
<tr><td>1.</td><td>HEC Grant (Recurring)</td><td>2018-23</td><td>11,704.058</td><td rowspan="3">15,224</td></tr>
<tr><td>2.</td><td>Grant in Aid (GoB)</td><td>2018-23</td><td>2,976.954</td></tr>
<tr><td>3.</td><td>Own Resources</td><td>2018-23</td><td>2,339.80</td></tr>
<tr><td>4.</td><td>HEC Grant</td><td rowspan="2">2018-23</td><td rowspan="2">552</td><td rowspan="2">549.722</td></tr>
<tr><td>5.</td><td>(Development)</td></tr>
<tr><td colspan="3">Total</td><td>17,573</td><td>15,774</td></tr>
</table>

26.3 Field Audit Activity

26.3.1 Methodology

A risk-based assessment was carried out for the entities. 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 implementing sustainable campus initiatives to reduce costs and promote financial sustainability in public universities was conducted under the Balochistan Universities Act 2022, GFR and supporting notifications of the Secretary Higher Education and focus was made to improve financial discipline leading to cost reduction and sustainability of public universities and enhance educational outputs through increased efficiency.

26.4 Audit Analysis

26.4.1 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.

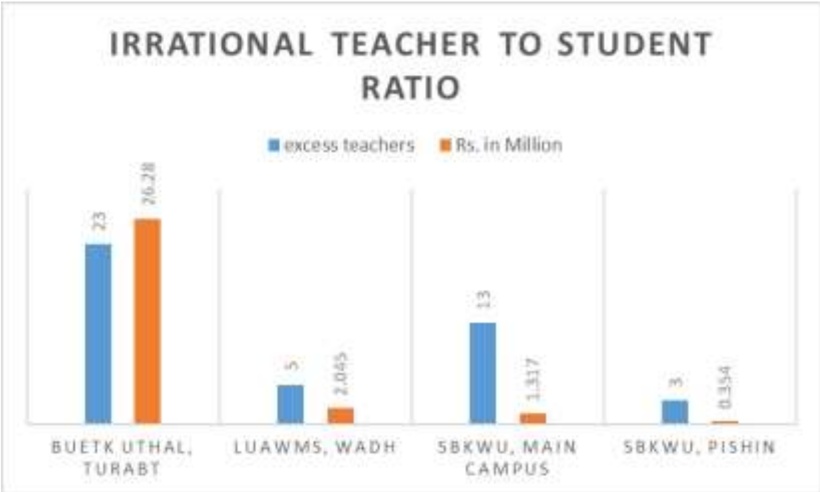
26.5 Critical Review

Higher education institutions' contributions to environmental conservation and cost reduction are generally manifested in their commitments to develop Sustainable Campuses, that are aimed at promoting a culture of sustainability and financial discipline in their operations. The various dimensions of a Sustainable Campus can be used as a reference for realizing a Sustainable Campus for every university campus. Examining the financial discipline and linking the dimensions of Campus Initiative to the selected universities and exploring the gap was the scope of this Audit.

Universities in Balochistan are grappling with a severe financial crunch, rendering them unable to meet their payroll expenditures. The dire fiscal situation has left faculty and staff without timely salary disbursements, causing considerable hardship. This situation is a result of many reasons, stemming from challenges such as inadequate government funding, limited revenue-generating opportunities, and escalating operational costs. The inability to fulfill salary commitments not only demoralizes the academic community but also jeopardizes the overall functionality of these institutions. Urgent intervention is imperative to address the financial distress, ensuring the sustained functioning of universities and preserving the quality of education in the province.

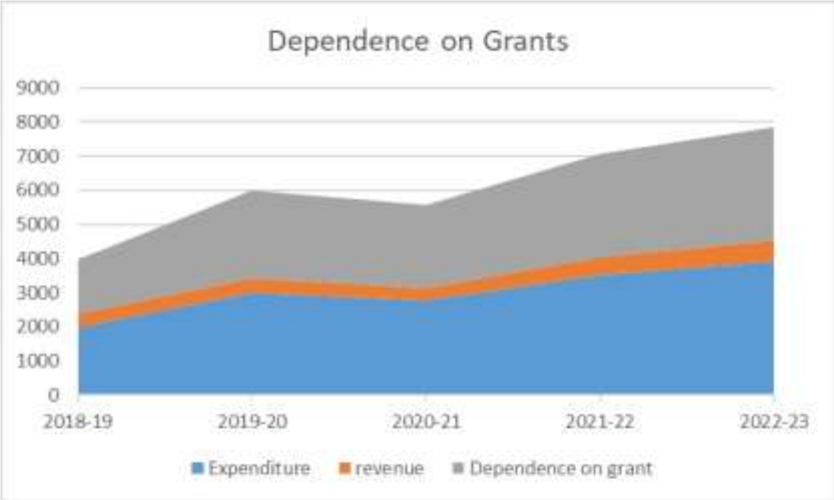
Audit highlighted financial irregularities and inefficient spending within universities, suggesting potential mismanagement and misappropriation. Delays in project completion led to increased costs and impeded timely service delivery to students and staff. Additionally, a notable absence of strategic planning for sustainable campus initiatives further strained financial sustainability. Without a cohesive strategy, universities lacked clear direction, defined goals, and effective monitoring mechanisms. This report underscores the critical need for targeted interventions to address financial inefficiencies and enhance the long-term sustainability of Balochistan's higher education institutions.

Universities face significant financial challenges stemming from governance issues, particularly excessive staffing levels. It was noticed that 44 teachers were appointed in excess in the Universities violating the teacher student ratio recommended by HEC. The lapse had a negative financial impact amounting to Rs. 29.996 million during the financial year 2022-23. This situation underscores financial mismanagement and highlights deficiencies in internal controls and governance by university leadership.

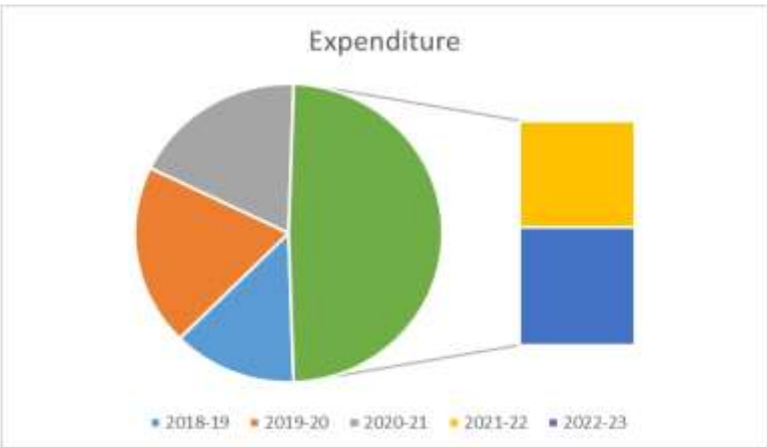


Financial challenges also included non-tapping into potential revenue sources, such as LUAWMS' ORIC, 3000 acres in Sukan, and the unused Dam area. Further, the management of the Universities missed opportunities like tailored short courses, self-financed study schemes, utilization of land and building, utilization of academic capabilities, and evening classes for additional income.

Audit findings revealed a substantial gap between revenue and expenditure in universities, jeopardizing financial stability. The difference raised concern about financial planning, resource allocation, and overall fiscal sustainability. A closer examination of the data exposed heavy reliance on external grants, indicating a significant dependence on these sources to sustain the university's financial operations.



During the analysis Audit noticed that the management of the Universities failed to reduce cost effectively. Several areas of concern had been identified, including overemployment, excessive expenditure on services like pick and drop, withdrawal of additional allowances, high utility bills, and fuel provisions. Managements' failure to reduce potential cost reductions and address inefficiencies resulted in financial strain, resource misallocation, increased utility costs, operational inefficiency, potential waste of public funds, project delays, and energy efficiency concerns, impacted the organization's overall financial health and effectiveness.



Wasteful expenditures were witnessed in almost all the Universities on account of appointment of security staff, Dairy farm (LUAWMS earned revenue of Rs. 0.900 million against the expenditure of Rs. 4.900 million during the financial year 2022-23), abandoned works and hiring of building, which had a financial impact of Rs. 58.812 million and was alarming owing to the financial crunch being faced by the Universities.

The ORIC, designed to connect Universities' research with commercial opportunities, fell short in fulfilling its mandate. It failed to effectively engage with researchers, chancellors, and on-campus innovation hubs. Moreover, the office lacked efficiency in connecting with local, regional, and federal partners for research outcomes contributing to Pakistan's economic growth.

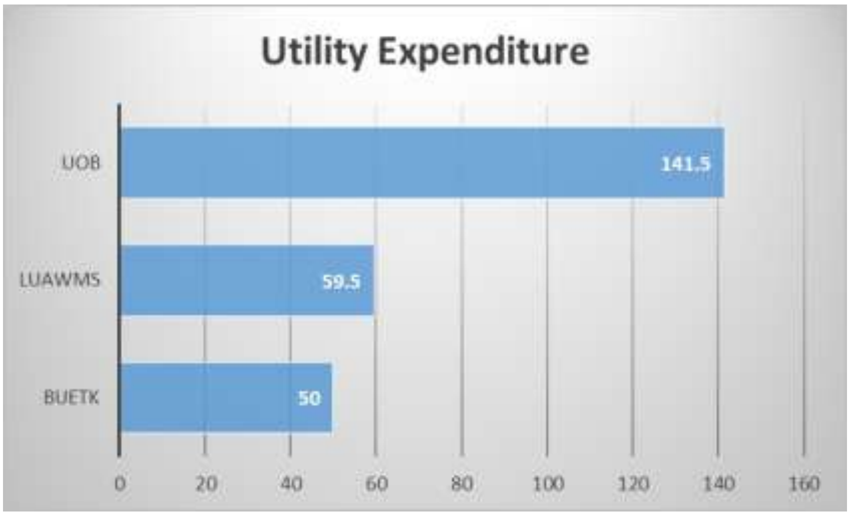
Universities' financial practices were rooted in incremental budgeting, lacking a clear rationale. The process involved updating figures without strategic planning.

Despite having a Resident Auditor, the Universities failed to conduct the internal check to ensure financial management, detect fraud and irregularity in the entity. The failure to conduct the internal audit in the specified financial year and the presence of weak internal controls within the organization had contributed to the recurring occurrence of similar issues year after year. This chronic problem not only undermined the financial stability of the entity but also eroded trust in its operations and management.

While following the 18th amendment, which mandated the devolution of university education, it was found that the universities were unprepared for this transition. As a result, neither the province nor the HEC had taken responsibility, leading to challenges with government grants. The universities failed to proactively facilitate the devolution process.

Despite the availability of modern technology, the Universities failed to digitize the institute's operations, resulting in manual workflows across departments. The absence of operating systems for payroll, expenditure, revenue management, fee collection, registration, and other critical functions, coupled with untrained staff, had led to issues in reporting, reconciliation, and record maintenance. Additionally, the management faced challenges in timely closure of financial books after each fiscal year.

The universities incurred heavy expenditures over the utility costs. No cost-effective solution to reduce the Utility costs was witnessed in the Universities. A cost-effective solution was direly needed to free the Universities from reliance on external sources.



A sustainable campus initiative involves organized efforts by educational institutions to promote environmental, social, and economic sustainability. It includes practices such as reducing ecological footprints, conserving resources, promoting energy efficiency, and engaging in environmentally friendly policies. These initiatives cover waste management, energy conservation, water usage, transportation, green building practices, and community engagement. The overarching goal is to create a campus environment that prioritizes sustainability, raises awareness, and educates students and the community about responsible environmental practices. universities have not prioritized environmental conservation, as evidenced by the lack of tree plantation initiatives, failure to prevent unnecessary deforestation during construction activities, and absence of water conservation policies. Additionally, universities lacked recycling programs and modern technology like smart thermostats. Missed opportunities include resource efficiency, renewable projects, and a sustainability research center. Failure to integrate sustainability into academics, open-access publications, and community surveys revealed a need for improvement.

To address governance challenges like financial indiscipline and overstaffing, the university must prioritize a comprehensive organizational structure review. This entails identifying redundant roles and realigning staffing in accordance with workload and responsibilities. Essential to this process is the establishment of clear financial oversight mechanisms that promote transparency and fiscal discipline. To bolster financial sustainability, the institution should diversify its revenue streams by tapping into resources like LUAWMS' ORIC, agricultural land, and unused infrastructure. Moreover, exploring avenues such as tailored short courses, self-financed study schemes, and evening classes, while nurturing public-private partnerships and alumni engagement, will further augment income generation. Regular internal audits, efficient resource utilization policies, and alignment with the university's core mission will further enhance transparency and accountability.

Improving project management protocols, implementing robust monitoring systems, and establishing clear communication channels among stakeholders will minimize delays and cost overruns. Capacity-building programs for staff involved in financial management and project execution will enhance financial discipline and resource efficiency. A strategic plan aligning financial management with service delivery goals, prioritizing impactful projects, and fostering a culture of continuous improvement will lead to improved resource management and enhanced service delivery. Seeking external expert consultation adds valuable insights, ensuring the implementation of best practices to address identified shortcomings. This proactive approach will strengthen financial processes, optimize resource utilization, and contribute to the university's mission of achieving financial stability and improved service delivery. Proactive preparation for any future devolution processes and the formulation of a comprehensive digitization strategy for university operations, including alternate energy source policies, will collectively contribute to the overall enhancement of the university's financial sustainability, resource management, and commitment to environmental and social responsibility.

Concurrently, the university should implement Sustainable Campus Initiatives by developing a robust environmental policy encompassing tree plantation initiatives, prevention of unnecessary de-plantation during construction, water conservation policies, and the introduction of a campus-wide recycling program with easily accessible bins. Integrating modern technologies during construction for energy-efficient buildings, implementing smart thermostats and sensors, and introducing a shuttle service with low-emission or electric vehicles are crucial steps for enhancing energy efficiency and promoting sustainable transportation on campus. Youth mobilization for sustainability should be prioritized through a campus-wide awareness campaign, involvement of students in a dedicated committee, and collaboration with local schools and community groups to extend sustainability initiatives beyond campus borders.

26.6 Significant Audit Observations

26.6.1 Irregular appointment of daily wagers and contract staff - Rs. 125.277 million

According to HEC letter[12], "Moreover, hiring of contingent paid staff should be discouraged, and the presently hired contingent paid staff shall gradually be reduced to the minimum indispensable level;" Further, as per Recruitment Rules, 1973 "Initial appointments to posts in basic pay scales 1 to 15 and equivalent, shall be made on the recommendations of the Departmental Selection Committee after the vacancies have been advertised in newspapers". Furthermore, no candidate shall be appointed to a post unless gone under such medical examination, as may be prescribed by the government.", as per Estacode Vol.-1, S.I No. 133 Guidelines for appointment on contract basis in BPS-1 to 19, "Selection should be made by the Selection Committees/Boards which have been constituted for regular appointment in BPS-19 and below."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that the VCs of the Universities incurred an expenditure of Rs. 117.371 million & Rs. 7.906 million on account of salary of contract employees & daily wagers respectively, without following the prescribed procedures enunciated in their respective recruitment rules i.e., need assessment, advertisement/publicity, conducting tests/interviews, recommendations of the recruitment committees, selection boards, necessary approvals of the Syndicates/Senates, extension of contract / daily wagers beyond prescribed limit of 6 months.

(Rs. in Million)

S. No.	University	No. of Contractual Staff	Amount	No. of Daily Wagers	Amount
1.	BUMHS	41	59.779		
2.	SBK	51	26.784		
3.	BUETK including Sub-Campuses	23	26.28	38	6.84
4.	LUAWMS	108	4.528	45	1.066
Total		**223**	**117.371**	**83**	**7.906**
Grand Total		**125.277**			

The irregularity was due to weak internal controls, which resulted in an extra financial burden over the Universities.

26.6.2 Irrational teacher-to-student ratio - Rs. 29.996 million

As per Form PU-02 of HEC guidelines, general criteria / norms for the establishment of a new University, "The teacher student ratio maximum for science subjects involving lab work shall be 1:20 and for others shall be 1:30."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that the VCs of BUETK, LUAWMS and SBKWU exceeded the desirable benchmark of teacher-to-student ratio i.e., 1:20 for science subjects and 1:30 for others. Non-adherence to the HEC guidelines had a negative financial impact amounting to Rs. 29.996 million over the Universities, as detailed below:

(Rs. in Million)

[12] No.F.P.2-156/HEC/2021-22/600 dated May 19, 2021.

S. No.	Sub-campus	No. of Students	No. of Teachers	Excess	Financial Impact
1.	BUETK, Uthal	30	12	10	26.28
2.	BUETK, Turbat	189	22	13	
3.	LUAWMS, Wadh	105	23	5	2.045
4.	SBKWU, Main Campus	4,462	233	13	1.317
5.	SBKWU, Pishin	430	24	3	0.354
Total					**29.996**

(Note: The financial impact is of excess staff for the financial year 2022-23)

The lapse occurred due to weak internal controls, which resulted in strained resources, compromised educational quality, lack of student-teacher interactions, overemployment and posed financial sustainability challenges.

26.6.3 Huge gap between expenditure and revenue - Rs. 8,112.389 million

According to 26 (2) (a) of the Balochistan University ACT, 2022. "Without prejudice to the generality of the foregoing powers, and subject to the provisions of the Act, the Statutes and directions of the Senate the Syndicate shall consider the annual report, the annual and revised budget estimates and to submit these to the Senate with its observations if any;"

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that in the Universities a significant gap existed between expenditure and revenue, amounting to Rs. 8,112.389 million. This substantial deficit highlighted a critical financial challenge within the organization. A closer examination of the data indicated a heavy reliance on external grants, highlighting a significant dependence on these sources to sustain the Universities' financial operations, as detailed below:

(Rs. in Million)

S. No.	Detail	Total Expenditure	Revenue	Difference
1.	UoB	3919.40	16%	84%
2.	BUMHS	337.726	0.1%	99.9%
3.	BUETK	1,665	9%	91%
4.	SBKWU	931.517	20%	80%
5.	LUAWMS	2240.384	5%	95%
Total		**9,094.03**		

Huge gap between expenditure and revenue was due to weak financial management, which not only threatened the financial stability, but also resulted in weak financial planning and resource allocation.

26.6.4 Inadequate execution of HRD activities and non-utilization of funds - Rs. 359.042 million

As per PC-I, Development and Extension of BUMHS, 2020, Rs. 315 million was allotted for MS Foreign Scholarship. Further, as per PC-I Women University (SBK) sub-Campuses at Pishin & Khuzdar, 2017, "8 foreign MS / M Phil scholarships proposed in the field Social Sciences and Computer Science."

Thematic Audit of Public Universities for the financial year 2022-23, revealed that the VCs of BUMHS and SBKWU had not utilized the allocated Human Resource Development (HRD) funds amounting to Rs. 359.042 million for a period of 04 and 07 years respectively. Further, there was no record of any foreign scholarships awarded in BUMHS and SBK's Pishin and Khuzdar Sub-campuses during this period, as detailed below:

(Rs. in Million)

S. No.	University	Project Component	Released amount	Actual Paid Expense (30.6.2023)
1.	BUMHS	Human Resource Development	315.03	0
2.	SBK Pishin and Khuzdar Sub-campuses		44.012	0
Total			**359.042**	0

Underachievement of HRD activities and non-utilization of funds was due to weak internal controls, which resulted in unnecessary blockage of funds.

26.6.5 Non-completion of research activities and irregular transfer of funds - Rs. 22.761 million

According to the Secretary GoB, Colleges Higher and Technical Education, Department, letter dated[13], January 25, 2021, "The funds released shall be utilized for the purpose for which the same are being released, research and the research topic shall however be shared to separately in due time."

Thematic Audit of Public Universities for the financial year 2022-23, revealed that in SBKWU an amount of Rs. 28.924 million was received for research/studies from the Secretary, Higher and Technical Education, GoB, with specific instructions to utilize the funds and share research topics. However, only Rs. 6.163 million was spent on research, while the remaining Rs. 22.761 million was irregularly deposited into the main account instead of being returned. Further, despite funding, only two research activities were conducted which also remained incomplete.

Non-completion of research activities and irregular transfer of funds to main account was due to weak financial management, which resulted in blockage of funds.

26.6.6 Non-achievement of budgeted targets

According to 26 (2) (a) of the Balochistan University ACT, 2022, "Without prejudice to the generality of the foregoing powers, and subject to the provisions of the Act, the Statutes and directions of the Senate, the Syndicate shall consider the annual report, the annual and revised budget estimates and submit these to the Senate with its observations, if any;"

Thematic Audit of Public Universities for the financial year 2022-23, revealed that in the UoB, budget was prepared, and demand was raised against the budget. As per form 101(a) of the budget Performa unusual variation in the department-wise budget was noticed from surplus budget of Rs. 15.60 million (37%) in one department to Deficit of Rs. 73.03 million (172%) in another. Audit noticed that in almost each department there was either a surplus or deficit. The management did not know which department consumed more resources than required and which had optimal use of resources, which showed poor budgeting and poor control over expenditures**.**

Non-achievement of budgeted targets (Estimates) expenditure and receipts was due to poor budgeting and financial management, which adversely impacted financial sustainability.

26.6.7 Mis-match of academia with market demands

According to 24. (1) (c) of the University of Balochistan Act, 2022. "Powers and functions of the Senate is to oversee the quality and relevance of the University's academic programmes and to review the academic affairs of the University in general."

[13] No. FD (S.O-x)4-4/2020-21/1367-83

Thematic Audit of Public Universities for the financial year 2022-23, revealed that in the UoB, there was a lack of proper analysis behind the existing and new courses, leading to an inability to attract the expected number of students. Consequently, the University failed to meet its revenue targets, resulting in overemployment. It was noticed that several departments had enrollments less than 10 students. All the departments were generating revenue less than 10% of their expenditure.

Non-assessment of academia with market demands was due to weak financial management, which resulted in loss to the University.

26.6.8 Non-preparation / Audit of financial statements

According to Balochistan Universities Act, 2022, 41. (2) Without prejudice to in accordance with the provisions of any other law in force, the annual Audited statement of accounts of the University shall be prepared in conformity with the Generally Accepted Accounting Principles (GAAP) by a reputed firm of chartered accountants and signed by the Treasurer/Director Finance. The annual Audited statement of accounts so prepared shall be submitted to the Auditor-General of Pakistan for his observations. Further, according to IPSAS 01, "Financial statements shall present fairly the financial position, financial performance, Statement of Changes in net assets/equity and cash flows of an entity."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that the management of the Universities neither prepared the financial statements nor conducted Audit of the financial statements through chartered accountants in violation of their Act and International Public Sector Accounting Standards.

Non-preparation and non-conduct of Audit of financial statements was due to weak internal controls, which may result in misstatement.

26.6.9 Absence of pension fund and increase of pension contribution - Rs. 1,311.7 million

According to Balochistan Universities Act, 2022, Chapter 6 (35,1.C), subject to the provision of Act, statutes to be published in the official gazette, may be made to regulate or prescribe all or any of the following matters: The constitution of any pension, gratuity, provident and benevolent fund for university employees. Further, according to Balochistan Universities Act, 2022, 3(a), "The treasurer shall be the chief financial officer of the University and shall manage the assets, liabilities, receipts, expenditures, funds and investments of the University."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that UoB had no pension fund due to which commutation and monthly pension was paid from the recurring grants received from the Government. Further, UoB was contributing the pension @ 45% of the basic pay. Whereas no rule and policy of the same contribution was available. Furthermore, on July 14th, 2021, the University management with the approval of VC (without approval of the senate/syndicate) increased the contribution from 45% to 65% which caused an impact of Rs. 50 million per month approximately. Moreover, the projected data of pension liabilities prepared by the UoB always depicted inflated figures, as detailed below:

(Rs. in Million)

S. No.	Financial year	Amount
1.	2021-22	551.599
2.	2022-23	762.099
Total		**1,313.7**

Non-existent pension fund and undue increase was due to weak internal controls, which resulted in undue financial burden on university.

26.6.10 Non-reporting of actual pension, GPF and BF liabilities

According to Balochistan Universities Act, 2022, 3(a), "The treasurer shall be the chief financial officer of the University and shall manage the assets, liabilities, receipts, expenditures, funds and investments of the University."

Thematic Audit of Public Universities for the financial year 2022-23, revealed that the accounts record reflected the deduction and payment of GPF, BF and pension contribution. Except the estimated pension liability, which had always been projected on the higher side, no other liabilities were reported. The universities did not work out the liabilities under these heads.

(Rs. in Million)

University name	2018-19	2019-20	2020-21	2021-22	2022-23
UoB,	3,181	3,499	3,950	4,250	4,300

(The table depicts facts of UoB only)

Non-reporting of actual pension, GPF and BF liabilities was due to weak financial management, which resulted in failure to assess the financial health of the Universities.

26.6.11 Unauthorized enhancement of PC-I resulting in time and cost overruns - Rs. 4.170 billion

According to HEC, M&E Division's meeting held on January 19, 2022, the forum recommended the following: Cancellation of ongoing tenders process is not advisable in view of delay already occurred; the evaluation of financial bids of (Pishin) be completed at earliest; the bidding process of Khuzdar campus needs to be expedited for which the financial opening is scheduled on January 13, 2022, and Executive agency ensure 100% utilization of balance available.

Thematic Audit of Public Universities for the financial year 2022-23, revealed that the VC, SBKWU executed the project "Establishment of Sardar Bahadur Khan Women University Sub-Campuses Pishin & Khuzdar. The project cost was originally estimated at Rs. 2.203 billion which was enhanced to Rs. 4.170 billion without revision in the PC-I. Further, the tenders conducted in 2019, were cancelled against the advice of HEC and contract was awarded in April, 2023, at much higher rates i.e., Rs. 9,500-11,500 per sft than the approved PC-I rates. i.e., Rs. 6,000-6,500 per sft resulting in unauthorized award of contract and time and cost overruns. as detailed below;

(Rs. in Million)

Project approval date	Completion date as per PC-I	Original Cost	Revised cost	Exp. up to Jan 2022	Progress
29.09.17	28.09.2020	2,203	4,170	369	16.7%

Unauthorized enhancement of PC-I was due to weak internal controls, which resulted in loss to the government.

26.6.12 Loss on account of irregular award of contract - Rs. 25.092 million

According to PPR, 2004, Rule 4, "Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted fairly and transparently, the object of procurement brings value for money to the agency and the procurement process is efficient and economical."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that the VC, SBKWU awarded the contracts of Canteens to the firms at lower and unreasonable rates despite receiving offers from multiple qualified bidders at significantly higher rent rates, thus resulting in loss of Rs. 25.090 million.

The irregularity was due to weak internal controls, which resulted in loss to the government.

26.6.13 Wasteful expenditure due to abandoned works – Rs. 40 .778 million

As per Para 23 of the General Financial Rules, "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 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."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that SBKWU management awarded a boundary wall construction project at Rs. 72.42 million during the year 2019. However, the contractor stopped the work at 50% after receiving Rs. 40.78 million. No action as per the contract agreement, including potential penalties, was taken against the concerned. Additionally, Rs. 31.64 million from the remaining budget was used, but the PD failed to provide a report on its utilization for verification.

Wasteful expenditure due to abandoned works was due to weak internal controls, which resulted in loss of public money.

26.6.14 Mismanagement on account of testing's fee - Rs. 172.480 million

According to Section 35 of the Balochistan Public Finance Management (BPFM) Act, 2020, "The Finance Department shall, with approval of the Government, notify policy and guidelines and may issue regulations on the utilization of revenues generated by autonomous entities which may arise from any act or statutory instrument of the government. Further, according to GFR 89 viii, Vol.-I, "The head of the department will be responsible for the reconciliation of the figures given in the accounts maintained by head of the department with those that appear in Accountant General's book."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed significant irregularities on account of testing's fee collected by the management of SBKWU. A total of Rs. 172.48 million was realized from 176,000 applicants after signing a MoU with the Education Department, GoB, as detailed below:

(Rs. in Million)

S. No.	Collected application	Rate / charges	Amount
1.	176,000	980	172.480
2.	CTSP Advance	440	-74.000
Total			**98.480**

Audit observed the following short comings:

- The management outsourced the process of testing to CTSP without any provision in MoU @ Rs. 440 per candidate.
- The management paid an advance amounting to Rs. 74 million to CTSP without signing any contract with CTSP.
- Neither vouchers/bills were present in record nor were made available to Audit.
- The remaining balance amounting to Rs. 98.48 million remained untraced/unaudited.

Mismanagement on account of testing's fee was due to weak internal controls, which resulted in irregular payment and absence of record of the unutilized amount rendered the amount unaudited/unverified.

26.6.15 Irrational teachers to administration ratio - Rs. 830 million

According to HEC letter[14], "The universities shall move towards the desirable standard of "faculty-to-staff ratio' of 1:1.5. The universities, which are presently not complying, shall plan to attain this level. Moreover, hiring of contingent paid staff should be discouraged, and the presently hired contingent paid staff shall gradually be reduced to the minimum indispensable level;"

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that in the UoB the teacher-administration ratio was inverted, with 1,010 administrative staff compared to 494 teaching staff, when it should have been, 741 administrative staff and 494 teaching staff. This adjustment would result in a 27% reduction in administrative staff. The university's employee-related expenses accounted for 85% of the expenditure, leaving only 15% for university's operations. If the correct ratio were applied, the administrative staff could be reduced by nearly 27%, leading to a reduction in annual expenditure by 25% or more. The details are given below:

(Rs. in Million)

S. No.	Financial year	Operating expenditure	Employee related expenditure	Total
1.	2018-19	297.639 (15%)	1690.273 (85%)	1987.91
2.	2019-20	566.1 (19%)	2426.8 (81%)	2992.9
3.	2020-21	470.007 (17%)	2321.021 (83%)	2791.03
4.	2021-22	648.5 (18%)	2884.3 (82%)	3532.8
5.	2022-23	601.3 (15%)	3318.1 (85%)	3919.4

Irrational Ratio of teachers with administration was due to weak internal controls, which resulted in overemployment. This, in turn, led to a substantial increase in expenditure, ultimately causing financial losses to the university.

26.6.16 Irrational appointments in non-functional departments - Rs. 7.376 million

As per the definition of salary, "The fixed amount of money that individuals receive in exchange for their works or services."

Thematic Audit of Public Universities, for the financial year 2022-23, revealed that the VC, BUMHS paid Rs. 7.376 million on account of salaries to the doctors. However, there were no corresponding departments like Pathology, Medicine, and Gynecology within the university for which these teaching appointments were made.

Irrational appointment was due to weak internal controls, which resulted in wastage of funds.

26.6.17 Release of Grant-in-Aid without codal formalities - Rs. 1,420.974 million

[14] No.F.P.2-156/HEC/2021-22/600 dated May, 19, 2021

As per Higher and Technical Education Department letter dated October 10, 2022[15], "Public sector universities administrations are bound to follow all the Codal and procedural formalities as envisaged in GFR 207-208 and 209 including provision of utilization plans/cash plan/work plan/reconciliation statement of the expenditure showing the relevant head of account duly verified by the office of AG Balochistan/District account officer concerned along with supporting documents."

Thematic Audit of Public Universities for the financial year 2022-23, revealed that Secretary Colleges, Higher and Technical Education, Balochistan disbursed grant-in-aid amounting to Rs. 1,420.974 million to various public sector universities/institutes. The disbursement occurred without obtaining necessary follow-up on the prescribed instructions, as detailed below:

(Rs. in Million)

S. No.	**University**	**Total funds released**
1.	UOB	499.142
2.	BUETK	246.782
3.	SBKWU	303.424
4.	LUAWMS	275.724
5.	BUMHS	95.902
Total		**1,420.974**

Audit observed the following shortcomings:

1. Lack of proper budgeting and accounting and its approval from the relevant fora.
2. Non-conduct of Financial Attest Audit of accounts from Chartered Accountant Firm.
3. Non-surrender of the unspent balances, instead investment of the same in the savings account, as against the Grant-in-Aid rules.
4. Non-preparation of timely utilization report to ensure proper utilization of funds for the intended objectives.
5. Non-maintenance of funds for Pension and GPF.

Release of Grant-in-Aid without following codal formalities was due to weak internal controls, which may result in misappropriation.

26.6.18 Wasteful expenditure on hiring of building for Lab - Rs. 9.126 million

According to Article 84 of Audit code, "It is an essential function of the Audit to bring to light not only cases of clear irregularities but every matter which in its judgment appears to involve improper expenditure or waste of public money or stores, even though the accounts may be in order." Further, according to Clause 6 and 25 of the rent agreement, "The Lessee shall pay in shape of cross cheque the Lease rent on monthly basis during the term of lease period" and, "the Lessee (2nd Party) shall be at liberty to terminate this agreement at any time by giving 3 months' notice in writing of its intention to terminate this agreement without incurring any liability."

Thematic Audit of Public Universities for the financial year 2022-23, revealed that the VC, BUMHS made payment amounting to Rs. 4.9 million on account of rent for establishing lab for commercial purposes. The said payment was deemed wasteful as the intended objectives i.e., establishment of lab was not achieved till date. The same issue was also reported last year and discussed in the DAC, wherein, it was decided that the management should have terminated the contract in line

[15] No. SO.(Budget) CH&TE-/6-1/2022-23/ 943-63

with Clause 25 of the rent agreement when they were faced with litigation and other administrative issues. However, the management continued paying rent and incurred an additional expense of Rs. 4.9 million (Rs. 9.126 million in total) during the financial year 2022-23, as detailed below:

(Rs. in Million)

S. No.	Financial Year	Amount
1.	2021-22	4.212
2.	2022-23	4.914
Total		**9.126**

Wasteful expenditure was due to weak internal controls, which resulted in wastage of funds.

26.6.19 Irregular investment of Rs. 1,000 million and non-deposit of profit into Government account - Rs. 141 million

According to BUMHS, Financial Rules, 2018, "The BUMHS shall not invest more than Rs. 500 million in one bank, however the same can be placed in different branches of one bank in order to diversify the risk associated with keeping deposits." Further, according to Finance Division letter dated July 2, 2003[16], investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating bank, competitive bidding process, investment exceeding Rs.10 million shall not be kept in one bank. Further, according to Grant in Aid Rules, 2021, Para 07," Interest or other earnings against Grant-in- aid (other than reimbursement) released to any grantee institution should be remitted to the Federal Consolidated Fund."

Thematic Audit of Public Universities for the financial year 2022-23, revealed that the VC, BUMHS invested Rs. 1,000 million of recurring grant funds in TDRs, instead of returning the unutilized amount to GoB against the grant-in-aid Rules and in violation of financial rules of BUMHS. Investment was made without necessary approvals and proper documentation, and the investment was consolidated in a single bank for the entire year, contrary to Finance Division's instructions. Further, the interest earned amounting to Rs. 141 million on the investment was not deposited into the government account, as detailed below:

(Rs. in Million)

Month	Opening Balance	Debit	Credit	Profit	Closing Balance
Jul-22	1,226	1,000	1,000	8.06	1,224
Aug-22	1,224	1,000	1,000	11.51	1,229
Sep-22	1,229	1,000	1,000	11.38	1,235
Oct-22	1,235	2,000	2,000	11.56	1,241
Nov-22	1,241	1,000	1,000	11.35	1,229
Dec-22	1,229	1,000	1,000	10.73	1,234
Jan-23	1,234	1,000	1,000	11.12	1,243
Feb-23	1,243	1,000	1,000	11.04	1,246
Mar-23	1,246	1,000	1,000	12.74	1,251
Apr-23	1,251	1,000	1,000	12.67	1,254
May-23	1,254	1,000	1,000	15.49	1,266

[16] O.M. No. F.4(1)/2002-BR-11

Month	Opening Balance	Debit	Credit	Profit	Closing Balance
Jun-23	1,266	1,000	1,000	13.36	1,375
Total	**14,878**	**13,000**	**13,000**	**140.99**	**15,027**

Unauthorized investment was due to weak financial management, which posed financial risks, lacked transparency, and violated compliance standards.

26.6.20 Irregular procurement of vehicles without requirement-Rs. 54.328 million

According to GFR 11, "Each head of a department is responsible for enforcing financial order and strict economy at every step He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers."

Thematic Audit of Public universities for the financial year 2022-23, revealed that an expenditure amounting to Rs. 54.328 million was incurred by the VC, BUMHS on account of purchase of vehicles without definite requirement and without the administrative approval which caused an extra financial burden over the University, as detailed below:

(Rs. in Million)

S. No.	Vehicle	Model	No.	Amount	Remarks
1.	Toyota Hilux Pick up	2022	GBC-098	4.192	Parked Since 2022
2.	Toyota Hi ace Van	2022	GBC-075	9.5	
3.	Toyota Hi ace Van	2022	GBC-076	8.394	
4.	Toyota Yaris	2022	GBB-972	3.267	
5.	Toyota Yaris	2022	GBB-973	3.267	
6.	Toyota Yaris	2022	GBB-974	3.267	
7.	Suzuki Alto AGS	2022	GBB-943	1.747	
8.	Suzuki Alto AGS	2022	GBB-944	1.747	
9.	Suzuki Alto AGS	2022	GBB-945	1.747	
10.	Isuzu Bus 52+1-seater	2020	GBA-994	10.200	Parked Since 2020
11.	Coaster Isuzu 32+1	2021	GBA-993	7.000	Parked Since 2021
Total				**54.328**	

The irregularity was due to weak internal controls, which resulted in extra financial burden over the University.

26.7 Departmental Responses

Audit observations were reported to the Universities in October 2023. The DAC meetings in respect of UoB, BUETK and SBKWU were held on January 11, 12, and 26, 2024, respectively. DAC meetings in respect of BUMHS and LUAWMS were not held despite repeated requests. Departmental responses and DAC decisions are as under:

1. The management of BUETK replied that due to increase in the number of students and staff there was a dire need of increase in staff and daily wagers to cater for the work. In compliance

of the observation raised by Audit the number of daily wagers and the staff would be rationalized. The management of SBKWU replied that appointments were made for temporary staff for essential services (such as janitorial, gardening, and administrative roles) to ensure the smooth functioning of operations in line with SBKWU Act, valid for a one-year period. The DAC directed the management to rationalize the number of daily wagers and contract staff aiming to alleviate the financial burden significantly. Further, all the relevant record i.e., mode of appointment, terms and conditions of contract including salary package be submitted to Audit. The DAC further directed that temporary appointments on contract basis be discouraged in line with HEC guidelines. Merit based appointments be made through open competition; and discontinue the practice of appointing contractual staff to permanent positions. Instead, the matter of Ban on recruitment be taken up with the Chancellor's office and vacant posts be filled on permanent basis.

2. The management of BUETK replied that as per the recommendations of GoB, sub-campuses were established to introduce technical programs in the selected districts of Balochistan for which all necessary approvals were sought from the competent authority. Further, to get accreditation of NTC/PEC/NCEAC for undergraduate programs, it was mandatory to hire required strength of faculty in the departments. As a result, the numbers exceeded. The management of SBKWU replied that elevated teacher-student ratio was due to the unique circumstances in Balochistan, where there is a notably low female literacy rate. The DAC directed the management to make efforts to rationalize the teacher to student ratio in line with HEC guidelines i.e., 1: 20, aiming to reduce wasteful expenditure. The DAC further directed that the issue be raised with the HEC, urging a reassessment of the ratio in alignment with the practical considerations on the ground in case of SBKWU.

3. The UoB and SBKWU accepted about their dependence on government grants as a public institution, acknowledging the evident gap between revenue and expenditure. However, audit stressed that the magnitude of this gap remained substantial and needed reduction. The DAC directed the university's management to actively work towards minimizing the financial disparity for improved fiscal sustainability. A research study to assess the relevance and feasibility of sustainable campus initiatives at the university be conducted, with the aim to evaluate the necessity and suitability of adopting cost reduction practices. Consequently, a policy or strategy be developed for the step-by-step implementation of these initiatives, ensuring their systematic integration into the university's operations.

4. The SBKWU management replied that due to contradictions in the policy, the HEC capped the project due to which amount could not utilized. The DAC directed that all relevant record be submitted to audit for verification and amount be disbursed in line with provisions of PC-I after removing the anomalies during the current financial year.

5. The SBKWU management replied that since the ORIC was non-functional, no research activities were conducted, and therefore, funds remained unspent. The DAC directed that research activities be initiated without further delay otherwise amount be deposited into government treasury.

6. UoB agreeing to the audit's stance admitted that previously, departments were not engaged in the budget-making process. However, the university had now implemented a new strategy, empowering each department to oversee the receipts and expenditures not only during the budget making but also throughout the year. The DAC decided that a proper mechanism should be developed to ensure the effective implementation of this strategy, emphasizing the need to achieve the set targets outlined in the budget. This should encourage departments to take

ownership of their budgetary responsibilities and fostering a more transparent and accountable budgeting process within the university.

7. The audit stance was accepted by UoB, which led to the formation of committees tasked with evaluating the alignment of academia with market demands. Subsequently, the management would make decisions based on the assessments. DAC decided to furnish the details and findings of these committees.
8. The UoB with an acknowledgment of the need for future compliance committed to ensure adherence to IPSAS. In line with the University's Act of 2022, the DAC directed the management to certify its financial statements through a chartered accountant firm.

9. The UoB management replied that an increase in ad-hoc relief allowance and retirements, led to an inability to cover pension expenditures with a 45% contribution, therefore, the university opted to raise the contribution to 65%. However, audit disagreed, pointing out that the pension payments were funded from grants, and representing the contribution as an allowance in the payroll was not justified. DAC directed the discontinuation of pension payments from grants. Instead, DAC recommended the establishment of a dedicated fund specifically for financing pension payments. Furthermore, to improve financial management and accounting procedures, DAC advised against recording the contribution within the payroll.

10. The UoB management replied that the university had adopted the HEC Performa in which there was no specific space for incorporating liabilities. However, Audit disagreed, citing the university's Act, which emphasized the preparation of financial statements. DAC directed the management to align with the university's Act and prepare financial statements that explicitly show the liabilities of the university.

11. The SBKWU management replied that the project cost increased due to land acquisition delays (2.5-3 years after PC-I approval) and COVID-related disruptions. The final cost for civil works increased by 5.4%, while the overall project cost increased by 63.55%. The DAC directed the department for provision of revised PC-I, reasons for tender cancellation, pre-qualification approvals, new rate analysis and other related documents pertaining to the project.

12. The SBKWU management replied that canteen contracts were awarded based on comparative rates, but pre-qualification of firms before opening financial bids was not conducted. They explained that some higher bidders lacked proper credentials and could not guarantee food quality, so lower bids were accepted. The DAC directed for immediate re-tendering with mandatory pre-qualification based on the credentials of the firms.

13. The SBKWU management replied that due to discontinuation of work, the management served several notices to the said firm. The matter was also discussed in the Steering Committee, and it was decided to forfeit the security deposit amounting to Rs. 4.077 million. The DAC directed the management to take steps for blacklisting the firm. It was further decided that recovery of the paid amount be initiated through respective DC under intimation to Audit.

14. The SBKWU management replied that during audit the record was unavailable due to court case and NAB inquiry. It was further informed that payments to CTSP were made as per agreement. The DAC directed the department to promptly furnish essential records, including the MOU with the government, the agreement with CTSP, criteria for the CTSP selection process, outcomes of NAB investigations, court decisions, comprehensive payment details accompanied by relevant vouchers, tax deductions, and particulars regarding the undisbursed amount.

15. The UoB management replied that in last four years no appointments were made and the observed ratio, as pointed out by the audit, was a result of past appointments. DAC directed the management to make efforts to rationalize the ratio, aiming to significantly reduce expenditure.

No reply was received against Paras 26.6.16 to 26.6.20.

26.8 Recommendations

Audit suggests the following recommendations:

1. Rationalize the number of daily wagers and contractual staff in accordance with HEC guidelines. Make merit-based appointments through open competition and discontinue the practice of appointing contractual staff to permanent positions.

2. Achieve optimal teacher-to-student ratios within departments to ensure efficient resource allocation, maintain educational quality, and minimize costs.
3. Conduct a comprehensive study on sustainable campus initiatives with the aim of adopting cost reduction measures through a well-thought-out plan in a gradual manner.

4. Funds meant for HRD activities be utilized during the current financial year.

5. Operationalize the ORIC department without further delay.

6. Budget management be strengthened so as to achieve the yearly set targets.

7. Conduct a thorough review of the academic program, analyzing factors such as market demand of the subject, curriculum effectiveness, teaching methods, student performance and overall program outcomes.

8. Prepare financial statements under IPSAS and have them certified by chartered accountants, in accordance with the stipulations outlined in the University Act of 2022.

9. Establish a pension fund and discontinue pension payments directly from grants.

10. All liabilities, whether current or non-current, be accurately calculated and reported.

11. Ensure that all project awards strictly adhere to the provisions outlined in the PC-I. Obtain necessary approvals from HEC and ECNEC for any changes or increases in project costs.

12. Rationalize contracts related to canteen awards and promptly recover any losses from the individuals concerned.

13. Take steps for blacklisting the firm and initiate recovery of paid amount through respective DC.

14. The PD should ensure the maintenance of all records related to the CTSP tests conducted and make them available for audit scrutiny.
15. Take necessary measures to achieve the HEC recommended ratio of teachers to staff.

16. Take immediate corrective action to rectify appointments made in non-functional departments and ensure prudent utilization of resources.

17. The administrative department should discontinue the release of grants without adhering to codal formalities.

18. Provide reasons for the acquisition of the building and share a comprehensive internal audit of the department with the Audit to ensure compliance with regulatory requirements and prevent further financial losses.

19. Investment of funds out of Grant in Aid be justified.

20. Provide justification for the irregular procurement of vehicles without a definite requirement.

26.9 Conclusion

The audit of public universities in Balochistan highlights significant challenges affecting their financial and operational performance. Despite having financial autonomy to enhance revenue and stability, these institutions' excessive dependence on government grants undermines their objectives, primarily due to insufficient strategic planning and neglect of alternative revenue sources. Compounding factors include ineffective cost-cutting strategies, a lack of sustainable campus initiatives, governance gaps, environmental neglect, technological inertia, inadequate research focus, and a failure to explore potential revenue-generating opportunities. Urgent actions are imperative to address these issues, focusing on rectifying financial mismanagement, strengthening governance structures, implementing sustainable initiatives, and adopting modern technologies. Key strategies include reinforcing internal controls, responsibly implementing devolution as per the 18th amendment, leveraging digital solutions and systematically rolling out sustainable campus initiatives through a meticulously crafted plan.

AUDIT REPORT
ON
THE ACCOUNTS OF
PUBLIC SECTOR ENTERPRISES
GOVERNMENT OF BALOCHISTAN
AUDIT YEAR 2023-2024

AUDITOR-GENERAL OF PAKISTAN

PUBLIC SECTOR ENTERPRISES GOVERNMENT OF BALOCHISTAN

Chapter-1

Industries and Commerce Department

Overview

The Industries & Commerce Department (Government of Balochistan) role is that of a facilitator in creating an enabling environment for industrial growth in the province.

Aims & Objectives

Department of Industries is striving to establish industrial estate all over Balochistan. For this purpose, industrial estates with possible basic infrastructure were established and land was earmarked for the establishment of some mini industrial estates in the districts.

Classified Summary of Audit Observations

Audit observations of Rs.559.241 million were raised. The amount also includes recoverable of Rs.10.760million as pointed out by the Audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	**Classification**	**Amount**
1.	Non-production of record	-
2.	Reported cases of fraud, embezzlement and misappropriation	-
3	Irregularities	-
A	HR / Employees - related irregularities	-
B	Procurement related irregularities	94.531
C	Management of Accounts with Commercial Banks	3.75
4	Value for Money and service delivery issues	31.508
5	Others	429.452

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**	**Audited**	**Expenditure audited FY2022-23**	**Revenue/Receipts audited FY2022-23**
Formations	02	02	143.925	0.730

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 2015-16 to 2022-23.

1.2.2.2 Audit required that the annual audited accounts for the years 2015-16 to 2022-23 be finalized and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts (**Annex-2**).

1.1.3 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Reports since 1992.

1.1.4 Audit Paras

1.1.4.1 Non-achievement of revenue targets – Rs.110.505 million

According tovolume II-L, Estimate of Receipts for the year 2022-23 issued by Finance Department, Govt. of Balochistan wherein revenues targets set by FD for Rs.154.010 million in respect of Govt. Printing & Stationery Department, Quetta.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management achieved revenue of Rs.43.505 million against the revenue target of Rs.154.010 million leaving of short of revenue of Rs.110.505 million as detailed below:

(Rs.in million)			
Target	**Actual achieved**	**Shortage**	**In percentage (%)**
154,010,000	43,505,000	110,505,000	71.75

Audit is of the view that the management failed to follow its revenue targets which indicated poor financial management resulting in substantial shortage of revenues.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to justify the matter.

1.1.4.2 Non-execution of contract agreement with supplier and non-payment of stamp duty – Rs.53.700 million

Clause No. 13 of stationery & printing bidding document for purchase of machines (TSE-222302256671) states that (13.1) after the issuance of the letter of acceptance of bid, the signing of the contract shall take place in an expeditious manner within the original or extended bid validity period. (13.2). The contract shall come into force on the date when the procurement agency the successful bidder sign the contract procurement contract. (13.3) if the commencement of the contract is subjected to fulfillment of condition(s), the contract shall commence from the date on which the condition is fulfilled.

Clause No. 79 of Balochistan Public Procurement Rules, 2014 states that procurement exceeding Rs.10 million for goods and works and Rs.2.500 million for services shall be subjected to an integrity pact, as specialized by regulations, between the procuring agency and the suppliers or contractors or consultants.

During audit of Government Printing Press, Quetta (GPP) for the year 2022-23, it was observed that the management awarded a contract to M/s. Arfat computers for purchase of 03 printing machines and 01 generator amounting to Rs.53.700 million. However, the management did not sign the contract agreement and stamp duty of Rs.134,250 (Rs.53,700,000 x 0.25%) was also not paid.

Audit is of the view that the management failed to sign the contract agreement with supplier according to prescribed manner after issuance of letter of acceptance. The management ignored the interest of department and entered into risky transaction. Moreover, integrity pact as required under BPPRA, 2014 was also not signed.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that matter may be investigated besides fixing of responsibility on the person(s) at fault.

1.1.4.3 Non-surrendering of savings–Rs.26.431 million

Clause no. 12 (1) ofBalochistan Finance Act, 2020 states that all departments, their attached departments and sub-ordinate offices and autonomousorganizations shall surrender to the finance department by 15thMay each year all anticipated savings in the grants or assignmentaccounts or grant-in-aid controlled by them.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management failed to surrender their savings granted under different budget heads amounting to Rs.26.431 million to finance department, Government of Balochistan as detailed below:

S#	Head of Account & code	Amount(Rs)
01	A13301-Office Buildings	5,000,000
02	A01170-Others (Employee Related Expenditure)	5,000,000
03	A05216-Fin. Assis. To the families of Govt. Servants	4,100,000
04	A09601-Plant and Machinery	3,702,859
05	A01151-Basic pay (ERE)	3,124,123
06	A03902-Printing and Publication	2,389,757
07	Saving in other different heads	3,114,918
Total		**26,431,657**

Audit is of the view that due to the negligence of the management, savings were not surrendered on time resultantly; funds could not be utilized.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

The issue was also reported earlier in the Audit Report(s) for Audit Year(s) 2022-23 vide para(s) number 1.1.5.3 having financial impact of Rs. 15.274 million. Recurrence of same irregularity is a matter of serious concern.

1.1.4.4 Irregular procurement of papers - Rs.20.316 million

Rule 99 of GFR provides that the transfer of funds from one primary unit of appropriation to another unit within a grant, can be sanctioned under formal orders of the competent authority as specified in the financial control and budgeting 2000. In no case, it is permissible to re-appropriate from a unit with the intention of restoring the diverted appropriation to that unit when saving becomes available under other units later in the year.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management made procurement of papers amounting to Rs.20.316 million. The procurement was made from irrelevant head of account i.e. stationery (A03901) instead of head cost of other stores (A03942).

Audit is of the view that the procurement was made against irrelevant head of account which was held irregular and unjustified.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends to justify the matter.

1.1.4.5 Improper maintenance of cash book – Rs.16.971 million

According to 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 (GPP), Quettafor the year 2022-23, it was observed that the cash book entries were showing the details of debit/ credit of Rs.68.013 million and as per reconciled expenditure statement of AG office, total expenditure of Rs.133.822 million was incurred during the period under review. Further, expenditure amount of AG Office comes as Rs. 84.985 million after excluding of Rs.48.837 pertaining to employee related expenditure (ERE), entries of remaining of expenditure excluding ERE was required to be entered in cash book amounting to Rs.16.971 million which was not accounted for in the cash book. Besides, the expenditure register was also not maintained therefore the actual expenditure incurred could not be reconciled with cash book. Non-accountal of expenditure of Rs.16.971 million in cash book creates not only doubts about the fairness of the transactions but also violation of treasury rules.The details are as under:

(Amount in Rs.)

Expenditure 2022-23 (other than ERE)	Cash Book Entries	Difference
84,985,223	68,013,739	16,971,484

Audit is of the view that non-accountal of expenditure of Rs.16.971 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 on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

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

1.1.4.6 Loss of revenue due to in-operative printing machines – Rs.15.226 million

Rule 23 of GFR provides 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 or on the part of any other officer to the extent which it may be proved that he contributed through his own negligence or action.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that three (03) different printing machines were found out of order. These machines had substantial working capacity in case of working condition. Detail is as under:

S #	Name of machine	Nature	Working capacity	Effect on revenue generation
01	KORS-I	Offset machine	6,000 pages per hour	35% less revenues generation.
02	KORS-II	Offset machine	6,000 pages per hour	
03	CP Bourg	Binding Machine	50 books per hour	

It was also observed that due to non-functioning of above machines, revenue of the department was affected by 35% of total revenue generated during the year under review. In case, out-of-order machines become functional, revenue generation which was Rs.43.505 million during the year 2022-23 would be enhanced by 35% upto Rs.58.732 million (Rs.43,505,510 x 1.35 = Rs.58,732,438).

Audit is of the view that the management did not undertake serious efforts to make functional above machines nor hire the qualified staff to operate the machines in question as machines were lying inoperative for last many years. Due to non-functional of the above machines, management sustained a loss of Rs.15.226 million.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that corrective measures may be taken to make functional above printing machines.

1.1.4.7 Procurement from ineligible supplier – Rs.12.988 million

According to terms of tender notices published in Jang Newspaper and Dawn Newspaper dated 02-03-2023 and 08-03-2023 respectively for procurement of printing plates china and different size papers. Eligibility of Bidders: Presence in active tax payer list, sales tax certificate. The bidding firm must not be currently blacklisted by any procuring agency of Pakistan.

Clause No.21 of Balochistan Public Procurement Rules, 2014 states that a procuring agency, at any stage of the procurement proceeding , having credible reasons for or prima facie evidence of any defect in supplier's or contractor's capacities, may require the suppliers or contractor to provide information concerning their professional, technical, financial legal or managerial competence whether already pre-qualified or not.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management awarded a contract to M/s. GMD tradersfor procurement of printing plates and different size papers amounting to Rs.12.988 million.However, record reflected that M/s. GMD traders was inactive in active taxpayer list (income tax) due to non-filing of tax return.

Audit is of the view that the management engaged the supplier for procurement who was technically disqualified on grounds ofbeing a non-active taxpayer.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to probe the matter.

1.1.4.8 Less deduction of sales tax - Rs.7.527 million

According to section 3(1) of Sales Tax Act 1990,there shall be charged, Levied and paid on tax known as sales tax at the rate of 18% of the value of – (a) taxable supplies made by a registered person in the course or further of any taxable activities carried on by him (b) goods imported in to Pakistan. According to eleventh schedule sub-suction of (7) of section (3): whole of the tax involved or as applicable to supplies onthe basis of gross value ofsupplies shall be withheld by withholding agent.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management awarded the contract to M/s. Arfat computers for procurement of 05 printing machines, 01 generator and 05 different size papers (stationery) amounting to Rs.61,683,270. However, the management failed to ensure / evaluate that the bidder was an inactive taxpayer in active taxpayer list (sales tax) through portal of Federal Board of Revenue. Furthermore, the management deducted less amount of GST as detailed below:

(Amount in Rs)			
Invoice No. and date	**GST invoice amount** **A**	**1/5th withheld by AG** **B**	**Less deduction of GST amount** **C(A-B)**
Nil dated 22-06-2023	8,191,527	1,638,305	6,553,222
5001 dated June-2023	1,217,985	243,597	974,388
Total	**9,409,512**	**1,881,902**	**7,527,610**

Audit is of the view that the management failed to deduct the whole amount of sales tax which was required to be deducted instead of 1/5thof sale tax amount. This reflects negligence and undue favor.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the less amount of GST may be recovered from supplier besides fixing of responsibility on the person(s) found at fault.

1.1.4.9 Loss of revenue due to issuance of NOCs - Rs.7.363 million

Clause 7.1, 7.2 & 7.3 of Printing & Stationery Manual states that no officer or department should get any amount of or binding work, etc., done from private press except to the extent permitted by a general or special sanction by Government Printing Press, Quetta.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management issued NOCs to various government entities for arranging their printing works worth Rs.7.363 million carried out from private sources. The NOCs submitted by the departments were not mentioning cogent reasons for their grant. Contrary to this, the management itself mentioned reasons and tried to justify the NOCswhich were against the spirit of issuance of NOCs.

Audit is of the view that the management sustained a loss of Rs.7.363 million due to issuance of NOCs and not doing work through GPP, Quetta.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to justify the matter.

Note: The issue was also reported earlier in the Audit Report(s) for Audit Year(s) 2022-23 vide para(s) number 1.1.5.6 having financial impact of Rs. 0.935 million. Recurrence of same irregularity is a matter of serious concern.

1.1.4.10 Non-recovery of dues –Rs.4.256 million

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 Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the an amount of Rs.4.256 million was lying outstanding against the various departments on account of printing work for the year under review. Details of the outstanding dues are given below:

S#	Name of Department	Amount (Rs)
1	Services & general administration department (S&GAD)	230,000
2	Planning & development department	1,838,045
3	Finance department	2,188,500
Total		**4,256,545**

Audit is of the view that the management failed to recover the amount which reflected negligence and weak recovery mechanism.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to recover the amount without delay.

1.1.4.11 Non-deposit of bid money in bank account – Rs.3.750 million

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 Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management issued various tenders and received 2% Bid Securityamounting to Rs.3.750 million in shape of deposit at call from different suppliers in the name of the Printing and stationery department. The bank drafts in original were remained in custody of controller without depositing them to bank account. Details of the bank drafts are given below:

S#	Supplier Name	Draft No. & date	Bid money (Rs.)
1	Arfat computers	06988714 dt 20-03-2023	1,650,000
2	GMD traders	1116931 dt 28-03-2023	400,000
3	GMD traders	1116934 dt 28-03-2023	900,000
4	Arfat computers	06988716 dt 03-04-2023	800,000
Total			**3,750,000**

Furthermore, no bank account was opened in the name of department and no summary of permission was moved to concerned quarters for opening of bank account so that bid money might be deposited.

Audit is of the viewthat non-maintenance of bank account was against the spirit of commercial pattern and authenticity of bank draft could not be verified unless present/deposit of such bank drafts into bank account maintained by the department. Further, management sustained the loss of interest income which could have been earned on the amount of bid money.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified besides opening of bank account to receive the bid money in bank account.

1.1.4.12 Less deduction of income tax– Rs.2.981 million

According to Section, 153 (1) of Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance toa resident person (a) for the sale of goods [including toll manufacturing] [except where payment is less than seventy-five thousand Rupees in aggregate, during a financial year]; (b) for the rendering of or providing of services [except where payment is less than thirty thousand Rupees in aggregate, during a financial year]; (c) on the execution of a contract, [including contract signed by a sportsperson] [but not including] a contract for the sale of goods. According to Withholding Income Tax Regime (WHT Rates Card) under section 153 (1)(a): 4.5% tax is required to be deducted.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management paid an amount of Rs.53.700 million to M/S. Arfat computers on account of procurement of 03 printing machines and 01 generator. The bill was sent to AG Balochistan without mentioning the applicable rate of deduction of income tax (4.5%) as required under Income Tax Ordinance, 2001. Accountant General, Balochistan only withheld 1/5th of GST amount and did not deduct any income tax at all. Detail is as under:

Supplier	Invoice No. and date	Invoice Amount (Rs)	Less deduction of Income Tax (4.5%) (Rs)
Arfat Computers	Nil dated 22-06-2023	53,700,000	2,416,500

Furthermore, it was also observed that the management awarded a contract to M/s. GMD Traders for procurement of offset printing plates and different size papers amounting to Rs.12,988,600. However, in contrary to above rules, management only deducted 4.5% of income tax instead of 9% being an inactive taxpayer as detailed below:

(Amount in Rs)			
Invoice Amount	**Tax Required to be deducted (9%)**	**Actual deducted Income tax (4.5%)**	**Less deduction of Income tax**
8,988,600	808,974	404,487	404,487
4,000,000	360,000	198,809	161,191
12,988,600	**1,168,974**	**603,296**	**565,678**

Audit is of the view that management failed to deduct / ensure the applicable deduction of income taxamounting to Rs.2.981 million. Moreover, management did not pursue the matter with supplier or AG Balochistan.

The matter was reported to the management on July 26, 2023, but no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that amount of income tax may be recovered from supplier besides fixing of responsibility on the person(s) at fault.

(DP No. 15 & 19)

1.1.4.13 Non-preparation / finalization of accounts

According to section 233 of Companies Act 2017, the company shall prepare the annual accounts within four months afterclosure of accounts for the specific year.

During audit of Government Printing Press (GPP), Quetta for the year 2022-23, it was observed that the management did not prepare / finalize and submit its annual accounts for the year 2022-23. In the absence of annual accounts, financial position and viability of the entity with regard to its revenue, expenditure, profit & loss account, trial balance and general ledger account cannot be assessed and ascertained. Non-maintenance of accounts leads to weak internal control existing in an entity.

Audit is of the view that non-preparation of annual accounts reflected gross violation of rules and weak internal controls.

The matter was reported to the management on July 26, 2023, but no reply was received.

Audit is of the view that the preparation of annual accounts is mandatory and non-preparation of the same is a clear violation of government rules and regulations.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends to fix responsibility on the 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 wing is being supervised by a director, assisted by three deputy directors and a chief accounts officer. Functions of the followingcenters / institute / shops are being supervised by the wing:

i. Maintenance of Small Industries Estate, Quetta.
ii. Service center Quetta.
iii. Carpet Teachers Training Institute, Quetta.
iv. 03 sales shops at Quetta and Karachi.
v. 35 Handicrafts 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, JodaKalat, 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 center.

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 2015-16 to 2022-23.

1.2.2.2 Audit required that the annual audited accounts for the years 2015-16 to 2022-23 be provided immediately and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts**(Annex-2).**

1.2.3 Compliance of PAC Directives

PAC meeting has not been convened since 1990.

1.2.4 Audit Paras

1.2.4.1 Unjustified budget allocation for carpet training centers – Rs. 217.059 million

Rule 13 of GFR provides that every controlling officer must satisfy himself not only that adequate provision exist 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 2022-23, it was observed that SIW was running 28 carpet training centers (having total budget of Rs.217.059 million) all over Balochistan.However, only ten (10) training centers produced 769 sq.ft of carpets, while 18 carpet center's production was found nil from last two years. Three sales shop offices, service centers, CTTI Quetta were not maintaining its monthly records of sale proceeds, cash books and other related returns. Annual budget was released every year for the carpet centers under pay and allowances and other expenditure.

Audit is of the view that allocation and release of the budget for centers with weak performance and nil production reflected mismanagement of funds and weak internal controls.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

1.2.4.2 Savings not surrendered in time – Rs.35.141 million

According topara 4 of annexure-B to budget calendar 2023-24 issued by finance department, Government of Balochistan,"…the deadline for submission of excess and surrender for the current financial year 2022-23 is March 31, 2023."

During audit of Small Industries Wing (SIW) Quetta for the year 2022-23, it was observed that the management did not surrender savings under different budget heads amounting to Rs.35.141 million in time to finance department, Government of Balochistan. Thus, the amount could not be utilized and was lapsed.

Audit is of the view that due to negligence of the management, savings were not surrendered in time.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

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

1.2.4.3 Expenditure of rental payments of non-functional centers – Rs.8.019 million

Rule 13 of GFR provides that every controlling officer must satisfy himself not only that adequate provision exist 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 2022-23, it was observed that the management had been incurring an expenditure of Rs.8.019 million on account of rent of buildings hired for training centers / offices despite the fact that centers were non-functional since last many years. The details are as under:

S#	Name of center/ office	Yearly rent (Rs)	Rental for three years (Rs)	Non-functional since
1	Handy Craft Dev. CenterPanjgoor 2	259, 000	777,000	2012
2	Handy Craft Dev. CenterPanjgoor 4	264, 000	792,000	2012
3	Tailoring cum knitting center QTA	120,000	360,000	Since creation
4	Tailoring cum knitting center, samguly road QTA	120,000	360,000	Since creation
5	Tailoring cum cutting centerLoralai	600,000	1,800,000	2019
6	Tailring cum cutting center gwadar-2	349,000	1,047,000	2012
7	Tailring cum cutting center gwadar-3	349,000	1,047,000	2012
8	Pottery centerturbat	240,000	720,000	2012
9	Mizricenterturbat	372,000	1,116,000	2012
Total		**2,150,000**	**8,019,000**	

Audit is of the view that expenditure of rental payments of non-functional centers stands unjustified / wasteful.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

1.2.4.4 Expenditure without maintenance of log books –Rs.4.484 million

According to rules for the use of Staff Car, 1980, following books shall be maintained for each motor vehicle.

- Log book on form "A" and shall remain in the custody of the Driver of the vehicle
- History sheet of vehicle a bound register containing 50 pages, which remain in the custody of officer in charge of the machine.
- Petrol Account registers separately on Form "C".

During audit of Small Industries Wing (SIW) Quetta, for the year 2022-23, it was observed that an expenditure of Rs.4.484 million was incurred on POL charges by the management. However, neither the log books nor petrol consumption account register were maintained.

Audit is of the view that due to non-maintenance of log books, actual consumption of the POL cannot be ascertained which may result in mishandling of the POL. This reflects negligence and weak internal controls.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends to justify the matter.

1.2.4.5 Non-vacation of plot and non-recovery of penalty charges – Rs.4.214 million

Clause 3 (e) of the lease deed betweenM/s Khuda-e-dad glassand SIW, Quetta provides that the Lessee will be responsible for commencement of the prescribed and declared trade within six months from the date of registration of this lease deed. After completion of the period of six months, the lessee will be liable to be charged non-functional charges at the prevailing charges at the given dates.

As per notification No.SOI (IND)4-1/2022/1129-38 dated 9th June 2022 issued by Industries and Commerce Department, Government of Balochistan, penalty of non-utilization of plot/factory was enhanced from Rs.10 per sq.ft to Rs.20 per sq.ft.

During audit of Small Industries Wing (SIW) Quetta, for the year 2022-23, it was observed that the management allotted four (4) plots on lease (numbering B-27 to B-30 measuring 42,140 sq.ft) to M/s Khuda-e-dad glass factory for the establishment of glass factory on October 05, 1976. However, the management canceled the plot on 06.10.2011 on account of lying idle since last ten years. The management could not get the possession of the plots till date nor imposed penalty on account of non-utilization charges at the rate of Rs.10 per sq.ft on the allottee which caused loss to the organization amounting to Rs.4.214 million (42,140sq.ft*Rs.10sq.ft*10 years).

Audit is of the view that the management failed to vacate the plot and recovered the penalty charges which reflected weak internal controls and negligence.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to get the plot vacated and recover the penalty charges without further delay.

1.2.4.6 Non-adjustment of advances – Rs.3.500 million

Rule 38 of GFR 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 2022-23, it was observed that the management made an advance payment of Rs.3.500 million to M/s Agha khan university hospital on account of medical charges in respect of Mr. Muhammad Sohail, Assistant computer operator on 09.01.2023. However, advances had not been adjusted / recovered till date.

Audit is of the view that non-adjustment of advances reflected negligence on part of the management.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that adjustments of amount may be made on priority.

1.2.4.7 Non-recovery of penalty charges- Rs.2.297 million

Clause 3 (e) of the lease deed between SIW, Quetta and M/s TariqeRiazRizviprovides that the lessee will be responsible for commencement of the prescribed and declared trade within six months from the date of registration of this lease deed. After completion of the period of six months, the lessee will be liable to be charged non-functional charges at the prevailing charges at the given dates.

According to notification No.SOI (IND)4-1/2022/1129-38 dated June 09, 2022 issued by Industries and Commerce Department, Government of Balochistan, penalty of non-utilization of plot/ factory was enhanced from Rs.10 per sq.ft to Rs.20 per sq.ft.

During audit of Small Industries Wing (SIW) Quetta for the year 2022-23, it was observed that the management allotted extra available land measuring 11,481 sq.ft to M/s TariqeRiaz for the commercial purposes engaged in wood work business on March 24, 2016. However, since allotment i.e. March 24, 2016, the plot remained non-functional and was lying idle till June 2023. The management neither canceled the plot nor imposed penalty on account of non-utilization charges and other charges at the prevailing rates which caused loss of Rs.2.297 million to the organization as detailed below:

S#	**Name of charges**	**Amount (Rs)**
1	Penalty on NUF charges	689,220
2	Penalty on NUF charges	229,740
3	Commercialization fees	574,350
4	Transfer fees	57,435
5	Trade fees	57,435
6	Map charges	689,220
Total		**2,297,400**

Audit is of the view that the management not only failed to cancel plot but also did not impose the penalty on account of non-utilization of plot charges amounting Rs.2.297 million which showednegligence.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to justify the matter.

1.2.4.8 Less collection of ground rent from tenants – Rs.1.239 million

As per notification No.SOI (IND)4-1/2022/1129-38 dated 9th June 2022 issued by Industries and Commerce Department, Government of Balochistan, fees / ground rent (industrial plots) was enhanced from Rs.04 per yard to Rs.08 per yard and ground rent (commercial plots) was enhanced from Rs.5 per yard to Rs.25 per yard.

During audit of Small Industries Wing (SIW) Quetta for the year 2022-23, it was observed that the management enhanced the fees / ground rent for industrial plots and commercial plots. However, 40 allottees did not pay ground rent on revised rates. Resultantly, an amount of Rs.1.239 million was less collected by the management **(Annex-3).**

Audit is of the view that less collection of ground rent amount reflected weak internal controls and poor financial management.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to recover the outstanding amount from the allottees at the revised rates.

1.2.4.9 Irregular free of cost allotment of land – Rs.0.900 million

Clause 3 (b) of the lease deed provides that the lessee must provide a proper drafted by a qualified draftsman map pf the construction on the leased plot and submit to the Small Industries estate office for NOC and approval for which the lessee will deposit an amount of fee, at the rates prevailing at the certain time.

During audit of Small Industries Wing (SIW) Quetta for the year 2022-23, it was observed that contrary to above, the management handed over 2,000 sq.ft of land valuing Rs.0.900 million to science and information department, Government of Balochistan on 23.07.2023. Following irregularities were observed:

1. The plot was handed over as "neither lease nor allotment just permission of given work" which was clear violation of the lease deed, building by-laws.
2. The proposed plot was reserved for "tube-well and water reservoir" in the master plan which was handed over to the department without any formal approval.
3. The plot was handed over free of cost as no any lease sum of amount was received from the department.
4. The project was started without any formal NOC.

Audit is of view that the management handed over the plot to the government department in violation of the lease and building by-laws which reflected negligence and undue favor.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified.

1.2.4.10 Unauthorized transfer of plot by allottee on rent to private parties – Rs.0.374 million

Clause 3 (a) of the lease deed provides that the Lessee shall not transfer, assign mortgage, under let, or use it commercially, apart from declared trade of work by the lessee, create any security over or party with the possession of the demised property or any machinery buildings or structure thereon or part thereof in nay matter …..”

During audit of Small Industries Wing (SIW) Quetta, for the year 2022-23, it was observed that the management allotted a plot bearing No C-48-A measuring 2080 sq.ft to M/s Syed Abdul for the for 99 years for commercial purpose of printing press on November 10, 2006. However, the allottee did not utilize the plot. Furthermore, the management itself issued NOC to the allottee for rent out the plot to the private bank and other related business parties. It is pertinent to mention here that the management neither canceled the plot nor imposed penalty on account of non-utilization charges in violation of the clauses of the lease deed. The details are as under;

S#	Name of Charges	Amount (Rs)
1	Penalty on NUF charges	332,800
2	Penalty on NUF charges	41,600
Total		**374,400**

Audit is of the view that the management not only failed to cancel plot but also did not impose the penalty on account of non-utilization of plot charges amounting Rs.0.374 million from the allottee which showed undue favor.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to justify the matter.

1.2.4.11 Non-verification of antecedents / degrees

Serial no: 28 of ESTA Code 2007 states that, it is necessary to check thoroughly he genuineness of certificates where the bonafides of persons employed; and It is essential for the appointing authorities to verify the claims of the candidates as regards age and educational qualifications verified before appointment. Further, Establishment Division O.M No. 6/1/92-R.2 dated March 25, 1992 states that immediately on initial appointment a verification roll for verifying the character and antecedents of the employee shall be issued to the relevant authorities. In case of mis-statement and concealment of facts were proved consequent to the inquiries conducted by the concerned agencies, the employees is liable for dismissal from service, which debars such a person from government service.

During audit of Small Industries Wing (SIW) Quetta for the year 2022-23, it was observed that the available strength of the organization was 1,480 officers/officials (with payment of Rs.93.396 million on account of salary and allowances). However, the prerequisite verification of the claims of the staff / employees regarding age and educational qualification was not conducted till-date nor did management get verification of educational testimonials from the concerned schools/colleges/universities.

Audit is of the view that non-conducting the verification of antecedents of the employees at the time of initial appointment till date was a violation of the government rules and regulations.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to justify the matter.

1.2.4.12 Non-preparation / finalization of annual accounts

According to section 233 of the Companies Act 2017, the company should finalize its annual accounts within four months after closing date of accounts for the year. These accounts were to be provided to audit for review.

During audit of Small Industries Wing (SIW) Quetta, for the year 2022-23, it was observed that the management did not prepare / finalize and submit its annual accounts for the year 2022-23. In the absence of annual accounts, financial position and viability of the entity with regard to its revenue, expenditure, profit & loss account, trial balance and general ledger account cannot be assessed and ascertained. Non-maintenance of accounts leads to weak internal control existing in an entity.

Audit is of the view that non-preparation of annual accounts reflected gross violation of rules and weak internal controls.

The matter was reported to the management on July 25, 2023 but, no reply was received.

Despite requests and subsequent reminders on 15.11.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to prepare annual accounts and fix the responsibility on the 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.

(Rs. in million for FY 2022-23)				
Description	**No.**	**Audited**	**Expenditure audited FY 2022-23**	**Revenue/Receipts audited FY2022-23**
Formation	01	01	212.290	235.870

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 2017-18 to 2022-23.

2.1.2.2 Audit required that the annual audited accounts of the years 2017-18 to 2022-23 be provided immediately and timely submission be ensured in future, besides, fixing of responsibility for non-submission of annual audited accounts (**Annex-2).**

2.1.3 Classified Summary of Audit Observations

Audit observations of Rs.575.684 million were raised. This amount also includes recoverable of Rs.4.285 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

(Rs. in million)		
S#	**Classification**	**Amount**
1.	Non-production of record	-
2.	Reported cases of fraud, embezzlement and misappropriation	-
3.	Irregularities	-
A	HR / Employees related irregularities	-
B	Procurement related irregularities	83.14
C	Management of Accounts with Commercial Banks	-
4.	Value for Money and service delivery issues	120.538
5.	Others	372.006

2.1.4 Compliance of PAC Directives

PAC meeting has not been convened to discuss the Audit Reports for the last thirty years.

2.1.5 AuditParas

2.1.5.1 Un-authorized utilization of funds / budget without approval– Rs.199.241 million

Clause No. 6 of Chapter II of the Provincial Employees' Social Security Ordinance, 1965, states that in addition to the powers conferred on, and the functions entrusted to it by the other provisions of this Ordinance or by the rules, the governing body shall have powers (a) to approve the budget estimates, the audited accounts and the annual report of the institution for submission to Government in accordance with the provisions of this ordinance; and (b) to call for any information, or direct any research to be made for the furtherance of the objects of this ordinance.

During audit of Balochistan Employees Social Security Institution (BESSI) for the year 2022-23, it was observed that the management utilized / spent funds under different heads of account amounting to Rs.199.000 million without approval of the governing body.

Audit is of the view that utilization of funds without the approval from governing body showed weak administrative and financial controls. Thus, expenditure amounting to Rs.199.241 million stands irregular and unjustified.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends that the matter may be justified besides fixation of responsibility on the person(s) at fault.

2.1.5.2 Loss of contribution due to non-registration of establishments / employers - Rs.168.480 million

Para 20 of Chapter III of the Balochistan Employees Social Security Act, 2022 states that the employer shall in respect of every employee, whether employed by him directly or through any other person pay to the institution a contribution at such time, at such rate and subject to such condition as may be prescribed.

Act No.XIII of Balochistan Payment Wages Act,2021 passed by the Provincial Assembly of Balochistan on 26th April, 2021 states that to regulate the payment of wages to workers employed in all factories,industrial establishment,commercial establishment and other organizations including domestic industry, home based workplaces and NGO sector to whom wages /payment for work are owed by corresponding employer, in the province of Balochistan.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta & Hub, for the year 2022-23, it was observed that the management failed to receive contribution / revenue from various notified and non-notified establishments / employers amounting to Rs.168.480 million as detailed below:

(Amount in Rs.)							
#	**Description**	**No of establishment**	**No of worker**	**Minimum wages**	**ate @ 6%**	**PM contribution**	**Total Loss**
Notified establishments / employers							
1	Contribution	56	1,477	25,000	,500	2,215,500	26,586,000
Non-notified establishments / employers (Mines)							
2	Contribution	165	7,883	25,000	,500	11,824,500	141,894,000
Total		**221**	**9,360**				**168,480,000**

Audit is of the view that non-registration of establishments indicates weak internal controls and poor vigilance of the social security officer.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends to take prompt action for registration against workers besides fixation of responsibility on the person (s) at fault.

(DP No. 37 & 44)

2.1.5.3 Wasteful expenditure on non-functional hospital and zones - Rs.73.295 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 and Hub for the year 2022-23, it was observed that the management could not make the 50-bed hospital, Quetta and

Hub functional for providing medical facilities to its registered workers for the last many years despite incurring yearly expenditure on account of pay and allowances amounting to Rs.46.686 million.

Furthermore, it was also observed that the management did not generate a single rupee of contribution in Gwadar, Nasirabad, Turbat and Lorali zones despite incurring an expenditure of Rs.26.609 million on account of salaries and other expenses.

Audit is of the view that incurring of expenditure on a non-functional hospital and zones collecting zero contribution amounting to Rs.73.295 million is held irregular and wasteful.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to justify the matter.

(DP No.33 & 41)

2.1.5.4 Loss of revenue due to less collection of contribution - Rs.47.243 million

As per notification of Labor and Manpower Department, Govt. of Balochistan vide no. SO(Dev:)II(L)7-3/2022/L&MD/229 dated 17-05-2022, increased in the minimum wages off the unskilled workers as Rs.25,000 with effect from 1st April, 2022 in pursuance of the provision of Section 4 of the Balochistan Minimum Wages Act, 2021 (Act No X of 2021).

As per notification of Labor and Manpower Department, Govt. of Balochistan vide No.SO(Dev:)II(L)7-3/2021/L&MD/720 dated 05-10-2021, increased in the minimum wages off the unskilled workers as Rs.20,000 with effect from 1st July, 2021 in pursuance of the provision of Section 4 of the Balochistan minimum wages Act, 2021 (Act No X of 2021).

During audit of Balochistan Employees Social Security Institution (BESSI), Hub & Quetta, for the year 2022-23 it was observed that the management collected contribution at the rate of old minimum wage of Rs.10,000 and Rs.20,000 instead of revised rates, which resulted in a loss of Rs.47.243 million**(Annex-4).**

Audit is of the view that the management failed to implement standing instructions of Labor and Manpower department as mentioned above which reflected gross negligence.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends the management to ensure immediate implementation of Government of Balochistan's directives to avoid further loss of revenue and recovery of less contribution.

The issue was also reported earlier in the Audit Report(s) for Audit Year(s) 2022-23 vide para(s) number 2.1.5.5 having financial impact of Rs. 71.555 million. Recurrence of same irregularity is a matter of serious concern.

2.1.5.5 Procurement of medicines without competitive process and non-maintenance of stock register - Rs.34.008 million

Clause 1 (B) of BPPRA, 2014 states that procurement over one hundred thousand rupees (100,000) and up to one million rupees (1,000,000) shall be advertised by timely notification on the authority website and may be in print media in the manner and format prescribed in these rules.

Rule 116 of General Financial Rules (GFR) states that it is responsibility of the Drawing & Disbursing Officer to carry out annual physical verification of stock articles at the close of each financial year and result of such verification should be recorded in the stock register and a certificate to that effect should also be sent to the controlling authority in terms of rule-80 of the manual of contingent expenditure. Further, Rule 159 states that physical verification of all stores should be made at least once in a year under rules prescribed by competent authority.

During audit of Balochistan Employees Social Security Institution (BESSI), Quetta & Hub for the year 2022-23, it was observed that the management procured medicines of Rs.34.008 million directly from medical stores without competitive process, in violation of the above rules.

Furthermore, it was also observed that the management neither entered the same into stock register nor into issuance register.

Audit is of the view that management procured the medicines without calling tender(s) in violation of rules andfailed to maintain the stock register of medicines which reflectednegligence and weak internal controls.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter for fixation of responsibility on the person (s) at fault.

The issue was also reported earlier in the Audit Report(s) for Audit Year(s) 2022-23 vide para(s) number 2.1.5.9 having financial impact of Rs. 23.400 million. Recurrence of same irregularity is a matter of serious concern.

(DP No. 34 & 35)

2.1.5.6 Irregular / unjustified purchase of medicines from un-registered suppliers - Rs.22.423 million

Rule 23 of GFR states that every government officer should realized fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he 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.

During audit of Balochistan Employees Social Security Institute (BESSI) Hub for the year 2022-23, it was observed thatthe management procured medicines amounting to Rs.22.423 millionfrom unauthorized suppliers / medical stores without any evaluation criteria.The suppliers were not registered under income tax, sales tax nor having valid drug sales license for sale and distribution of drugs by way of retail sales and neither had any certificate of pharmacy degree or diploma of dispenser as per Drug Act, 1976.

Audit is of the view that procurement of medicines from un-registered suppliers / medical stores was held irregular and unjustified.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter for fixation of responsibility on the person (s) at fault.

2.1.5.7 Irregular award of contract for medical services - Rs.15.394 million

Clause 1(B) of BPPRA Rules, 2014 states that procurement over one hundred thousand rupees (100,000) and up to one million rupees (1,000,000) shall be advertised by timely notifications on the Authority's website and may be in print media in the matter and format prescribed in these rules. Further Rule (2) states that 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), Hub for the year 2022-23, it was observed that the management awarded contract for medical services to M/s Hashmani Hospital, Karachi for worker and their dependents despite having its own 50 bedded hospital in Hub and Quetta amounting to Rs.15.394 million without competitive bidding as detailed below:

S#	Date	Description	Amount (Rs)
1	August 2022	IPD	1,099,374
2	Jul 2022	OPD	677,974
3	Jul 2022	IPD	1,614,671
4	May 2023	IPD	956,500
5	March 2023	OPD	783,929
6	March 2023	IPD	1,707,123
7	Dec 2022	OPD	2,082,733
8	Feb 2023	OPD	1,437,887
9	June 2023	OPD	1,307,885
10	May 2023	OPD	2,960,113
11	Feb 2023	OPD	766,688
		Total	**15,394,877**

Audit is of the view that the management awarded the contract without calling tender is a gross violation of BPPRA Rules, 2014.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter for fixation of responsibility on the person (s) at fault.

2.1.5.8 Procurement of medicinesfrom non-approvedpharmaceutical companies - Rs.11.585 million

According to Rule 10 of Provincial Employees Social Security (medical practitioner and medical board appointment and functions) Regulations 1967, the Institution shall issue from time to time a schedule of pharmaceutical supplies which may be prescribed by a medical practitioner.

During audit of Balochistan Employees Social Security Institution (BESSI) Quettafor the year 2022-23, it was observed that the management purchased medicines worth Rs.11.585million for dispensary &Quetta hospital from approved pharmaceutical companies in violation of above rules.

Audit is of the view that procurement of medicines from non-approved companies reflected serious violation on the part of managementand weak internal controls. This may lead to undue favor and misappropriation.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter for fixation of responsibility on the person (s) at fault.

2.1.5.9 Non-recovery of contribution from defaulter employers - Rs.4.285 million

According to Para 20 Chapter III of the Social Security Ordinance 1965, the employer shall in respect of every employee, whether employed by him directly or through any other person pay to the institution a contribution at such time, at such rate and subject to such condition as may be described.

Rule 28 of GFR 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 & Hub for the year 2022-23, it was observed that contribution amounting to Rs.4.285 million was outstanding along with penalty against the defaulters of establishments / employers **(Annex-5)**.

Audit is of the view that non-recovery of contribution and penalty thereof indicated weak internal controls and poor recovery mechanism within the organization.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends early recovery of the dues without further loss of time.

2.1.5.10 Non- preparation / finalization of annual accounts

According to Chapter IV (Finance and Audit Section 33)of Balochistan Employees, Social Security Act, 2022,(1) theinstitution 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.(5) The external auditor shall forward his report to government together with an audited copy of the accounts of the Institution.

Furthermore, Section 34 (2) states that the annual report, together with the audited accounts of the institution, shall be published and copies thereof shall be made available for sale to the public.

During audit of Balochistan Employees Social Security Institution (BESSI) Quetta for the year 2022-23, that the accounts of the institution have not been audited since inception of BESSI w.e.f 1991-92. Further, despite lapse of several years, external auditors were also not been appointed by the management.

Audit is of the view that the management failed to carry out the audit of organization which resulted in non-preparation / finalization of annual accounts. This reflected serious violations of the provisions of BESSI Act, 2022 mentioned above.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends remedial measures for preparation of annual accounts besides fixation of responsibility on the person (s) at fault.

2.1.5.11 Non-registration of various industrial and commercial establishments

Act No.XIII of Balochistan Payment Wages Act,2021 passed by the Provincial Assembly of Balochistan on 26th April, 2021 states that to regulate the payment of wages to workers employed in all factories,industrial establishment,commercial establishment and other organizations including domestic industry, home based workplaces and NGO sector to whom wages /payment for work are owed by corresponding employer, in the province of Balochistan.

During audit of Balochistan Employees Social Security Institution (BESSI), Hub for the year 2022-23, it was observed that the management failed to detect / notify and register various industrial and commercial establishments carrying out business in Balochistan i.e. NGO, mines and minerals, oil-field, dry port jetties, railways other than railway administration, airways, tramway or motor mini-bus service etc. for availing different benefits against un-skilled workers. Resultantly, the management had been sustaining millions of rupees on account of contribution / revenue over the last many years.

Audit is of the view that the management failed to detect/ notified/ registervarious industrial and commercial establishments, which indicatedweak internal controls and poor vigilance of social security officer.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends investigation of the matter for fixation of responsibility on the person (s) at fault.

2.1.5.12 Non-verification of degrees/certificates of the employees/officers

Establishment Division through its D.O. No. 6(28)2011-DG-II dated March 08, 2011 issued directives of the Prime Minster to the effect that measures should be taken to authenticate degrees/certificates of all employees by the Secretaries of offices under their administrative control. The verification of degrees / certificates will be the responsibility of concerned Secretary and Head of the department / organization.

During audit of Balochistan Employees Social Security Institution (BESSI), Quetta for the year 2022-23, it was observed that the management did not get verified the degrees & certificates of officers / staff from the concerned institutes / universities.

Audit is of the view that non-verification of degrees / certificates reflected inefficiency and weak internal controls.

The matter was reported to the management in November, 2023, but no reply was received.

Despite requests and subsequent reminders on 18.12.2023 and 26.12.2023, DAC meeting was not convened by the PAO.

Audit recommends justification of the matter besides fixing of responsibility on the person (s) at fault.

AUDIT REPORT
ON
THE ACCOUNTS OF
CLIMATE CHANGE, ENVIRONMENT AND DISASTER MANAGEMENT ORGANIZATIONS
OF GOVERNMENT OF BALOCHISTAN
AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

CLIMATE CHANGE, ENVIRONMENT AND DISASTER MANAGEMENT ORGANIZATIONS

Chapter -1

Provincial Disaster Management Authority (PDMA), Balochistan and District Disaster Management Authorities (DDMAs)

1.1 Introduction

A. An Act No. XXIV of 2010 called National Disaster Management Act was promulgated for establishment of National Disaster Management Authority by the Parliament. In compliance of Serial No. 15 of the Act, Provincial government of Balochistan established Provincial Disaster Management Authority to deal with natural disasters and calamities occurring in Balochistan and to make a plan annually to take measures for prevention and mitigation of natural disasters. For the purpose of relief measures and expenditure, a fund was created called Provincial Disaster Management Fund (PDMF). The Federal and Provincial Governments make provisions for the said fund in their annual budgets for carrying out the activities and programmes set out in its disaster management plans.

The purpose for establishment of PDMA Balochistan was to facilitate sustainable social, economic and environmental development in Balochistan. The objectives of PDMA include to develop a mechanism to reduce disaster risks and vulnerabilities particularly of the poor and marginalized groups in the province and enhance province’s ability to manage all disasters (floods, earthquakes, tsunamis, droughts and landslides etc.).

The District Disaster Management Authorities (DDMAs),headed by Deputy Commissioners, were established under the National Disaster Management Act in 2010 in each District of Balochistan. The District Authority is responsible for planning, coordination and implementation activities related to disaster management in the district in accordance with the guidelines laid down by the National/Provincial Authority.

B. Comments on Budget and Accounts of audited entities (Variance Analysis)

(Rs. in million)

Financial Year	Department	Budget Allocated	Expenditure	Savings
2022-23	PDMA Balochistan (Quetta)	12,518.461	10,439.782	2,078.679
	DDMA Quetta	115.800	94.306	21.494
	DDMA Killa Saifullah	45.800	45.800	0
	DDMA Ziarat	91.151	85.417	5.734
	DDMA Gawadar	71.100	53.600	17.50
	DDMA Jafarabad	104.200	103.200	1.000
	DDMA Jhal Magsi	64.200	60.166	4.034
	DDMA Khuzdar	41.000	22.385	18.615
	DDMA Kichi	90.549	89.549	1.000
	DDMA Lasbela	85.000	84.930	0.070
	DDMA Naseerabad	60.000	60.000	0.000
	DDMA Sohbatpur	55.000	44.966	10.034
Total		**13,342.261**	**11,184.101**	**2,158.160**

Source: budget and expenditure statements

C. Sectoral Analysis

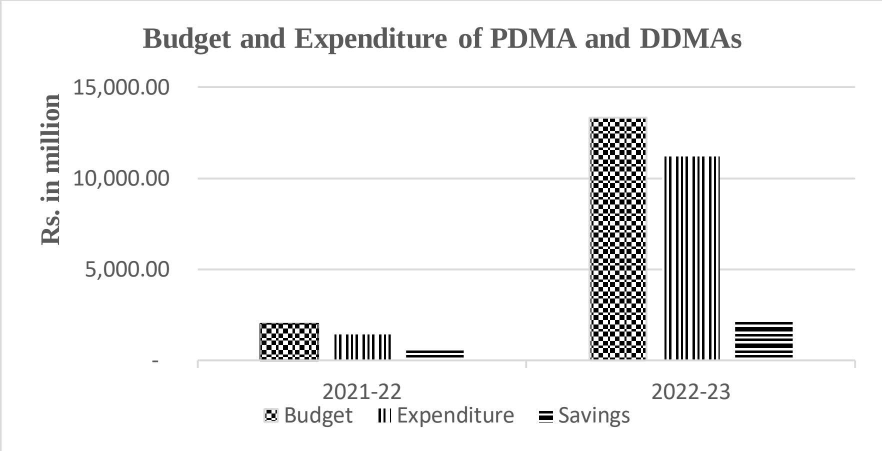
Details of budget and expenditure of selected formations of PDMA/DDMAsBalochistan for the current and previous financial year is tabulated below:

(Rs. in million)

Financial Year	Budget Allocated	Expenditure	Savings
2021-22	1,986.812	1,426.975	559.736
2022-23	13,342.26	11,184.10	2,158.16
Percentage change in FY 2022-23 as compared to FY 2021-22	(671 %)	(783%)	-

Note: The budget increase between the two financial years is due to allocation of budget for flood relief activities 2022 by PDMA/DDMAs.

The graphical representation of budget and expenditure for the last two financial years is given as follows:



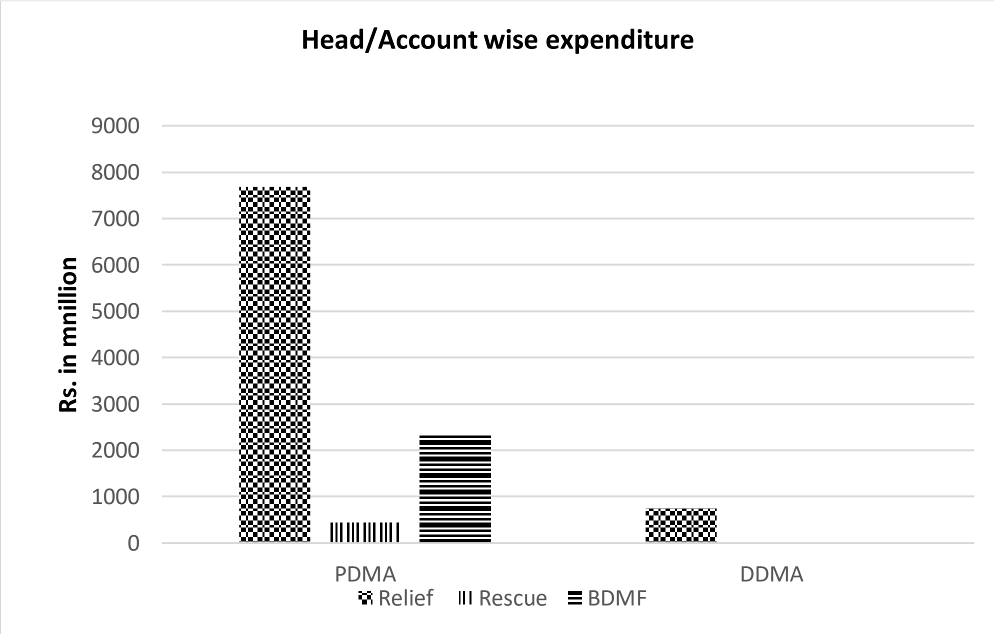
As part of Disaster Risk Reduction (DRR), the activities related to strengthening early warning systems and early response to hazards, enhancing institutional capacities at the provincial, district and community levels, including those related to technology, training, human and material resources are immensely important to effectively deal with hazards and its mitigation. A review of the activities carried out by PDMA Balochistan indicates that major thrust of the activities was on post disaster activities and the relief activities were undertaken once the disaster had occurred. The range of activities carried out by PDMA during financial year 2022-23 reveals that DRR and mitigation measures were not catered for properly in the development schemes and effective policy interventions were not made to reduce the risk of disasters. This conclusion is strengthened through analysis of the current year expenditure, wherein out of total funds amounting to Rs11,287.50 million (which also include the establishment charges),a major chunk i.e. Rs.11,184.10were spent by PDMA, Balochistan and DDMAs on post disaster relief activities. Details are as follows:

(Rs. in million)

S. No.	Name of Account	Expenditure incurred during financial year 2022-23	
		PDMA	**DDMAs**
1.	Relief Account	7682.080	744.319
2.	Rescue & Shelter Account	430.166	--
3.	Balochistan Disaster Management Fund Account	2327.535	--
Total		**10,439.782**	**744.319**

Source: budget and expenditure statements of PDMA and DDMAs.

The graphical representation is as under:



It is important to mention that District Disaster Management Authorities have been established in all district of Balochistan headed by Deputy Commissioners, however, no separate organizational setup of DDMA was established in the province. No separate accounts of the funds received from PDMA were being maintained by Deputy Commissioners/DDMAs and it was not possible for audit to segregate the relief related expenditure incurred by Deputy Commissioners in the capacity of head of respective DDMAs. The funds transferred from finance department Balochistan to various DDMAs for carrying out relief activities during financial year 2022-23is given as follows:

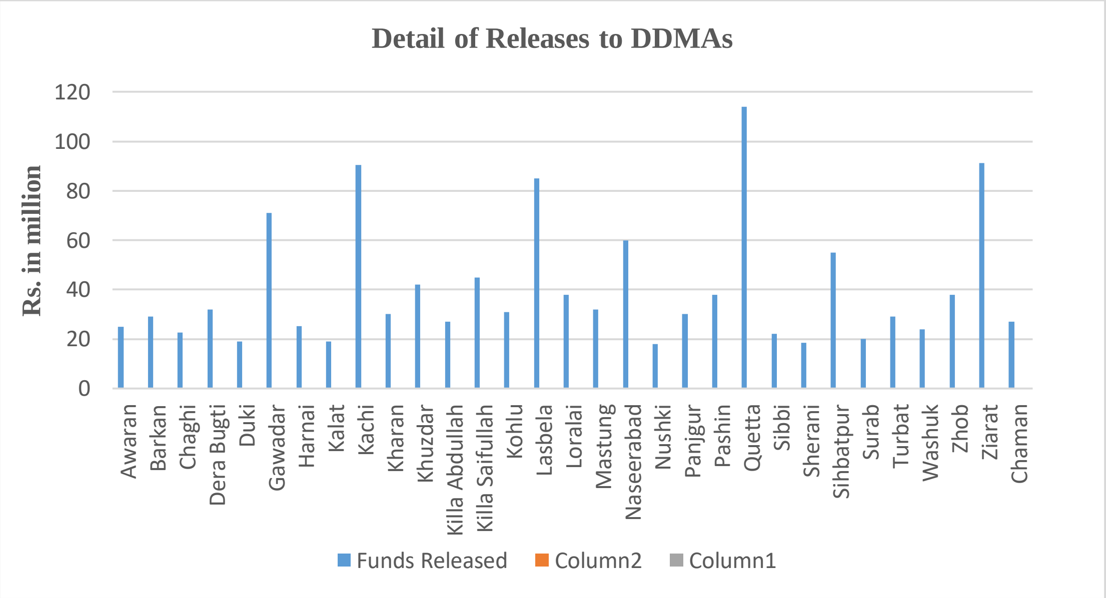
(Rs. in million)

Sr. No.	Name of DDMA	Amount
1.	Deputy Commissioner Awaran	25.00
2.	Deputy CommissionerBarkan	29.00
3.	Deputy Commissioner Chaghi	22.50
4.	Deputy Commissioner Dera Bugti	32.00
5.	Deputy Commissioner Duki	19.00
6.	Deputy Commissioner Gawadar	71.10
7.	Deputy CommissionerHarnai	25.20
8.	Deputy Commissioner Kalat	19.00
9.	Deputy Commissioner Kachi	90.55
10.	Deputy Commissioner Kharan	30.00
11.	Deputy Commissioner Khuzdar	42.00
12.	Deputy Commissioner Killa Abdullah	27.00
13.	Deputy Commissioner Killa Saifullah	45.00
14.	Deputy Commissioner Kohlu	31.00

15.	Deputy Commissioner Lasbela	85.00
16.	Deputy Commissioner Loralai	38.00
17.	Deputy Commissioner Mastung	32.00
18.	Deputy Commissioner Naseerabad	60.00
19.	Deputy Commissioner Nushki	18.00
20.	Deputy Commissioner Panjgur	30.00
21.	Deputy Commissioner Pashin	38.00
22.	Deputy Commissioner Quetta	114.00
23.	Deputy Commissioner Sibbi	22.00
24.	Deputy Commissioner Sherani	18.40
25.	Deputy Commissioner Sihbatpur	55.00
26.	Deputy Commissioner Surab	20.00
27.	Deputy Commissioner Turbat	29.00
28.	Deputy Commissioner Washuk	24.00
29.	Deputy Commissioner Zhob	38.00
30.	Deputy Commissioner Ziarat	91.15
31.	Deputy Commissioner Chaman	27.00
Total		**1,247.906**

Source: Data provided by PDMA

The graphical representation of release of funds from finance directly to DDMAs is as under:



The graph shows that a total of Rs. 1,247.906 million was released to the districts for relief activities.

One of the functions of PDMA was to prepare Provincial Disaster Management Plan (PDMP) as well as Community Based Disaster Risk Management (CBDRM) program in Balochistan. It was noticed that PDMA has prepared the PDMP and a program on CBDRM for different Community Based Organizations (CBOs) and other stakeholders for launching activities regarding CBDRM. Moreover, PDMA has also developed guidelines and sample modules for initiating CBDRM activities in the province, which is a good step for raising awareness in the community towards disaster risk reduction.

PDMA Balochistan has initiated the tasks of Multi Hazards Vulnerability Risk Assessment (MHVRA) in three districts of Balochistan namely Jaffarabad, Naseerabad and Jhal Magsi. Moreover, Disaster Risk Plans and monsoon contingency plans have also been devised to strengthen disaster management as per calamity resilience approach.

Table-I Audit Profile of *Provincial Disaster Management Authority (PDMA), Balochistan and District Disaster Management Authorities (DDMAs)*

(Rs. in million)

Sr. No.	**Description**	**Total Nos.**	**Audited**	**Expenditure audited FY 2022-23**	**Revenue / Receipts audited FY 2022-23**
1.	Formations	36	12 (which includes main PDMA and 11 DDMAs)	11,184.10	Nil
2.	• Assignment Accounts • SDAs (Excluding FAP)	01 Nil	01 Nil	Nil Nil	Nil Nil
3.	Authorities / Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	01	01	119.123	Nil

1.2 *Classified Summary of Audit Observations*

Audit observations amounting to Rs.482.071million and USD 2.50 million have been ***raised in this report pertaining to PDMA Balochistan and DDMAs. Recoveries amounting to Rs. 191.177 million has been pointed out. Summary of the audit observations classified by nature is as follows:***

Table –II Overview of Audit Observations

(Amount in million)

Sr. No.	*Classification*	*PKR*	*USD*
1.	*Procurement*	*102.369*	--
2.	*Financial Management*	*191.177*	*2.50*
3.	*Public Service Delivery/ Performance*	*188.525*	--

1.3 Brief comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) started auditing and reporting Provincial Disaster Management Authority, Balochistan and District Disaster Management Authorities since financial year 2016-17.No Audit Report has been discussed in PAC meeting so far.

1.4 AUDIT PARAS

Procurement

1.4.1. Procurement through quotations without open tendering and competition - Rs. 99.700 million

According to Rule 51(b)(viii) of Balochistan Public Procurement Rules, 2014, procurement from a single source without competition shall be applicable under the conditions of emergency.

Provincial Disaster Management Authority (PDMA) Balochistan procured grain items for relief of flood affectees of Balochistan Province from the contractors on emergency basis.

During audit of PDMA Balochistan for the financial year 2022-23 it was observed that the grains/ food items were purchased for Rs. 99.700 million on emergency basis but there was a gap ranging from four (04) to seven (07) months between the receipt of items from the suppliers and further issuance to the affectees. **(Annexure- II)**.

Audit held that the well overdue gap between receipt and further issuance intended that there was no state of emergency, thus the procurement on emergency basis by avoiding tendering process was unjustified.

Initial audit observation was issued on 25.08.2023. The management replied that as per NDMA guidelines the PDMA should stock relief items for atleast 40,000 families, therefore the procurement was made on quotation basis.

The reply was not satisfactory as proper tendering procedure was not adopted to obtain economical and competitive rates.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to provide the proof of need assessment carried out and distribution of items to the flood affectees 2022

Audit recommends implementation of the DAC decision.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 1.4.8 having financial impact of Rs.1.680 million. Recurrence of same issue / irregularity is a matter of serious concern.

(Para No. 5 of AIR 2022-23 PDMA Balochistan)

1.4.2. Hiring of transport services without adopting tendering process - Rs. 2.669 million

According to rule 51(b)(viii) of Balochistan Public Procurement Rules, 2014, procurement from a single source without competition shall be applicable under the conditions of emergency.

District Disaster Management Authority (DDMA) Sobatpur hired M/s Mujeebllah Enterprise, Jaffrabad for transportation of relief goods.

During audit of DDMA, Sobatpur for the financial year 2022-23, it was observed that transportation services were hired and an amount of Rs. 2.669 million was paid to M/s Mujeebllah Enterprise, Jaffrabad in the month of January and February 2023 when there was no state of emergency.

(Rs. in million)

Sr.No	Particulars	Date	Amount
1.	Transportation of relief goods	01.02.2023	1.689
2.	-do-	02.01.2023	0.980
Total			**2.669**

Audit held that the hiring of transportation services in the months of January and February 2023 through quotations without competitive process and tendering was unjustified resulting in loss to the government.

Initial audit observation was issued on 15.09.2023 but no reply was received till finalization of this report.

The PAO was requested to convene DAC meeting vide letters dated 20.11.2023, 06.12.2023, and 12.12.2023, however, the meeting was not held till finalization of this report.

Audit recommends that management may look into the matter and take appropriate actions as per rules.

(Para#7 AIR DDMA, Sobatpur 2022-23)

Financial Management

1.4.3 Non-deposit of earned bank profits in Government Treasury – Rs. 174.052 million

According to Clause 5.2.2.1 of Accounting Policies and Procedure Manual (APPM), 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.

Provincial Disaster Management Authority (PDMA), Balochistan and Project Management Unit (PMU) “Housing Reconstruction Awaran Project”earned profits on different saving bank accounts during the financial year 2022-23.

During audit of PDMA and PMU for the financial year 2022-23, it was observed that profit amounting to Rs. 174.052 million was earned on saving accounts, however neither the same was deposited in the treasury nor it was reported to Finance Department as savings. Details are as under:

(Rs. in million)

Sr. No	**Project/Scheme**	**Bank and Account No.**	**Amount**
1.	Saudi Fund for Development	UBL Awaran A/c No. 233382175	41.535
2.	HRA-PMU	NBP Awaran A/c No. 3117542783	10.947
3.	PMU for Punjab Sponsorship	NBP Awaran A/c No. 3117542809	5.155
4.	PDMA-Relief Account	ABL A/c No. 10023955530013	80.854
5.	PDMA-Establishment Account	ABL A/c No. 10023955410012	35.561
Total			**174.052**

Audit held that non-deposit of profit in the government treasury not only deprived the government from due revenues but Finance Department was also unable to adjust the budgetary release of the next year.

Audit observation was issued to PDMA on 25.08.2023 and PMU ‘Housing Reconstruction Awaran Project’ on 08.09.2023. The PDMA replied that in meeting held on 24.02.2020 under chairmanship of DG PDMA, it was agreed to deposit the bank profit in Relief Account. The meeting was also attended by representative of Finance Department who had endorsed the said decision. The management of PMU replied that the PMU has already received approval from Project Steering Committee and Chief Minister Balochistan through Summary for utilization of bank profits earned.

The reply of the management was not satisfactory as the saving / profit was not reported to the finance department for its utilization and adjustment of budgetary release.

Departmental Accounts Committee (DAC)meeting in respect of Provincial Disaster Management Authority was held on 28.11.2023. The management strongly held that the matter stands settled in the wake of the meeting dated 24.02.2020. Audit however was the view that the matter may be referred to finance department for clarification. The PAO was requested to convene DAC meeting in respect of PMU Awaran Project vide letters dated 13.11.2023, 21.11.2023 and 06.12.2023, however, the meeting was not held till finalization of this report.

Audit recommends that profit earned on the deposits may be deposited into the government treasury and reported to Finance department so that the budgetary release of the next year be adjusted accordingly.

(OS#02, HR Awaran Project, 2022-23)

1.4.4 Non-utilization of Grant provided by Saudi Fund for Development– US$ 2.5 million

According to Section 2.04 of Memorandum of Understanding (MoUs) singed between Government of Pakistan and Saudi Fund for Development (SFD) on 10th March 2016, the closing date of grant shall be 31.01.2020 or such later date as shall be determined by the Fund.

Project Management Unit “Housing Reconstruction Awaran Project” was entrusted for utilization of US$ 2.5 million SFD grant as detailed under:

(Amount in million)

Sr. No	**Particulars**	**US$**
1.	Livelihood Reconstruction in Balochistan	1.00
2.	Government Building in Awaran, Balochistan	1.50
Total		**2.50**

During audit of Project Management Unit, Housing Reconstruction Awaran Project for the financial year 2022-23, it was observed that ever since the date of singing of MoUs i.e. 10th March 2016, no expenditure was incurred on above two schemes leading to non-utilization of grant.

Audit held that non-execution of two schemes and non-utilization of grant in a timely manner was not justified leading to termination of the grant and loss to the government.

The initial audit observation was issued to management on 08.09.2023. The management replied that Saudi Funds for Development had some reservations on the projects/schemes and requested revision of the agreement and PC-Is. The agreement and PC-Is were also revised. PC-Is got approved from PDWP meeting held on 28thSeptember 2023 under the chairmanship of Additional Chief Secretary (Dev) P&D Department Balochistan and the final approval is awaited from CDWP.

The PAO was requested to convene DAC meeting vide letters dated 13.11.2023, 21.11.2023 and 06.12.2023, however, the meeting was not held till finalization of this report.

Audit recommends that grant may be utilized properly and in a timely manner as well as steps may be taken to negotiate the extension of grant.

(OS#03, HR Awaran, 2022-23)

1.4.5 Recoverable amount of Income Tax on account of excess deduction by Bank - Rs. 13.242 million

According to Para (1) of tenth schedule of Income Tax Ordinance 2001, where tax is required to be deducted or collected under any provision of this Ordinance from persons not appearing in the active taxpayers' list, the rate of tax required to be deducted or collected, as the case may be, shall be increased by hundred percent of the rate specified in the First Schedule to this Ordinance.

Provincial Disaster Management Authority (PDMA) Balochistan earned profit amounting to Rs. 88.283 million on the balances held in two (02) bank accounts maintained with Allied Bank Limited (ABL) during financial year 2022-23. The Bank withheld Income Tax amounting to Rs. 26.484 million on profits earned.Details are as under:

(Rs. in million)

Sr. No.	Title of Account	Name of Bank	Account Number	Amount of profit	Withholding tax on profit
1.	PDMA Establishment	ABL	10023955410012	31.471	9.441
2.	PDMA Relief	ABL	10023955530013	56.812	17.043
Total actual deducted @ 30%				88.283	26.484
Required to be deducted @ 15%				--	13.242
Recoverable amount excess deducted @ 15%				**--**	**13.242**

During the audit of PDMA Balochistan for the financial year 2022-23, it was observed that Income Tax withholding rate on profits earned was 15% for person whose name was included in Active Taxpayer List as per Income Tax ordinance, 2001. The name of PDMA Balochistan was included in the Tax Payer List bearing FTN No.9040007 registered on 16.03.2016, with Regional Tax Office, Quetta. However, ABL withheld Income Tax on profits earned by PDMA Balochistan @ 30 % (instead of 15%) i.e. Rs. 26.484 million instead of Rs. 13.242 million considering PDMA Balochistan not included in Active Taxpayers List.

Audit held that deduction of tax @ 30% instead of 15% resulted into excess charge of income tax amounting to Rs. 13.242 million which was not justified.

Initial audit observation was issued on 25.08.2023. The management explained that the department has already applied for and requested FBR authorities not to deduct advance taxes on profit on debit. However, the same is still pending before FBR.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to peruse the case with FBR and recover the excess deducted Income Tax.

Audit recommends implementation of DAC decision.

<u>Note:</u> The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 1.4.13 having financial impact of Rs. 4.729 million. Recurrence of same issue / irregularity is a matter of serious concern.

(Para No.2 of AIR 2022-23PDMA Balochistan)

1.4.6 Unjustified payment on account of accommodation charges– Rs. 1.764million

According to rule 2.7(c) of Manual of Traveling Allowance Rules Actual Hotel Accommodation charges within the prescribed limit shall be admissible only on production of receipts as per existing rules.

Further, according to Rule 11 of General Financial Rule (GFR), each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

A five-member team of National Disaster Management Authority (NDMA) comprising of two Deputy Directors, APS, Stenographer and a Driver, officially visited Quetta for data collection and multi rapid need assessment in flood affected areas.

During audit of PDMA Balochistan for the financial year 2022-23 it was observed that PDMA made payment amounting to Rs. 1.764 million on account of accommodation charges of the NDMA official team for their stay at a private hotel. The team was not on the payroll of PDMA Balochistan **(Annexure-III)**.

Audit held that the payment made by PDMA Balochistan on account of accommodation charges of the team which was not on its payroll, was irregular.

Initial audit observation was issued on 25.08.2023. The management replied that the payment made on accommodation of NDMA teams was not irregular as the survey was jointly conducted by NDMA and PDMA.

The reply was not satisfactory as the officials were on the payroll of NDMA and the accommodation charges were required to be adjusted from their own department.

DAC meeting was held on 28.11.2023. DAC directed to take up the matter with NDMA for recovery of unjustified amount paid on account of accommodation charges of the NDMA teams which was the responsibility of NDMA. The necessary recovery may be completed within one month

Audit recommends that recovery of accommodation charges may be made within 15 days' time.

(Para No.4of AIR2022-23PDMA Balochistan)

1.4.7 Non-deduction of Income Tax from supplier on supply of food items- Rs. 1.019 million

According to Section 153(1) clause- a & b of Income Tax Ordinance amended from time to time, rate of withholding tax for supply of Goods is 5.5%.

District Disaster Management Authority (DDMA) Naseerabad, procured food items amounting to Rs. 18.534 million from different suppliers during financial year 2022-23.

During audit of DDMA Naseerabad for the financial year 2022-23, it was observed that DDMA purchased food items for Rs.18.534 million, however, income tax of Rs. 1.019 million (@ 5.5%) was not deducted while making payment. The details are as under:

(Rs. in million)

Sr.No.	Particulars	Supplier	Date	Amount
1.	4,00 ration bags	M/s Amrat Kumar Govt Contractor	28.07.2022	2.964
2.	1,800 ration bags	M/s K.K Khosa & Co	07.10.2022	13.320
3.	300 Dekh Chawal	M/s Shah Latif Tent Service	30.08.2022	2.250
Total				**18.534**

Audit held that non-deduction of withholding income tax of Rs. 1.019 million from the suppliers was the violation of rules and lead to overpayment to the supplier.

Initial audit observation was issued on 11.09.2023.The management replied that recovery of income tax will be made from supplier at the earliest.

DAC meeting was held on 27.12.2023. DAC directed that recovery of income tax may be made from suppliers and deposited into government treasury.

Audit recommends implementation of DAC decision within 15 days.

(Para#2 DDMA, Naseerabad 2022-23)

1.4.8 Overpayment to the supplier on account of Income Tax- Rs. 1.100 million

According to section 153(1) of Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to a resident person for the sale of goods; or for the rendering of or providing of services; or on the execution of a contract, shall, at the time of making the payment, deduct tax from the gross amount payable.

District Disaster Management Authority (DDMA) Quetta purchased 3,703 food packets for disbursement among the affected people of flood during financial year 2022-23.

During audit of DDMA Quetta for the financial year 2022-23, it was observed that instead of withholding of Income Tax from the suppliers, the amount of tax Rs.1.100 was included in the invoice and paid to the supplier. **(Annexure-IV)**

Audit held that inclusion of income tax in the invoice instead of deduction at source, resulted into over payment to the contractor.

Initial audit observation was issued on 29.08.2023. The management replied that income tax will be recovered from the suppliers.

DAC meeting was held on 27.12.2023. DAC directed that recovery of income tax may be made from suppliers and deposited into government treasury.

Audit recommends implementation of DAC decision within 15 days.

(Para#4 DDMA, Quetta 2022-23)

1.4.9 Non Preparation of Statement of Accounts by PDMA

According to Rule 33(2) of Balochistan Provincial Disaster Management Authority Rules 2012, "A Statement of Accounts in the prescribed form audited by the auditors (Chartered Accountants) shall be furnished to the Provincial Government."

Further, Rule 35(1) of Provincial Disaster Management Authority, Balochistan Rules 2012, Statements of Accounts of the Authority together with report of Auditor General of Pakistan shall be laid down before the Provincial Assembly.

The Provincial Disaster Management Authority (PDMA) was maintaining the accounts of PDMA Establishment, PDMA Relief and Balochistan Disaster Management Fund (BDMF) for relief purposes.

During audit of Provincial Disaster Management Authority (PDMA) Balochistan for the financial year 2022-23, it was observed that statement of Accounts of the Authority was neither prepared not being laid down before the Provincial Assembly.

Audit held that non-preparation of Statement of Accounts was violation of PDMA Rules.

Initial audit observation was issued on 25.08.2023. The management replied that the point of Audit has been noted and statement of Accounts will be prepared.

DAC meeting was held on 28.11.2023. The DAC directed that the Statement of Accounts may be prepared and shared with Audit.

Audit recommends that statement of accounts for the Financial Year 2022-23 may be prepared, got audited from the Auditor General of Pakistan and also submitted to the provincial government as per rules.

(Para No. 21 of AIR 2022-23 PDMA Balochistan)

<u>Public Service Delivery/Performance</u>

1.4.10 Non-availability of distribution record with PDMA in respect of relief items provided to DDMAs

According to Para 148 of GFR, Vol.-I, all materials received should be examined, counted, measured or weighed as the case may be, when the delivery is taken, and they should be taken in charge by a responsible Government officer who should also see that the quantities are correct and their quality is good, and record a certificate to that effect. The officer receiving the stores should record them in the appropriate stock register.

Further, according to letter No. RC/PDMA/DG/WH/2021/1443-48 dated 01.12.2021, the PDMA Balochistan had requested all Deputy Commissioners to share the stock position and dispatched relief item.

Provincial Disaster Management Authority (PDMA) Balochistan provided various relief items to the District Disaster Management Authorities (DDMAs) for emergency relief activities in various areas of Balochistan during the financial year 2022-23**(Annexure-V)**.

During audit of PDMA Balochistan for the financial year 2022-23, it was observed that PDMA was not able to keep track of the items provided to DDMAs and there was no mechanism to verify the distribution of items to end users and retrieval of the undistributed items for future requirements.

Audit held that non-maintenance of record of distribution of relief items provided to DDMAs was not justified as it might result into misuse of the items.

Initial audit observation was issued on 25.08.2023. The management replied that PDMA had issued letter to all DDMAs to provide stock position. Moreover, it is not possible for this Authority to ask for Stock Position from DDMA's in disasters situations where huge demand is received within a short interval.

The reply of the management was not satisfactory as in absence of maintenance of record, the distribution of relief item to the affectees could not be verified and authenticated by audit authorities.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed that stock may be issued to DDMAs on the basis of stock balance position of concerned Offices. Further, DDMAs may be approached for provision of their stock position on monthly basis for a clear picture by PDMA to deal with future disasters.

Audit recommends implementation of the DAC decision.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 1.4.19. Recurrence of same issue / irregularity is a matter of serious concern.

(Para#.16 AIR PDMA 2022-23)

1.4.11 Non-submission of annual report by PDMA to the Provincial Assembly

According to Section 41(2) of National Disaster Management Act 2010, Provincial Authority shall prepare once every year, in such form and at such time as may be prescribed by rules, an annual report giving a true and full account of its activities during the previous year and copies thereof shall be forwarded to the Provincial Government which shall lay it before the Provincial Assembly.

Provincial Disaster Management Authority (PDMA) Balochistan was operating under the National Disaster Management Act, 2010 and was responsible for implementing policies and plans for disaster management in the province.

During the audit of PDMA Balochistan for the financial year 2022-23, it was observed that PDMA Balochistan had not prepared and submitted Annual Report of its activities to Provincial Assembly as required under the Act.

Audit held that non-formulation and submission of Annual Report of its activities by PDMA Balochistan to Provincial Assembly was negligence on the part of management and violation of the Act. Moreover, in absence of Annual Report, the parliamentary oversight over the affairs of PDMA Balochistan could not be achieved.

Initial audit observation was issued on 25.08.2023. The management replied that PDMA was busy and deployed to different Districts for Relief Activities and could not prepare the annual report. The point of Audit for preparation of Annual Report has been noted for further compliance.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. The forum directed that annual report may be prepared and shared with Provincial Assembly.

Audit recommends that management may regularly prepare and submit annual report of its activities to the Provincial Assembly.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 1.4.20. Recurrence of same issue / irregularity is a matter of serious concern.

(Para No. 23, AIR 2022-23 PDMA Balochistan)

1.4.12 Non-provision of details of flood related expenditures by DDMAs to PDMA Balochistan

According to letter No.DG/PDMA/Relief/Acctt/2022-23/2215-19 dated 01.02.2023, the PDMA Balochistan had requested all Divisional Commissioners and Deputy Commissioners of Balochistan to provide details of flood related expenditure released by Finance Department and PDMA, during financial year 2022-23, to Finance Department under intimation to Board of Revenue and PDMA against allocated and additional budget releases.

Provincial Disaster Management Authority (PDMA) Balochistan and Finance Department Balochistan transferred / released funds amounting to Rs.1,247.906 millionto District Disaster Management Authorities (DDMAs) at Balochistan during financial year 2022-23 for flood and relief related activities **(Annexure-VI)**.

During audit of PDMA Balochistan for the financial year 2022-23 it was observed that the expenditures against the releases were not shared by the DDMAs. Similarly, savings if any were also not retrieved and adjusted in the book of accounts.

Audit held that non-obtaining the detail of expenditure against the released amount by the DDMAs was clear violation of the PDMA instructions.

Initial audit observation was issued on 25.08.2023. The management replied that Finance Department Government of Balochistan had directly released amount to DDMAs. Moreover, PDMA issued letter to all Deputy Commissioners for the provision of details of flood related expenditure. Authority will take strict action against those Deputy Commissioners who violated the PDMA instructions.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. The forum directed thatdetails of expenditure may be obtained from DDMAs on monthly basis to ensure that releases issued to DDMAs were properly utilized for disaster/flood affected people as per rules and regulations.

Audit recommends that details of expenditure may be obtained from DDMAs and PDMA Balochistan may review and verify the same to ascertain that releases were spent as per rules and regulations by the DDMAs.

(Para No.17 of AIR 2022-23, PDMA Balochistan)

1.4.13 Non-approval of Balochistan Disaster Management Act

According to decision of Agenda No.6 of 3rd meeting of Provincial Disaster Management Commission dated 21.04.2022, the Commission directed the S&GAD to table the Balochistan Disaster Management Act before the Cabinet as soon as possible.

Provincial Disaster Management Authority (PDMA) Balochistan drafted an Act in 2018 and after necessary vetting from Law Department, the said draft act was submitted for placement before the Provincial Cabinet and the Provincial Assembly.

During audit of PDMA Balochistan for the financial year 2022-23, it was observed that after 18th amendment the PDMA was facing some legal issues by adopting National Disaster Management Act. The draft Balochistan Disaster Management Act was still under process for want of legislation despite lapse of considerable time.

Audit held that delay in non-approval of Balochistan Disaster Management Act resulted into non-implementation of decision of Commission meeting.

Initial audit observation was issued on 25.08.2023. The management replied that the Authority had prepared the draft Act and submitted to S&GAD to get approval and the case is with the S&GAD to table the PDMA Act before the cabinet for approval.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. The forum directed that the matter may be pursued till approval of Balochistan Disaster Management Act.

Audit recommends that the draft Balochistan Disaster Management Act may be got approved and enacted.

(Para #.19 of AIR 2022-23, PDMA Balochistan)

1.4.14 Non-availability of record to verify the distribution of relief items among the flood affectees - Rs. 28.00 million

According to Rule 13 of General Financial Rules Vol-I, every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money and stores but also that the prescribed checks are effectively applied and effective system of internal check exists for securing regularity and propriety in the various transactions including receipt and issue of stores etc.

District Disaster Management Authority (DDMA) Gwadar issued 1,100 mosquito nets and 950 tents out of the available stock of relief items from warehouse during financial years 2021-23.

During audit of DDMA Gwadar for the financial years 2021-23, it was observed that DDMA Gwadar had showed issuance of 2,050 relief items(tents and mosquito nets), however, the details and proof of distribution of the relief items to beneficiaries and acknowledgement of items by the affectees was not available on record to authenticate and ascertain the distribution of relief items by the DDMA **(Annexure-VII).**

Audit held that non-availability of distribution record of 2,050 relief items amounting to Rs. 28.00 million was a lapse on part of the management resulting in unauthenticated and unverifiable distribution of relief items.

Initial audit observation was issued on 27.09.2023. The management replied that mosquito nets and tents were distributed as per rules to the affectees and acknowledgements of the same would be produced to audit for verification.

The PAO was requested to convene DAC meeting vide letters dated 20.11.2023, 06.12.2023, and 12.12.2023, however, the meeting was not held till finalization of this report.

Audit recommends that proper record for distribution of relief items among the disaster affectees may be maintained and produced to audit authorities for scrutiny.

(Para#1 of AIR DDMA Gwadar 2021-23)

1.4.15 Non-conducting of bi-annual stock inspection and physical verification

According to rule 39(1) & (2) of Balochistan Disaster Management Authority Rules, 2012, the Director General shall arrange checking of the different available items through a team during last week of June and December every year. The Committee shall submit its report to the Director General in the first week of July and January positively and in case of any shortage in the store shall also fix responsibility.

District Disaster Management Authorities (DDMAs) Ziarat, Qilla Saifullah, Naseerabad, Jaffrabad, Sobitpur, Jhal Magsi, Kachhi, Lasbela, Khuzdar and Gwadar had on stock various relief items for further distribution to the affectees for relief purposes.

During audit of DDMAs for the financial years 2022-23, it was observed that the required six-monthly stock inspection and physical verification was not conducted to check and ascertain the accuracy of stocks.

Audit held that in the absence of six-monthly stock inspection and physical verification, there are chances of shortage or loss of the relief items resulting in loss to the government.

Initial audit observation was issued on September, 2023. The management in case of DDMAs Jaffrabad and Khuzdar replied that audit instructions were noted for compliance, whereas in case of DDMAs Lasbela, Ziarat and Gwadar it was replied that physical verification of stocks reports are attached for audit perusal. DDMA, Qillah Saifullah replied that as and when PDMA constituted a team for physical verification full cooperation would be extended. In rest of cases no reply was provided.

Reply of the management was not satisfactory as in case of DDMA, Gwadar only food items were inspected and certificate was provided and in case of DDMA Ziarat report did not show the reference to stock register of stocks available on store.

The Departmental Accounts Committee (DAC) meeting was held on 27.12.2023. The forum directed that stock inspection may be carried out and inspection report be shared with audit for further scrutiny.

Audit recommends that stock inspection and physical verification may be conducted regularly so as to identify any misuse and loss of items for want of timely corrective measures.

(Para# 4,5,4,4,6,4,5,4,3of DDMAs Ziarat, Qilla Saifullah, Naseerabad, Jaffrabad, Sobitpur, Jhal Magsi, Kachhi,, Khuzdar and Gwadar 2022-23)

1.4.16 Discrepancies observed in compensation payments

According to Rule 134 of General Financial Rules Volume-I, no detailed bills need be submitted to a higher authority for contingent charges, which are not classed as countersigned contingencies, each bill presented at a treasury should, therefore, contain full details of the expenditure, supported by necessary sub-vouchers for individual payments included in the bill.

District Disaster Management Authority (DDMA) Gwadar was provided Rs. 41.10 million in February 2023 on account of compensation payments for 265 damaged houses affected due to heavy rain fall in January 2022. Details are as under:

(Rs. in million)

Sr.No.	**Particulars**	**Houses damaged**	**Rate**	**Amount**
1.	Full damaged/pacca/kacha	146	200,000	29.20
2.	Partially damaged/pacca/kacha	119	100,000	11.90
Total				**41.10**

During audit of DDMA Gwadar for the financial years 2021-23, audit observed as under:

i. Survey report duly signed and approved for the damage houses etc. was not available on record.
ii. In some cases, names of persons, CNIC numbers etc. were incorrectly mentioned in the list of beneficiaries implying that survey was not conducted with due care.
iii. Reconciliation of expenditure against the released amount was not carried out.

Audit held that non-availability of signed and approved survey report and errors in beneficiaries' names, CNICs was not justified leading to unverifiable payments.

Initial audit observation was issued on 27.09.2023. The management replied that NDMA conducted survey of damaged houses and list of same along with funds were provided for disbursement.

The reply of the management was not satisfactory as approved survey report and documentary evidence was not provided to authenticate the payment.

The PAO was requested to convene DAC meeting vide letters dated 20.11.2023, 06.12.2023, and 12.12.2023, however, the meeting was not held till finalization of this report.

Audit recommends that signed and approved survey report may be provided for audit scrutiny besides justifying reasons of incorrect affecttees names and CNICs numbers in the beneficiaries list to authenticate the expenditure.

(Para#5 DDMA, Gwadar 2021-23)

1.4.17 Missing stock of relief items- Rs. 160.525 million

According to Rule 159 of GFR Vol-I, physical verification of store should be carried out once in a year. Moreover, para 160 states that a certificate of verification of stores with its results should be recorded on the list, inventory or account, as the case may be, where such verification is carried out.

Provincial Disaster Management Authority (PDMA) Balochistan issued 105,665 relief items to District Disaster Management Authorities (DDMAs) Quetta, Qilla Saifullah, Naseerabad, Jaffrabad, Sobitpur, Jhal Magsi, Kachhi, , Lasbela and Khuzdar during financial year 2022-23.

During audit of DDMAs for the financial year 2022-23, it was observed that PDMA Balochistan supplied 105,665 relief items of various categories to DDMAs, however, as per record only 78,350 relief items were shown as received from PDMA, which resulted into less receipt of 27,315 items costing Rs. 160.525. **(Annexure-VIII)**

Audit held that non-availability of record of 27,315 items costing Rs. 160.525 million was a lapse on part of the management and loss to the government.

Initial audit observation was issued on September 2023. The management in case of DDMA, Lasbela replied that record at time of audit was not updated in respect of Tehsildar Bela office which is now updated. DDMA Khuzdar replied that some relief items were directly distributed at Tehsil Zehri and some of stock (300 blankets and 100 Mosquito Nets) were now available on store. DDMA, Jaffrabad replied that stock register is available for audit verification. DDMA, Qilla Saifullah replied that receipts and distribution of relief goods record as point out by audit was available with Assistant Commissioner Muslim Bagh. In rest of cases no reply was received.

The reply of the management was not satisfactory as at the time of audit, details provided by PDMA and DDMAs were not reconciled showing differences of receipts of relief items.

The Departmental Accounts Committee (DAC) meeting was held on 27.12.2023. The forum directed that reconciliation of relief items received by DDMA may be made with PDMA. Reconciliation report/ detail may be shared with audit for further scrutiny.

Audit recommends that the number of items received from PDMA may be reconciled with the record of DDMA to ascertain the reason of difference. Besides, the missing relief items may be made good and verified from audit authorities.

Chapter-2
Balochistan Environmental Protection Agency

2.1 Introduction

A. Balochistan Environmental Protection Agency was established vide Notification No S.O (OHM)1(5)/2016-S&GAD /936-1025 dated 24.10.2016 under the administrative control of Secretary Climate Change and Environment Department Government of Balochistan Quetta.

Balochistan EPA is an attached department of the Climate Change and Environment Department, Balochistan and is responsible to implement the Balochistan Environmental Protection Act, 2012 in the Province. This Act provides for the protection, conservation, rehabilitation and improvement of environment; prevention and control of pollution and promotion of sustainable development. Environmental Protection Agency also provides technical assistance to the Climate Change & Environment Department Balochistan for formulation of environmental policies and programs.

B. Comments on Budget and Accounts of audited entities (VarianceAnalysis)

(Rs. in million)

Financial Year	Department	Budget	Expenditure	Savings
2022-23	Balochistan EPA	118.956	103.401	15.55
Total		**118.956**	**103.401**	**15.55**

Source: budget and expenditure statements

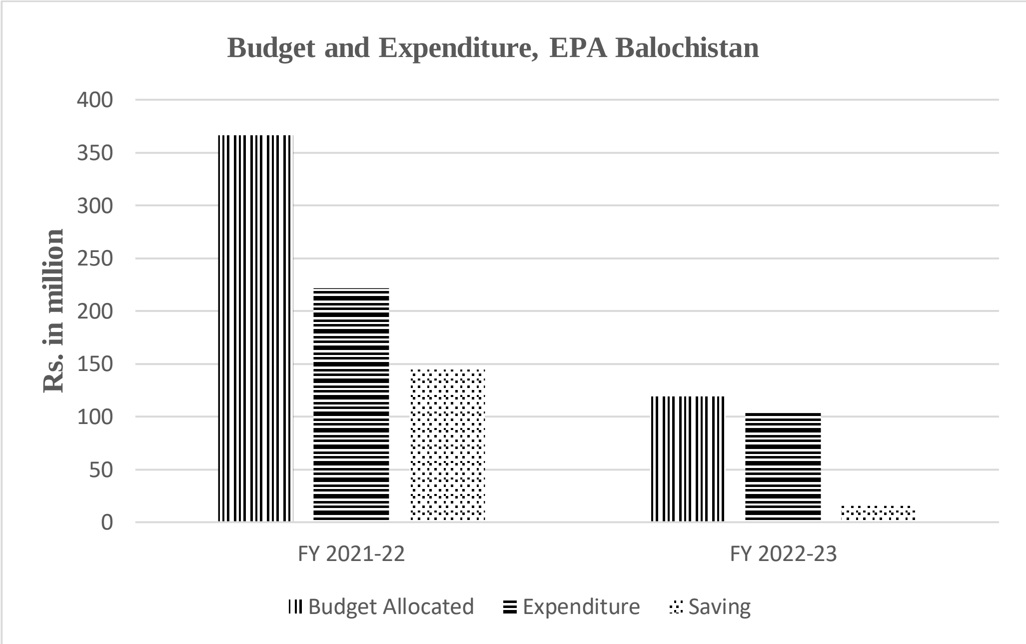
C. Sectoral Analysis

The details of the budget and expenditure of Balochistan Environmental Protection Agency for the current year and previous year is tabulated below:

(Rs. in million)

Financial Year	Budget	Expenditure	Savings
2021-22	366.796	221.787	145.009
2022-23	118.956	103.401	15.55
Percentage change in FY 2021-22 as compared to FY 2020-21	-(32%)	-(46%)	-

The graphical representation of budget and expenditure of last two financial years is given as under:



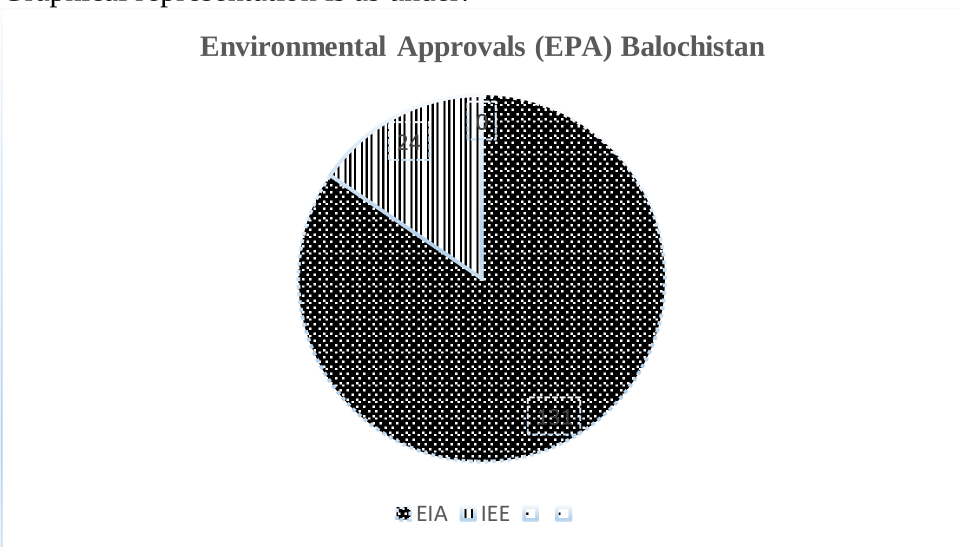
The above comparison indicates that there was 32%decrease in the budget of current year as compared to previous financial year.

One of the main function of Balochistan Environmental Protection Agency is to communicate its approval or otherwise within a period of four months from the date the Initial Environmental Examination (IEE) or Environmental Impact Assessment (EIA) is filed by the proponent. The Environment Protection Agency issued 155environmental approvals in the province during the financial year 2022-23.Details are as under:

Sr. No.	**Nature of Case**	**No. of Approvals accorded during FY 2022-23**
1.	IEE	131
2.	EIA	24
Total		**155**

Source: Data provided by Balochistan EPA

Graphical representation is as under:



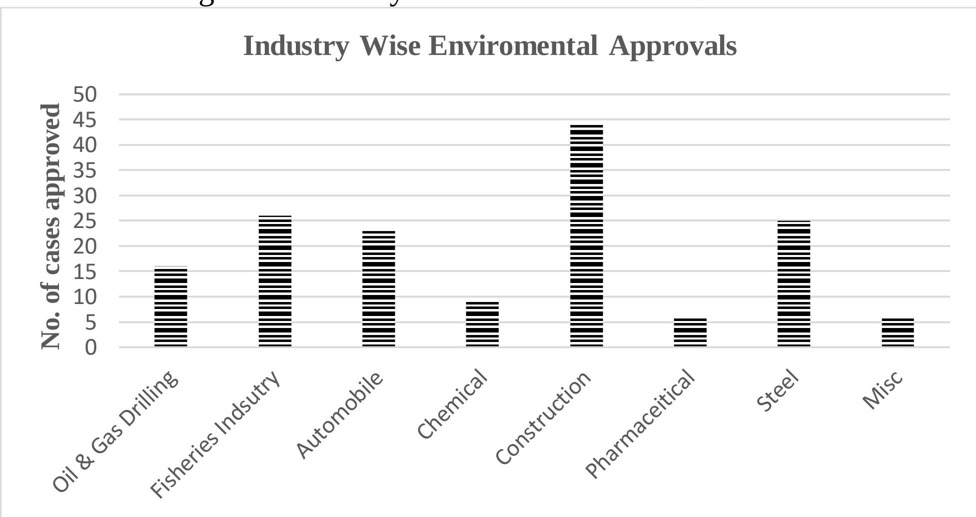
The graphical representation indicates that Initial Environmental Examination (IEE) was the major instrument of environmental approval in the province, as 84% of Environmental approvals constituted IEEs, while a negligible number of environmental approvals were accorded through Environmental Impact Assessment (EIA) which is a more comprehensive tool to assess and capture the environmental impact of the projects.The EPA is required to look into this aspect so that a proper and detailed assessment is made by the Agency before issuing environmental approvals in the province.

The detail of industry-wiseapprovals of IEE/EIA granted by Balochistan EPA during the financial year 2022-23is as under:

Sr. No.	Name of Industry	No. of Cases Approved
1	Oil & Gas Drilling	16
2.	Fishery and fishing Industry	26
3.	Automobile Industry	23
4.	Chemical Industry	9
5.	Construction Industry	44
6.	Pharmaceutical Industry	6
7.	Steel Industry	25
8.	Misc Industry	6
Total cases		**155**

Source: Data provided by Balochistan EPA

The graphical representation of industry-wise cases of IEE/EIA approved by Balochistan EPA during the financial year 2022-23is as under:



The above graph shows that maximum number of approvals were accorded in the construction and steelIndustry. The approvals related to Oil & Gas drilling industry and chemical and pharmaceutical industry were on a considerably lower side which requires the attention of the Agency so as to ensure that the said industries do not operate without necessary environmental approval.

Table-I Audit Profile of Balochistan Environmental Protection Agency

(Rs. in million)

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23	Revenue / Receipts audit FY 2022-23
1.	Formations/offices	31	01 (Balochistan EPAHqs)	103.401	Nil

		(including all regional offices)			
2.	• Assignment Accounts • SDAs(Excluding FAP)	Nil Nil	Nil Nil	Nil Nil	Nil Nil
3.	Authorities/ Autonomous Bodies etc. under the PAO	Nil	Nil	Nil	Nil
4.	Foreign Aided Project (FAP)	01	01		Nil

2.2 *Classified Summary of Audit Observations*

Audit observations amounting to Rs.40.576million have been ***raised in this report pertaining to Balochistan Environmental Protection Agency. Summary of the audit observations classified by nature is as under:***

Table –II Overview of Audit Observations

(Rs. in million)

Sr. No.	*Classification*	*Amount*
1.	Procurement	1.189
2.	Financial Management	19.965
3.	Public Service Delivery /Performance	19.422
Total		**40.576**

2.3 *Brief* comments on the status of compliance with PAC directives

The Directorate General Audit (CC&E) started auditing and reporting Balochistan Environmental Protection Agency since financial year 2016-17. No Audit Report has been discussed in PAC meeting so far.

2.4 *AUDIT* PARAS

Public Service Delivery /Performance

2.4.1 Non-establishment of Balochistan Sustainable Development Fund

According to Section 9(1) of Balochistan Environment Protection Act, 2012, there shall be established in the Province a fund namely Balochistan Sustainable Development Fund.

Balochistan Sustainable Development Fund was required to be established for providing financial assistance to the projects in the public/ private sector designed for protection, conservation, rehabilitation and improvement of the environment, the prevention and control of pollution, the sustainable development of resources and for research in any aspect of environment.

During audit of Balochistan EPA for the financial year 2022-23, it was observed that the Balochistan Sustainable Development Fund was not established by EPA Balochistan.

Audit held that non-establishment of Balochistan Sustainable Development Fund was violation of the Act leading to non-fulfillment of the stated objectives.

Initial audit observation was issued on 09.08.2023. The management replied that Government of Balochistan, Finance Department had been requested to establish the Sustainable Development Fund Account as the competent Authority had already approved Rs. 200.00 million as a seed money for establishment of the said account. The Sustainable Development fund will be established upon release of funds by the Finance Department.

The reply of the management was not satisfactory as Sustainable Development fund was required to be established as per provisions of the Act.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to submit documentary evidence regarding progress of establishment of Balochistan Sustainable Development Fund and progress of the same be shown in next DAC meeting.

Audit recommends the implementation of DAC decision.

(Para#16 of BEPA 2022-23)

2.4.2 Non-functional District Environment Offices of EPA Balochistan - Rs. 19.422 million

According to Section 8 of the Balochistan Environmental Protection Act 2012, the Government of Balochistan shall, by notification in the official Gazette, establish the Regional or District Environmental Protection Agency to exercise such powers and perform such functions as may be delegated to it by the Government. The Regional and District Environmental Agency shall be headed by an officer at least of the rank of Regional Director or Deputy Director. The Regional and District Environmental Agency shall have such administrative, technical and legal staff as the Government may specify.

Balochistan Environmental Protection Agency incurred an expenditure amounting to Rs. 19.421 million during financial year 2022-23 on account of pay & allowances of staff of seventeen (17) District Environment offices in various regions of the province.

During audit of Balochistan EPA for the financial year 2022-23, it was observed that out of total thirty-three (33) District Environment Offices, seventeen (17) were non-functional. Pay & allowances amounting to Rs. 19.421 million were paid to staff of seventeen (17) non-functional District Environment Offices. (**Annexure-IX)**

Audit held that payment of pay & allowances amounting to Rs. 19.421 million to staff of non-functioning District Environment Offices was a wasteful expenditure and a recurring loss to the government.

Initial audit observation was issued on 09.08.2023. The management replied that Balochistan Environmental Protection Agency was working on restructuring plan and re-organization plan as discussed and directed by the Chief Secretory Balochistan in briefing / presentation of climate change and Environment department on 27th September 2023.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. It was decided that restructuring/re-organization plan would be finalized as early as possible and progress would be presented in next DAC meeting.

Audit recommends that the district offices may be restructured / re-organized to fulfill the assigned responsibilities for implementation of environmental laws.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 2.4.3 having financial impact of Rs. 38.577 million. Recurrence of same issue / irregularity is a matter of serious concern.

(Para#13 of BEPA 2022-23)

2.4.3 Non holding of Balochistan Environmental Protection Council meetings

According to Section-4(g) of Balochistan Environmental Protection Act, 2012, the Council shall hold meetings, as and when necessary, but not less than two meetings, shall be held in a year.

Environment Sports and Youth Affairs Department, Government of Balochistan, notified the Balochistan Environmental Protection Council (BEPC) on 27.04.2016. In order to perform functions and exercise powers as mentioned under Section 4 of the BEPA Act 2012, the government had also notified seventeen (17) number of members on 27.07.2017.

During audit of Balochistan EPA for the financial year 2022-23, it was observed that after establishment of Balochistan Environmental Protection Council, the first meeting of Council was held on 26.11.2018. Thereafter, no meeting of Council was convened till date of audit i.e. August, 2023. Thus, Council meetings were not convened according to the schedule as provided in the Act during last four years.

Audit held that non-holding of Council meetings in accordance with time schedule provided in the Act was violation of the Act and nullified the strategic role of the Apex body.

Initial audit observation was issued on 09.08.2023. The management replied that Balochistan Environment Protection Council is mandated to consider and approve policy matters. The Balochistan Environmental Protection Agency with collaboration of United Nation Development Program is drafting a climate change policy, while, EPA is also working on EIA/IEE Regulations and SOP's. On initializing of the both policy matters the same will be placed before the council.

The reply of the management was not satisfactory as measures should be taken to hold the council meeting in accordance with Act.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. It was apprised to the forum that meeting of the council could not be held due to various reasons most importantly due to non-availability of council members.However, efforts would be made to sort out the hindrances and early holding of council meeting.

Audit recommends that the matter may be looked into and efforts may be made to convene meetings according to the provisions of Act.

(Para# 2 of BEPA 2022-23)

2.4.4 Non-approval and enforcement of Environmental Protection Regulations

According to Section 39 of Balochistan Environmental Protection Act 2012, the Government may, by notification in the official Gazette, makes rules for carrying out the purposes of this Act including rules for implementing the provisions of the international environmental agreements, specified in the Schedule to this Act.

Further, according to Section 41, the Provincial Agency may for carrying out the purposes of this Act, by notification in the official Gazette and with the approval of the Government, make regulations not inconsistent with provisions of this Act or the rules made there under.

Balochistan Environmental Protection Agency (EPA) framed drafts of Review Regulations in various categories of environment protection and the same were submitted to concerned quarters for approvals. **(Annexure-X**)

During audit of Balochistan EPA for the financial year 2022-23, it was observed that the draft review regulations were neither approved nor enforced by the EPA.

Audit held that non-finalization and notification of Review Regulations was not justified and a serious lapse on the part of management resultantly EPA was not in a position to properly regulate and monitor environmental issues.

Initial audit observation was issued on 09.08.2023. The management replied that EPA had drafted its own Rules and Regulation and sent to the Law Department through the Administrative Department for vetting.

The reply of the management was not satisfactory as non-approval of draft rules / regulations would cause hindrance in the implementation of environmental laws.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. Matter regarding vetting of draft rules/regulation at Law and Parliamentary Affairs Department submitted by

BEPA was discussed and it was decided that matter would be expedited with quarters concerned and progress would be presented in next DAC meeting.

Audit recommends that management may pursue and expedite the approval process of Environmental Review Regulations for effectively regulating and monitoring of the environment related issues in the province.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 2.4.7. Recurrence of same issue / irregularity is a matter of serious concern.

(Para# 1 of AIR BEPA 2022-23)

2.4.5 Non obtaining undertaking of environmental approvals from the proponents

According to Regulation (13)(2)(a) of Initial Environmental Examination (IEE) and Environment Impact Assessment (EIA) Regulations 2000, before commencing construction of the project, acknowledge acceptance of the stipulated conditions by executing an undertaking in the form set out in schedule VII.

Environmental Protection Agency, Balochistan had granted environmental approvals to the proponents as detailed below:

Sr.No.	Proponent	Date of approval
1.	M/s H.B.Z Construction Company	28.11.2022
2.	M/s NLC Ashplat Plant	29.06.2022

During audit of Balochistan EPA for the financial year 2022-23, it was observed that environmental approvals of the proponents were issued, however, undertakings for confirmation of stipulated conditions of environmental approvals were not obtained as required under the regulations.

Audit held that the non-obtaining undertakings was a violation of the IEE & EIA Regulations 2000.

Initial audit observation was issued on 09.08.2023. The management replied that the proponents of both projects had not initiated the construction activities. However, the observations of the audit were noted and the proponents have been directed to submit the undertaking in the form prescribed in Schedule VII, before commencement of activities.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to get undertakings regarding compliance of stipulation of environmental approval from the proponents within 30 days.

Audit recommends that undertakings may be obtained from the proponents at the time of granting environmental approvals of IEEs/EIAs. Moreover, the conditions stipulated in the conditional approval may be monitored regularly by the EPA.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 2.4.20. Recurrence of same issue / irregularity is a matter of serious concern.

(Para#7 of BEPA 2022-23)

2.4.6 Non-obtaining of monthly monitoring reports from the proponents

According to (Para-IV) of stipulated conditions of the environmental approvals granted to proponents by Balochistan Environmental Protection Agency, monthly monitoring reports were required to be provided to Environmental Protection Agency, Balochistan.

Environmental Protection Agency, Balochistan had granted environmental approvals to different proponents as detailed below:

Sr.No.	Proponent	Date of environmental approval
1.	M/s Coastal Converters Pvt Ltd	23.05.2023
2.	M/s Balochistan Human Capital Investment Project	08.05.2023
3.	M/s Siegwerk Pakistan Pvt Ltd	08.05.2023
4.	M/s Taheri Glass Pvt Ltd	17.05.2023
5.	M/s Shaheen Re-Rolling Steel Industries Pvt Ltd	25.10.2022
6.	M/s Ghazi Steel Industries Pvt Ltd	27.09.2022
7.	M/s Worker Welfare Board (Hospital)	06.03.2023
8.	M/s Royal Steel Pvt Ltd	10.04.2023
9.	M/s CENAR Cancer Hospital	08.03.2023
10.	M/s A.One Re-Rolling Steel Mills	05.11.2022

11.	M/s SMS Chemical Industries Pvt Ltd	07.04.2023

During audit of Balochistan EPA for the financial year 2022-23, it was observed that monthly reports were not provided to the Agency by the above mentioned proponents for review and follow up actions to ascertain that the industrial units were functioning in compliance with National Environmental Quality Standards (NEQs).

Audit held that non-provision of monthly monitoring reports by the proponents was not justified and violation of environmental approvals leading to non-monitoring of compliance with NEQs.

Initial audit observation was issued on 09.08.2023. The management replied that environmental monitoring was the mandatory provision to be complied with by the project proponent in accordance with the National Environmental Quality Standards (NEQS). All the proponents had been served with a legal notice to conduct the environmental monitoring by an Independent Environmental Consultant (IEC) and submit the report to BEPA for assessment. However, in case of non-compliance, Section (24) and (25) of Balochistan Environmental Protection Act, 2012 shall be invoked for legal proceedings.

The reply of the management was not satisfactory as monthly monitoring reports were required to be obtained from the proponents regularly for continuous monitoring of environmental laws.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to obtain monthly environmental monitoring reports for sharing with audit for verification and progress will be presented in next DAC meeting.

Audit recommends that monthly monitoring reports may be obtained from the proponents and take corrective action accordingly.

(Para#9 of BEPA 2022-23)

2.4.7 Issuance of Environmental Approval without fulfilling the essential requirements

According to exploration license for Antimony and allied Minerals granted to M/s Heima International Trading Company Pvt Ltd on 07.07.2022 by the Directorate General Mines and Mineral, Balochistan, the proponent was required to obtain NOC from concerned District Officer of Forest & Wildlife Department, Balochistan and had to sign a Joint Venture Agreement with M/s Balochistan Mineral Resources Ltd besides obtaining environmental approval.

Environmental Protection Agency, Balochistan had granted environmental approval on the basis of Initial Environmental Examination (IEE) on 19.09.2022 to the proponent M/s Heima International Trading Company Pvt Ltd.

During audit of Balochistan EPA for the financial year 2022-23, it was observed that environmental approval was granted to proponent by the EPA for exploration of Antimony at Killa Abdullah, Balochistan, however, neither NOC from concerned District Officer of Forest & Wildlife Department was in place nor Joint Venture Agreement with M/s Balochistan Mineral Resources Ltd was signed as no documentary evidence was available on record. Moreover, the undertaking for confirmation of stipulated conditions of environmental approval was also not obtained by the EPA.

Audit held that issuance of environmental approval without fulfilling the required pre-requisite was irregular having serious implications for the environment.

Initial audit observation was issued on 09.08.2023. The management replied that one of the conditions of Environmental Approval enunciates that "in case the project activities / impact area transcends into State Forest or Wildlife protected area, the proponent should avoid any commercial, industrial, development and exploration activities in those areas and final permission in this regard should be obtained from Balochistan Forest and Wildlife Department". Furthermore, another condition of the Approval also clarifies that "this approval does not absolve the proponent of the duty to obtain any other approval or consent that may be required under any law in force".On the basis of such grounds, it was the responsibility of the proponent to coordinate with Forest department and resolve the matter accordingly.

The reply of the management was not satisfactory as environmental approval was granted to the proponent without compliance of the essential conditions of the license.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to take up matter with forest department etc. and the outcomes of the same be shared with audit and presented in next DAC meeting.

Audit recommends that NOC of Forest Department and Joint Venture Agreement with M/s Balochistan Mineral Resources Ltd may be obtained from the proponent being essential condition of the environmental approval.

(Para#12 of BEPA 2022-23)

2.4.8 Non-completion/revision of two developmental schemes related to environmental protection in the Province

According to Planning & Development Department, Government of Balochistan letter dated 27.07.2023,funds amounting to Rs. 157.188 million were allocated in the financial year 2022-23 against two approved scheme costing Rs.785.59 million.

An amount of Rs. 20 million and Rs. 137.118 million was released out of the budgeted allocation of Rs. 155.188 million to EPA on 13.06.2023 and 23.09.2022 respectively. No expenditure was incurred during the financial year 2022-23.

During audit of Balochistan EPA for the financial year 2022-23, it was observed that Departmental Steering Committee (DSC) meeting held on 30.08.2021 decided that one scheme of Rs. 100 million "Environmental Laboratory at Hub for regular survey analysis and industrial effluents and discharge (as pilot project)" should be got approved from Cabinet as the rate of item mentioned in PC-1s were non-scheduled rates. For this schemes only Rs. 20 million was released which was neither utilized nor the approval of the Cabinet was obtained as was decided in DSC meeting on 30.08.2021. In other scheme of Rs. 685.590 million "Ten (10) Mobile Environmental Pollution Monitoring Systems in Balochistan" it was decided in the procurement meeting held on 09.05.2023, that PC-1 would be revised to curtail the number of units of Mobile Monitoring Systems. For this schemes only Rs. 137.118 million was released which was neither utilized nor the revision of PC-1, was made as decided in Procurement Committee meeting on 09.05.2023.

Audit held that approval of Cabinet was required to be obtained in case of approved development scheme of Rs. 100 million, whereas, in case of development scheme of Rs. 685.590 million, revision of PC-1 was required. Non-obtaining of approval of Cabinet and non-revision of PC-1 led to further delay in execution of the schemes, besides cost overrun.

Initial audit observation was issued on 09.08.2023. The management replied that (i) funds of Rs.20.00 million against the scheme titled "Established of Environmental labs at Hub, for regular survey, analysis and industrial effluents and discharges (As a pilot project) had been authorized during the financial year 2023-24 but yet not released. The same scheme will accordingly be completed after release of required funds. (ii) Revised PC-1 of PSDP Scheme titled Ten (10) Mobile Environmental Pollution Monitoring Stations in Balochistan along with working paper was forwarded to Provincial Development Working Party (PDWP) for approval. Amount of Rs. 137.118 (million) had been released. After approval from PDWP, the same scheme will accordingly be completed as per BPPRA Rules, 2014.

The reply of the management was not satisfactory as these schemes wereunder consideration since 2021, however, could not be executed despite lapse of considerable time.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. It was apprised to the forum that decision regarding change of site for establishment of environmental Lab at Hub is under consideration. In second case revised PC-1 has been submitted to quarters concerned. DAC directed to submit revised reply and copy of revised PC-1 of scheme at Sr. No.(ii) for audit verification.

Audit recommends that necessary approval / revision of PC-1 of schemes may be made as early as possible to complete the development schemes within timelines.

(Para#14 of BEPA 2022-23)

2.4.9 Non maintenance of proper record related to Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA)

According to the Section 15(7) of the Balochistan Environmental Protection Act 2012, the Government Agency shall maintain separate registers for initial environmental examination and environmental impact assessment projects, which shall contain brief particulars of each project and a summary of decisions taken thereon, and which shall be open to inspection by the public at all reasonable hours and the disclosure of information in such registers shall be subject to the restrictions specified.

Further, according to Regulation 21 of Pakistan Environmental Protection Agency (Review of IEE and EIA) Regulations, 2000, separate Registers to be maintained by the Agency for IEE and EIA projects shall be in the form prescribed in Schedule VIII.

Balochistan Environment Protection Agency was required to maintain Initial Environmental Examination (IEE) and Environmental Impact Assessment (EIA) registers, wherein all the historic and chronological record of IEE & EIA reports are required to be entered.

During audit of Balochistan EPA Quetta for the financial year 2022-23, it was observed that IEE & EIA registers containing the detail of proponents and projects, was not properly maintained. Following information was found missing in the registers:

i. Category type (as per Schedules I, II & III),
ii. Name of consultant
iii. Date of receipt of IEE/EIA/Environmental Check List,
iv. Date of confirmation of completeness
v. Date of approval granted or refused
vi. Conditions of approval/reasons for refusal
vii. Date of Undertaking
viii. Date of extension of approval validity
ix. Period of extension
x. Date of commencement of construction
xi. Date of issue of confirmation of compliance
xii. Date of commencement of operations
xiii. Dates of filing of monitoring reports
xiv. Date of cancellation, if applicable.

Audit held that improper/ incomplete maintenance of registers for IEE and EIA was a clear violation of Balochistan Environmental Protection Act 2012. Moreover, non-maintenance of proper record related to IEE and EIA was likely to hamper the process of issuance and post monitoring of the environmental approvals by the EPA.

Initial audit observation was issued on 09.08.2023. The management replied that observations of audit were well noted and the record pertaining the IEE and EIA processes will be maintained as pointed out and in accordance with Schedule VIII of IEE/EIA Regulations 2000.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to maintain proper record and be shown to audit for verification.

Audit recommends the implementation of DAC decision within 30 days.

(Para#15 of BEPA 2022-23)

2.4.10 Non-obtaining of approval of concerned building authority and non-submission of reports to EPA for review

According to Section (15)(12) of Balochistan Environmental Protection Act 2012, no person or company related to public and private sector shall commence construction or operation unless the concerned building authority accord approval under the provisions of the in vogue Building Code. Further, according to Clause-7 of environmental approval, the proponent shall ensure compliance of all applicable parameters set by EPA and report to agency after frequent interval and according to clause-22, the proponent shall be bound to submit Corporate Social Responsibility (CSR) component of Balochistan within three (03) months of environmental approval.

Environmental Protection Agency, Balochistan had granted environmental approval for construction of 134 Base Transmission Stations (BTS) on the basis of Initial Environmental Examination (IEE) on 04.10.2022 to the proponent M/s Engro Enfrashare Pvt. Ltd and for 10 BTS on 21.07.2023 to proponent M/s Zong (China Mobile Pakistan).

During audit of Balochistan EPA for the financial year 2022-23, it was observed that environmental approvals were granted to proponents for construction of 144 Base Transceiver Station (BTS) in different locations of Balochistan, however the approval of the concerned building authority was not obtained and checked at the time of granting the approvals.Moreover, monitoring reports, CSR plans and undertakings for confirmation of stipulated conditions of environmental approval were also not obtained by the EPA.

Audit held that non-obtaining of approval of concerned building authority was not justified and violation of Act. Further, non-obtaining of monitoring reports and CSR plan was a violation of environmental approval.

Initial audit observation was issued on 09.08.2023. The management replied that M/S Engro Enfrashare (Pvt.) Limited and M/S Zong (China Mobile Pakistan) had been directed to submit the mandatory building authority approval, monitoring reports after installation of BTS towers, undertakings in the form prescribed in Schedule VII and implementation strategy of CSR Plan in various sectors to Balochistan Environmental Protection Agency.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. It was apprised to the forum that proponents had been communicated for provision of approval of concerned building authority and CSR Plan etc. DAC directed to obtain compliance report from the proponents and presented in next DAC meeting.

Audit recommends that EPAmay obtain approval of concerned building authority, monitoring reports, CSR plans and undertakings from the proponents as required under the Act and rules.

(Para#17 of BEPA 2022-23)

Financial Management

2.4.11 Non-implementation of recommendations resulting into uneconomical expenditure on study of solid waste management - Rs. 19.965 million

According to Part-5 of the Study of solid waste management and its disposal in Zhob, Loralai, Hub and Quetta under the heading 'discussion and recommendations' a number of recommendations were proposed to be initiated for solid waste management.

Further, according to rule 10(i) of General Financial Rules (GFR), every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money.

Departmental sub-committee for environmental sector approved the PSDP scheme titled "Study on solid waste management and its disposal in Zhob, Loralai, Hub and Quetta" costing Rs.20.00 million. Subsequently, contract was executed by M/s S.D consult & Research Lab for Rs.19.965 million.

During audit of Balochistan EPA for financial year 2022-23, it was observed that study on solid waste management was completed but the recommendations given by the consultant as a result of study could not be implemented by the stakeholders as no progress report was available in this regard.

Audit held that non-implementation of recommendations of the study on solid waste management resulted into wasteful and uneconomical expenditure amounting to Rs.19.965 million.

Initial audit observation was issued on 09.08.2023. The management replied that feasibility study titled "Study on Solid Waste Management and its disposal in Zhob, Loralai, Hub and Quetta" had been forwarded to the Administrator, Municipal Corporation Quetta, Chief Officer Municipal Committee, Zhob Chief Officer Municipal Committee Loralai and Chief Officer Municipal Committee, Hub for implementation of the same in letter and spirit.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. DAC directed to implement recommendations of the study in letter and spirit.

Audit recommends that the department may ensure the implementation of the recommendations to achieve the desired results of the study.

(Para#10 of BEPA 2022-23)

Procurement

2.4.12 Splitting of expenditure to avoid competitive bidding process - Rs. 1.189 million

According to Rule 15(1) of Balochistan Public Procurement 2014, the procuring entity shall use open competitive bidding as the principal method of procurement for the procurement of goods over the value of Rs. 200,000.

Further, according to Rule 12, The Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism.

Balochistan Environmental Protection Agency incurred an expenditure amounting to Rs. 1.189 million on repair and procurement of bathroom and electric fittings from a same vendor during the financial year 2022-23. (**Annexure-XI)**

During audit of Balochistan EPA for the financial year 2022-23, it was observed that expenditure was incurred in piecemeal to avoid open tendering process and fair competition.

Audit held that splitting of expenditure was not justified and was violation of procurement rules resulting in loss to the government.

Initial audit observation was issued on 09.08.2023. The management replied that this office had already followed the prescribed method. In the light of available budget, the Procurement was made on the need basis and services were provided by the vendor on suitable rates. Balochistan Environmental Protection Agency office had obtained three quotations against each transaction and Finance Department released budget on half yearly basis so there it is hard to procure on tender basis.

The reply of the management was not satisfactory as expenditure was split and procurement was made on quotation basis.

The Departmental Accounts Committee (DAC) meeting was held on 28.11.2023. It was apprised to the forum that miscellaneous repair work i.e. sanitary work, electric switches, fans etc. was done at EPA office building on need basis. DAC directed to develop annual procurement plan and strictly follow BPPRA, 2014.

Audit recommends that management may make procurements strictly as per the Balochistan Public Procurement Rules.

(Para No. 08 of AIR 2022-23 BEPA)

AUDIT REPORT
ON
THE ACCOUNTS OF
LOCAL GOVERNMENT & LOCAL COUNCILS
BALOCHISTAN
AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

LOCAL GOVERNMENT & LOCAL COUNCILS BALOCHISTAN

1 ASSISTANT DIRECTORS LOCAL GOVERNMENT

1.1 AUDIT PARAS

1.1.1 Over-payment due to allowing higher rates - Rs 6.287 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."

During audit of ADLGs for the FY 2022-23, following (9) Assistant Directors Local Government awarded development works to various contractors and over-payment of Rs 6.287 million was made due to allowing higher rates than rates provided in BCSR-2018 (**Annexure-1).**

(Rs in Million)

S. No	**Name of office**	**Overpaid amount**
1.	ADLG, Pishin	0.581
2.		0.863
3.		1.623
4	ADLG, Awaran	0.139
5	ADLG, Ziarat	0.342
6	ADLG, Mastung	2.102
7	ADLG, Musakhail	0.158
8	ADLG, Nuski	0.283
9	ADLG, Kharan	0.196
Total		**6.287**

Undue favour was extended to the contractors by paying excess amount, which indicated financial indiscipline and weak internal controls.

The matter was reported to the management from August to October, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management agreed with audit and assured that the overpaid amount will be recovered. DAC directed that the overpaid amount may be recovered at the earliest under intimation to audit. No progress was reported till finalization of this report.

Audit recommends recovery of overpaid amount and its verification by audit and non-recurrence of the irregularity in future.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide Para number 1.1.4 with the financial impact of Rs 3.128 million. Recurrence of same irregularity is a matter of serious concern.

[PDP Nos 17,18,4,3,17,1,3,1,7]

1.1.2 Over-payment by treasury office - Rs 2.650 million

According to Rule 14 of FTR "an Accountant General may, within the limit of his own jurisdiction, permit withdrawal for any purpose. Unless expressly authorized by these rules or by any special orders of the Government, an Accountant General may not permit withdrawal at a place outside the limits of his own jurisdiction". Further, as per Rule 27 of FTR "if a Treasury Officer receives intimation from the Accountant General that moneys have been incorrectly withdrawn and that a certain sum should be recovered from a drawing officer, he shall effect the recovery without delay and without regard to any correspondence undertaken or contemplated with reference to the retrenchment order; and the drawing officer shall without delay repay the sum in such manner as the Accountant General may direct".

During audit of ADLG Quetta for the FY 2022-23, it was observed that the office submitted different bills of development works to Accountant General Balochistan for payment. However, the Accountant General Balochistan passed the bills in excess of the claimed amounts, which resulted into excess payment of Rs 2.650 million in violation of above Rule provisions **(Annexure-2**).

The ADLG failed to deposit the excess paid amount by Accounts Office into government account, which reflected negligence and poor financial management.

The matter was reported to the management in December, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management informed that the excess payment was made to the contractors by the office of AG Balochistan. DAC directed that excess payment may be recovered from contractors. No progress was reported till finalization of this report.

Audit recommends inquiry into the matter and fixing responsibility on the person (s) at fault and recovery of the overpaid amount from the concerned.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide Para number 1.1.2 with the financial impact of Rs 3.120 million. Recurrence of same irregularity is a matter of serious concern.

[PDP No. 27]

1.1.3 Over-payment due to premium on irrelevant item of work - Rs 7.494 million

As per Notification of P&D Department No-P&DD CSR-Cell/2022-3009 dated 17th June, 2022, the Chief Minister of Balochistan Accord approval of Balochistan Composite Schedule Rates 2018 with following increases as mentioned against each for all the 34 districts of Balochistan province subject to under-mentioned condition:

S#	Description	Percentage Increase
1	Steel works / Structural Steel	99%
2	Concrete / Cement Works	65%
3	Bitumen / All Asphalt Works	60%

During audit of ADLGs for the FY 2022-23, the following (6) Assistant Directors Local Government, awarded works to different Government Contractors. The local office allowed premium on irrelevant items of work (**Annexure-3)**.

(Rs in Million)

S.No	Name of office	Inadmissible Premium
1.	ADLG, Awaran	0.237
2.	ADLG, Pishin	0.232
3.	ADLG, Killa Abdullah	1.420
4.	ADLG, Killa Saifullah	1.237
5.	ADLG, Quetta	1.139
6.		3.229
Total		**7.494**

Undue favour was extended to the contractors by allowing premium on irrelevant items of work, which indicated financial indiscipline and weak internal controls.

The matter was reported to the management in October and December, 2023 but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management replied that the item of RCC Pipes and concrete pavers with all accessories is made of cement concrete but audit did not agree with the reply of the department. DAC decided that clarification be sought from P&D Department regarding allowing premium on concrete on installation of RCC pipes and concrete pavers. No progress was reported till finalization of this report.

Audit recommends action on the matter in light of clarification from the P&D.
[PDP 1,22,18,2,2,3]

1.1.4 Inadmissible payment due to allowing higher rates - Rs 22.591 million

According to Para 75 (3) of CPWD Code "no work should be started without obtaining technical sanction and sanctioning authority must be satisfied, before according sanction, that there is no material deviation from the whole project as prepared for the purpose of expenditure". Further, 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

During audit of ADLGs for the FY 2022-23, the following (4) ADLGs, awarded different works to different contractors. The contractors were paid for item of work "Supply, install, connect, test and commission of Solar Mounting Structure" under S.I. No. 31-1/d-ii watt @ Rs 32.55 per watt. The payment of above item of works is held inadmissible due to the reason that Rs 32.55 is for movable Solar Mounting Structure but the record shows fixed solar mounting structure which is payable @ Rs 20.30 per watt under BCSR 2018. Due to allowing higher rate, the contractors were overpaid Rs 22.591 million. (**Annexure-4**).

(Rs in Million)

S.No	**Name of office**	**Overpaid amount**
1.	ADLG, Pishin	2.680
2.	ADLG, Ziarat	0.165
3.	ADLG, Killa Abdullah	18.218
4.	ADLG, Quetta	1.528
Total		**22.591**

Audit is of the view that allowing inadmissible rate was undue financial assistance to contractors.

The matter was reported to the management during October to December, 2023 but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management replied that movable solar mounting structure has been approved in all the PC-I of the schemes and the same have been installed, but audit requested the PAO to constitute a committee to conduct physical verification of these development schemes. DAC decided to constitute a committee for conducting of physical verification of the development schemes to ascertain the actual position of the scheme and submit their report. No progress was reported till finalization of this report.

Audit recommends submission of verification report to ascertain the facts.
[PDP Nos 6,12,1,7]

1.1.5 Over-payment due to allowing irrelevant extra solar plates -Rs 15.437 million

According to technical unit calculations/specification and best practices used worldwide, "Single HP (Horse Power) is equal to 745.7 watts of energy. So, it would require 7,457 and 5,592.75 watts to produce 10 and 7.5 HP respectively from solar panels [1 HP (E) =745.700 W]."

During audit of ADLGs for the FY 2022-23, the following (5) ADLGs, awarded work to different contractors. The local office allowed solar plates in excess of the required wattage for running the installed 210 HP Pumps. The local office installed extra solar plates of 84050 watts, which resulted in an over-payment of Rs 15.437 million. (**Annexure-5**).

(Rs in Million)

S.No	**Name of ADLG**	**Overpaid amount**
1.	ADLG, Awaran	1.032
2.	ADLG, Killa Abdullah	6.543
3	ADLG, Harnai	0.418
4	ADLG, Mastung	1.433
5	ADLG, Quetta	6.011
Total		**15.437**

Audit is of the view that excess procurement of solar system configuration was due to mismanagement coupled with negligence, which resulted in a loss to the Government.

The matter was reported to the management during October to December, 2023 but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management replied that due to dropping water level, excess solar panels were installed. Audit requested the PAO for constitution of committee to conduct a physical verification of the Development schemes. DAC decided to constitute a committee for conducting of physical verification of the development schemes to ascertain the actual position of the schemes and submit their report. No progress was reported till finalization of this report.

Audit recommends submission of verification report to ascertain the facts.
[PDP Nos 3,8,2,7,11]

1.1.6 Non-deduction of various taxes – Rs 8.764 million

According to Para 66-9 (4) of the Balochistan Finance Act, 2019, "rate of 6% will be applicable for all services without input tax credit or adjustment to the extent of contractors for which payment is made from the provincial consolidated fund". Further, according to Sales Tax Ordinance 1999, read with Sales Tax Department Circular on 04-8-2001, "all Government departments / organizations are required to purchase taxable goods only from registered firms against prescribed sales tax invoices @ 17% GST". Furthermore, according to Section 161 (1) of Tax Ordinance 2001, "where a person having collected tax under above section, the person shall be personally liable to pay the amount of tax to the Government Treasury". 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 contractors as stamp duty, while entering into contract for execution of any works or to procure stores and materials".

During audit of ADLGs for the FY 2022-23, following (13) Assistant Directors failed to deduct government taxes of Rs 8.764 million from the contractors (**Annexure-6).**

(Rs in Million)

S. No	Name of entities	Income Tax @ 4.5%	GST @ 17%	BST @ 6%	Stamp Duty @0.25%
1	ADLG, Awaran				0.138
2	ADLG, Kachhi				0.037
3	ADLG, Ziarat	3.429			
4	ADLG, Allahyar		0.307		
5	ADLG, Ziarat			0.378	
6	ADLG, Pishin			0.343	
7	ADLG, Killa Abdullah				0.977
8	ADLG, Chagi		0.216	0.210	0.088
9	ADLG, Mastung			0.835	
10	ADLG, Musakhail				0.250
11	ADLG, Sibi				0.074
12	ADLG, Zhob				1.192
13	ADLG, Kharan		0.290		
Sub Total		**3.429**	**0.813**	**1.766**	**2.756**
G. Total		**8.764**			

Non-recovery of taxes reflected negligence and poor financial management and resulted in loss to the government.

The matter was reported to the management during August to December, 2023, but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management informed that notices were issued to concerned contractors. DAC directed to recover government taxes at the earliest and get the same verified from audit. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide Para number 1.1.7 with the financial impact of Rs 4.676 million. Recurrence of same irregularity is a matter of serious concern.

[PDP Nos 6,6,8,3,3,6,8,2,4,7,6,4]

1.1.7 Non-forfeiture of earnest money - Rs 74.304 million due to non-submission of performance guarantee - Rs 371.522 million

According to Rule 44 of BPPRA 2014, "procuring agency shall, in all procurement of goods and works of value more than 25 million, carried out through open competitive bidding, require security in the form of Pay Order or Demand Draft or Bank Guarantee or Insurance bond by AA ranking insurance company, the amount shall not be more than 10% of contract price". Further, according to Para 29(5)c of BPPRA, "bid security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee, if applicable".

During audit of ADLGs for the FY 2022-23, the following (11) offices awarded different contracts, at a cumulative amount of Rs 3715.225 million on account of development works. Performance guarantees @ 10% amounting to Rs 371.522 million were not obtained from contractors. Furthermore, the management failed to forfeit bid security @ 2% amounting to Rs 74.304 million, in violation of above Rule (**Annexure-7)**.

(Rs in Million)

S.No	Name of office	Total Cost	Performance Guarantees	2% Security bid
1	ADLG, Ziarat	300	30	6
2	ADLG, Gwadar	50	5	1
3	ADLG, Kachhi	31.5	3.15	0.63
4	ADLG, Khuzdar	49.5	4.95	0.99
5	ADLG, Kech	13.689	1.368	0.273
6	ADLG, Killa Saifullah	80	8	1.6
7	ADLG, Naseerabad	30	3	0.6
8	ADLG, Pishin	185	18.5	3.7
9	ADLG, Musakhail	85	8.5	1.7
10	ADLG, Zhob	37.5	3.75	0.75
11	ADLG, Quetta	2853.036	285.303	57.060
Total		**3715.225**	**371.522**	**74.304**

Undue favour was extended to the contractors which indicates negligence and weak financial management.

The matter was reported to the management during August to December, 2023, but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management could not justify the matter. The DAC instructed to obtain performance guarantee, besides forfeiting the bid security. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Reports for Audit Years 2020-21 and 2022-23 vide Paras number, 2.1.6 and 1.1.6 with the financial impact of Rs 7.10 million and Rs. 177.622 million respectively. Recurrence of same irregularity is a matter of serious concern.
[PDPs 2,2,9,3,6,6,2,21,7,24]

1.1.8 Over-payment due to allowing excess quantities - Rs 28.268 million

According to 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."

During audit of ADLGs for the FY 2022-23, the following offices awarded and executed different schemes. The local office allowed excess quantities against approved PC-I and technical sanction estimates, this caused an over-payment of Rs 28.268 million **(Annexure-8).**

(Rs in Million)

S.No	Name of office	Excess amount paid
1	ADLG, Ziarat	3.048
2	ADLG, Pishin	0.138
3	ADLG, Kachhi	1.227
4	ADLG, Pishin	3.186
5	ADLG, Killa Abdullah	8.988
6	ADLG, MusaKhail	0.386
7	ADLG, Nushki	0.168
8	ADLG, Zhob	0.155
9	ADLG, Kharan	1.180
10	ADLG, Quetta	5.468

11	ADLG, Quetta	0.605
12	ADLG, Quetta	3.719
Total		**28.268**

Allowing excess quantities resulted in excess payments to the contractors, which reflected weak financial management.

The matter was reported to the management during August to December, 2023, but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management informed that the quantities were paid as per site requirements, however, ADLG Musakhail and Zhob accepted the over-payments. Audit did not agree with other managements' stance. The DAC decided that PC-I be revised by the competent authority, besides recovery of the overpaid amount. No progress was intimated till the finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2021-22 vide Paras number, 2.1.4 with the financial impact of Rs 8.032 million. Recurrence of same irregularity is a matter of serious concern.

[PDP Nos 13,11,3,7,11,1,2,2,8,31,36,39]

1.1.9 Un-authorized payment without PC-I provision -Rs 22.694 million

According to Para-83 of CPWD Code "the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide".

During audit of ADLGs for the FY 2022-23, the following ADLGs awarded contracts of development schemes and paid amount of Rs 22.694 million on items of works not approved in estimates of PC-I **(Annexure-9).**

(Rs in Million)

S.No	Name of office	Amount
1	ADLG, Panjgur	0.302
2	ADLG, Pishin	8.840
3	ADLG, Zohb	2.095
4	ADLG, Kharan	0.312
5	ADLG, Quetta	7.123
6		2.998
7		1.024
Total		**22.694**

Audit was of the view that undue favour was extended to the contractors by allowing items not approved in PC-I, which indicated negligence and weak financial management.

The matter was reported to the management during August to December, 2023, but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management submitted that work was carried out and items paid as per demand of the site. DAC decided that PC-I be revised otherwise recovery be made from the concerned contractors. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives, besides fixing responsibility on persons at fault.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2021-22 vide Paras number, 2.1.7 with the financial impact of Rs 36.555 million Recurrence of same irregularity is a matter of serious concern.

[PDP Nos. 6,2,4,9,20,33]

1.1.10 Change of scope of work without approval - Rs 28.726 million

2.3.4.2

According to Para 10 of GFR 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".

During audit of ADLGs for the FY 2022-23, the following ADLGs awarded various works to different contractors on an agreement cost of Rs 32.850 million. Scope of work was changed without approval of competent authority amounting to Rs 28.726 million.

(Rs in Million)

S.No	Name of office	Amount
1	ADLG, Killa Abdullah	25.926
2	ADLG, Chaghi	2.800
Total		**28.726**

Change in scope of works without approval depicts weak internal controls.

The matter was reported to the managements in August and December, 2023, but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management replied that 100Ah batteries were approved in PC-I however, 100Ah batteries were not available in the market, hence the contractor has supplied 80Ah batteries. DAC directed that PC-I be revised from the competent authority. No progress was reported till finalization of this report.

Audit recommends implantation of DAC directives.
[PDP No 16,5]

1.1.11 Excess payment due to allowing inadmissible thickness of asphalt concrete - Rs 33.355 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." Further, as per Para 220 of CPWA Code, "full rates as per agreement, catalogue, indent or other order should be allowed only if the quantity of work done or supplies made is up to the stipulated specification."

During audit of ADLGs for the FY 2022-23, the following offices awarded/executed various works through different government contractors. The local office allowed and paid 2" thickness of asphalt concrete instead of 1.5" thickness, as these roads were small link roads, street roads and have a light traffic load. Thus, due to allowing extra thickness of asphalt concrete, an excess payment of Rs 33.355 million was made. **(Annexure-10).**

(Rs in Million)

S.No	Name of office	Overpaid amount
1	ADLG, Loralai	4.281
2	ADLG, Killa Abdullah	26.340
3	ADLG, Washuk	2.734
Total		**33.355**

Payments of extra asphalt thickness was violation of engineering standards.

The matter was reported to the management during August to December, 2023, but no reply was received.

In the DAC meetings held on November 26-27 and December 28-29, 2023, the management replied that the development schemes were executed by contractors as per specification contained in the PC-I. DAC decided that Traffic Load Certificate be provided to audit, besides the amount be recovered. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP Nos 5,2,2]

1.1.12 Non-deduction of amount pertaining to manhole covering area – Rs 1.123 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".

During audit of ADLGs for the FY 2022-23, the following Assistant Directors Local Governments executed different works of construction of drains through different contractors under different PSDPs. The local office laid down RCC Pipes without deduction of area covered by manholes {24" x18" (2Rft)} resulting in over-payment of Rs 1.123 million (**Annexure-11).**

(Rs in Million)

S.No	Name of office	Overpaid amount
1	ADLG Pishin	1.018
2	ADLG Awaran	0.105
Total		**1.123**

Allowing extra quantity of work than actual showed undue favor to contractors and weak internal controls.

The matter was reported to the managements during September, 2023, but no reply was received.

In the DAC meeting held on November 26-27, 2023, the management accepted the stance of audit and agreed to recover / adjust the overpaid amount in the next running bill. DAC decided for early recovery of overpaid amount from the concerned contractor. No progress was reported till finalization of this report.

Audit recommends recovery of overpaid amount and to avoid its recurrence.
[PDP Nos 5,2]

1.1.13 Non-recovery of mobilization advance - Rs 15 million

According to 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".

During audit of ADLG, Loralai for the FY 2022-23, the local office awarded a work "Laying of Tuff Titles, Construction of Sewerage System Installation of Street Lights in Loralai Town" to government contractor at an agreement cost of Rs100 million. The local office failed to recover mobilization advance amounting to Rs 15 million.

Failure to recover/deduct mobilization advance depicted weak financial management and resulted in loss to the government.

The matter was reported to the management in August, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the mobilization advance will be recovered in the next running bill. DAC decided for early recovery of mobilization amount from the concerned contractor. No progress was reported till finalization of this report.

Audit recommends recovery of mobilization advance with interest.
[PDP No 6]

1.1.14 Expenditure without technical sanction – Rs 110.500 million

According to B&R Code 2.4, "for every work proposed to be carried out, a properly detailed estimate must be prepared for the sanction of competent authority; this sanction is know as the technical sanction to the estimate. Technical sanction must be obtained before the construction of the work is commenced."

During audit of ADLGs for the FY 2022-23, the following ADLGs executed different development schemes at the cost of Rs 110.500 million without obtaining technical sanction from the Director General Local Governments (**Annexure-12)**.

(Rs in Million)

S.No	Name of office	Amount
1	ADLG, Pishin	70.500
2	ADLG, Ziarat	40.000
Total		**110.500**

The management executed schemes without technical sanctions depicting weak internal controls.

The matter was reported to the management in August, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that rate approval has been obtained from the concerned authorities. However, the management failed to produce technical sanctions. DAC decided that the technical sanctions be verified to audit. No progress was reported till finalization of this report.

Audit recommends implantation of DAC directives.
[PDP Nos 8,6]

1.1.15 Irregular sub-standard work - Rs 11.759 million

According to technical unit calculations/specification and best practices used worldwide, "single HP (Horse Power) is equal to 745.7 watts of energy. So, it would require 7,457 and 5,592.75 watts to produce 10 and 7.5 HP respectively from solar panels [1 HP (E) =745.700 W]."

During audit of ADLG Pishin for the FY 2022-23, various WSS along with solar system were awarded to different contractors at a cost of Rs 60 million. The local office allowed and approved 24600, 25800, 27600 and 27000 watt solar plates for running 40 HP pumps, while the standard power required to run 40 HP solar pump was 29,828 watts maximum (40 HP = 40 HP*746W/HP = 29,800Watts) less installation of 20600 watts solar plates. The installation of lower-wattage solar panels compromised the overall quality of the work, resulting in irregular expenditure of Rs 11.759 million (**Annexure-13).**

(Rs in million)

S.No	Offices	Amount
1	ADLG, Pishin	1.858
2	ADLG, Quetta	9.901
Total		**11.759**

Less installation of solar plates compromised the whole work depicting weak internal controls.

The matter was reported to the managements in August, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that main focus was towards drilling of bore pits to the required depth where considerable amount of water is available. Hence, the optimum quantity of watts of solar panel to operate the mentioned solar submersible were provided. DAC decided for constitution of a committee for conducting of physical verification of the development schemes to ascertain the actual position of the schemes. No progress was reported till finalization of this report.

Audit recommends submission of verification report to ascertain the facts.
[PDP No 19,10]

1.1.16 Over-payment due to allowing incorrect items of work - Rs 5.141 million

According to 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". Further, as per CSR-2018 Specification No.24.3.1 "drains shall be constructed and shall be made of cement concrete 1:2:4 with 1:4:8 bedding".

During audit of ADLG Pishin for the FY 2022-23, various works of construction of black top road and drains RCC pipe in Pishin District were awarded to different contractors with an estimated cost of Rs 80 million. The local office allowed and paid 1:2:4 cement concrete instead of 1:4:8 in drain bed, resulting in an over-payment of Rs 5.141 million **(Annexure-14).**

Payment of inadmissible item of work resulted in financial loss to the government and undue financial benefit to the contractors.

The matter was reported to the management in August, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that in the mentioned schemes the overall cross section of the drain was carried out in 1:2:4 ratio concrete in order to provide strength to the foundation of the drain and to avoid settlement and erosion of drainage bed due to flow. DAC decided for recovery of overpaid amount from the concerned contractor. No progress was reported till finalization of this report.

Audit recommends recovery of overpaid amount and non-recurrence in future.
[PDP No 24]

1.1.17 Over-payment due to allowing inadmissible items of work - Rs 16.716 million

According to Para 75 (3) of CPWD Code "no work should be started without obtaining technical sanction and sanctioning authority must be satisfied, before according sanction, that there is no material deviation from the whole project as prepared for the purpose of expenditure".

During audit of ADLG Killa Abdullah for the FY 2022-23, various works of "Construction of Community Water Supply Scheme" were awarded to various contractors at an agreement cost of Rs 672.5 million. The local office paid for an item of work "Boring for tubewell in all types of soil except shingle, gravel and rock from ground bed to 100ft (30m) depth including sinking and withdrawing casing pipe & disposal of excavated material within 100ft (30m)".

The contractor supplied and installed blind pipes of 8" and 10" diameter in the tube well borehole. However, the borehole was dug with an 18" diameter, which was unjustified as it significantly deviated from the specified 12" diameter for the installed blind pipes, resulting in an over-payment of Rs 16.716 million **(Annexure-15).**

Undue favor has been granted to the contractor, by allowing unjustified width of bore hole as compared to installed blind pipes resulting in a loss to the government.

The matter was reported to the management in August, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the contention of audit is not correct because in 18" diameter bore hole 10" diameter blind pipe is always used and 4" shingle gravel has been used around the blind pipe. DAC decided to constitute a committee for conducting of physical verification of the development schemes to ascertain the actual position of the scheme and submit their report. No progress was reported till finalization of this report.

Audit recommends submission of verification report to ascertain the facts.
[PDP No 4]

1.1.18 Over-payment on purchase of batteries and solar panels - Rs 1.839 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. Further, 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".

During audit of ADLG Pishin for the FY 2022-23, development work "Installation of Home Solar System, Additional Development Work at Christian Mohalla Pishin" was awarded to government contractor at an estimated cost of Rs 10.00 million. The number of solar panels and batteries and wattage of batteries was increased without authorization, resulting in an over-payment of Rs 1.839 million, as detailed below:

(Rs in Million)

S. No.	Item	Quantity paid	Amount paid	Quantity admissible	Amount payable	Excess amount
1	SI No. 31-1/a	100 No. of 150 watt @ Rs. 90.25	1.354	70 No. of 150 watt @ Rs. 90.25	0.948	0.406
2	SI No. 31-1/i	85 No. of 150 watt @ Rs. 329.45	4.200	70 No. of 120 watt @ Rs. 329.45	2.767	1.433
Total:			**5.554**		**3.715**	**1.839**

Allowing excess quantity was undue favor extended to the contractor depicting violation of sanctioned estimates.

The matter was reported to the management in August, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that distribution of 85 No of batteries and 100 Nos solar panels was carried out in front of the community representatives and as per demand of community, quantity of solar panels was increased to facilitate more people. DAC decided for provision of Original PC-I and MB for verification. Further, the PC-I be revised from the concerned forum and Justification of excess payment. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 9]

1.1.19 Over-payment due to inadmissible item of work - Rs 1.089 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".

During audit of ADLG Pishin for the FY 2022-23, development work of "Community Local Bore (6 Nos) for UC Faiz Abad Tehsil Pishin" was awarded to government contractor at an estimated cost of Rs 16.80 million. The contractor was paid for an item of work GI Pipe under SI No 27-23-b-v for 1758 Rft @ 699.55/rft instead of PVC Pipe, SI No. 27-19-b-i @ Rs 71/rft (As approved in PC-I), hence, the contractor was overpaid by Rs 1.089 million.

Audit is of the view that allowing wrong item of work depicts weak internal controls.

The matter was reported to the management in August, 2023 but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the mentioned item for pipe was mistakenly taken into record entry which will be rectified in the next bill. DAC decided for recovery of overpaid amount from the concerned contractor. No progress was reported till finalization of this report.

Audit recommends recovery of over-payment from the contractor.
[PDP No 12]

1.1.20 Over-payment due to arithmetic error - Rs 3.046 million

According to Para 16 & 221 of CPWA Code "the engineer concerned is responsible for ensuring correctness of rates, quantity and calculations before filling the bill of contractor. It must be ensured that measurements were taken correctly, rate applied are correct and items paid are actually used".

During audit of ADLGs for the FY 2022-23, following (6) ADLG offices awarded various works to different contractors. On scrutiny of running bills calculation, an amount of Rs 3.046 million was overpaid due to arithmetic error in calculation. **(Annexure 16).**

(Rs in Million)

S.No	Name of office	Overpaid amount
1	Assistant Director Local Government, Khuzdar	0.072
2	Assistant Director Local Government, Pishin	0.441
3	Assistant Director Local Government, Killa Saifullah	0.938
4	Assistant Director Local Government, Ziarat	0.942
5	Assistant Director Local Government, Mastung	0.042
6	Assistant Director Local Government, Kharan	0.611
Total		**3.046**

Audit is of the view that arithmetic errors were due to weak internal controls, which resulted in over-payment to the contractors.

The matter was reported to the management during August to December, 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management of ADLG Khuzdar, Ziarat, Killa Saifullah, Mastung and Kharan accepted the audit contention. ADLG Pishin, contented that the calculation was correct. DAC directed that overpaid amount be recovered and original record i.e., PC-I and original MB be produced to audit for verification. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
(PDP Nos 1,14,4,15,3,6)

1.1.21 Unauthorized expenditure on NSR without rate analysis – Rs 24.215 million

According to Para 296 of CPWA Code, "schedule of rates for each kind of work commonly executed should be maintained in the division and kept up to date. The rates for items other than those given in the schedule are treated as non-schedule items. Analysis of rates for such items is required to be prepared by the Executive Engineer and approved by the competent authority in keeping with provisions of the delegation of financial powers".

During audit of ADLGs for the FY 2022-23, following (8) ADLGs executed different schemes at the cost of Rs 24.215 million on Non-Scheduled Rate (NSR) item basis without preparing detailed rate analysis and obtaining approval from the Director General Local Governments (**Annexure-17).**

(Rs in Million)

S. No	Office	Amount
1	ADLG, Chagi	1.459
2	ADLG, Kalat	0.240
3	ADLG, Sibi	3.127
4	ADLG, Zohb	2.520
5		2.000
6	ADLG, Kharan	1.710
7	ADLG, Quetta	8.254
8	ADLG, Lasbela	4.905
Total		**24.215**

Audit was of the view that undue favour was extended to the contractors which reflected negligence and poor financial management.

The matter was reported to the management during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023 the management failed to provide the approved rate analysis. DAC directed that approved rate analysis of NSR items be provided to audit within a week. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide Para number 1.1.8 with the financial impact of Rs 19.959 million. Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 4,1,1,1,3,29,5]

1.1.22 Unjustified expenditure - Rs 40 million and over-payment on account of exaggerated dimensions of Nala - Rs 14.462 million

According to Para XV (Implementation /monitoring &evaluation) of Project Management Guidelines of Planning Commission, "a strong check should be exercised on time over-runs and cost over-runs. For this purpose, frequent revisions of scope and design of the projects should be avoided. Acquisition of land where required should be completed in the minimum time. Efficient and honest officers should be made responsible for supervision, implementation and timely completion of the projects. Any instances of mal-administration, corruption, lapses and pilferage should be seriously investigated and those found responsible should be severely dealt with".

During audit of SADLG Quetta for the FY 2022-23, "Construction of cleaning of barsati nalas Hazara town, Gulzari Town and Spini road", it was observed that the work was awarded at a cost of Rs 40 million. The local office approved a scheme which comprises of two components i.e., construction of Barsati Nalas of 1000 rft and cleaning of nala, with a width of 16.245 feet, and a depth of 35.31 feet. The dimensions of this water drainage system are unjustifiably large, as it is not the main drainage channel. the construction of Barsati Nala in Hazara town should not exceed a width of 8 feet and a depth of 18 feet. Hence, the excessive size is unjustified, amounting to overpayment of Rs 14.462 million (28.925/2).

The local office allowed unauthorized excess dimensions of drain, which resulted in a loss to the government.

The matter was reported to the management in December, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the nature of the work of the said scheme is easy in execution and a lot of work can be done in few days and the work can be done at the same time on multiple places, all the payments made to the contractors were on work done basis. Audit emphasized to conduct fact finding inquiry to probe the matter. DAC decided constitution of a committee to investigate the matter and submit a report to PAO. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives and sharing of outcome of inquiry into the matter.
[PDP No 26]

1.1.23 Sub-standard work due to technical fault - Rs 1.537 million

According to GFR 10 (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".

During audit of SADLG Quetta for the FY 2022-23, "Construction of sewerage line and side drain at Pashtun Abad and link street Alamdar road Quetta" was awarded at a cost of Rs 30.00 million. Local office allowed and approved 250 manholes, as per the approved design for a length of 7068 feet, averaging 28.272 feet distance per manhole. However, the local office did not adhere to the PC-1 provision for the manholes and installed only 120 manholes. Consequently, they placed a manhole at an interval of 58.9 feet, which was excessive distance. It was necessary to install manholes at intervals of 24 feet. The quality of work was compromised and the management failed to execute the work as per PC-I provisions/agreement, this resulted in wasteful expenditure of Rs 1.537 million.

Deviation from PC-I compromised quality of work which depicted weak internal controls.

The matter was reported to the management in December, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the area of Pashtun Abad and Alamdar Road has steep slopes hence the sewerage system can be functional with manholes at longer distances. The number of manholes was reduced as per site requirement and the length of the sewerage system was increased. DAC decided for fixing of responsibility against the persons at fault. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 12]

1.1.24 Undue favor to contractors - Rs 37.521 million

According to Para 96 of GFR, "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. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items of expenditure, which might wait till next year. A 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 SADLG Quetta for the FY 2022-23, various works were awarded to different contractors at an agreement cost of Rs 112.500 million. The local office made a payment of Rs 37.521 million to the contractors on the last days of the financial year. The payment was made on presumption basis without actual work done, just to utilize the available budget **(Annexure-18).**

Audit is of the view that undue favour was extended to the contractors, which indicated poor financial management and weak internal controls.

The matter was reported to the management in December, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the nature of the work of the said scheme is easy in execution and a lot work can be done in few days and the work can be done at the same time on multiple places. All the payments made to the contractors were on work done basis. DAC decided to constitute a committee to investigate the matter and submit a report to PAO. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 26]

1.1.25 Irregular laying and compaction of aggregate base – Rs 7.78 million

According to S.I: 32-14 CSR 2018, "the test of sieve analysis, field moisture content, compaction test (proctor density), CBR test and etc. are required for Soil and murum." Further, a**ccording to S.I: 21-6 CSR 2018, "making earthen embankment with earth taken from approved borrow pits including cost of excavation, placing in layers not exceeding 9" (230mm) in depth including dressing top and sides of the bank within a lift of 5 ft. (1.5m) and lead up-to 100 ft.(30m). (excluding the royalty of earth, compaction and its carriage)".**

During audit of ADLGs for the FY 2022-23, the following (2) ADLGs awarded various works to different contractors. The local office allowed an item of work "Providing and laying graded aggregate base course of crushed stone of approved quality, including placing, mixing, spreading, watering and compacting base course to required depth, camber and grade to achieve 100% max" under S.I# 21-17-1. The Engineer at site was required to ensure spreading and compaction of material for aggregate base course with maximum thickness of 15 cm (6 inches). In contrast the measurements show that the material was spread in a single layer with an average depth of 2.5 to 3.5 feet and compacted in a single operation, compromising the essential factors of uniformity, effective compaction and load distribution factors crucial for long-term performance of the road. **(Annexure-19)**.

(Rs in Million)

S.No	Name of office	Overpaid amount
1	ADLG, Lasbela	3.38
2	ADLG, Quetta	4.40
Total		**7.78**

Deviation from the stipulated specifications carries the risk of producing subpar and low-quality work, which in turn can lead to financial losses for project. Such deviations could result in an increased maintenance cost, reduced structural strength and a shorter lifespan. Ultimately burdening the public exchequer.

The matter was reported to the managements in August and December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management replied that the estimate of the scheme was prepared after inspection of the site. The soil of the scheme is purely sandy. The earth embankment then allowed into two layers (175 each layer). As the width of the road is 12ft therefore road shoulder was kept 6ft on both sides to ensure the easy overtaking. In case of keeping 3ft shoulder there was risk of accident due to sandy land. The Director, Technical Local Government was briefed and convinced according to the site requirement, therefore, the estimate was vetted / authenticated as prepared. Further, the measurement has been as per specified manner i.e. 100ft interval and is mentioned in measurement book. DAC decided for provision of justification, besides the amount be recovered from the concerned contractor. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 7,18]

1.1.26 Unauthorized development schemes without adherence to SDGs criteria - Rs 5.52 million

The Government of Pakistan along with United Nations set following Sustainable Development Goals.

Goal 1. No poverty.	Goal 2. Hunger.
Goal 3. Good health and wellbeing.	Goal 4. Quality education.
Goal 5. Gender equality.	Goal 6. Clean water and sanitation.
Goal 7. Affordable and clean energy.	Goal 8. Decent work and economic growth.
Goal 9. Industry innovation and infrastructure.	Goal10. Reduced inequalities.
Goal11. Sustainable city and communities.	Goal12. Responsible consumption and production.
Goal 13. Climate action.	Goal 14. Life below water.
Goal 15. Life on land.	Goal 16. Peace and justice strong institutions.
Goal 17. Partnerships for the goals.	

During audit of ADLG Dalbandin for FY 2022-23, executed the following development schemes at the cost of Rs 2.52 million. The local office did not prioritize spending the development fund in light of SDGs objectives and made expenditure without considering SDGs objectives. In view of the above audit concluded that the local office did not consider the objectives set for SDGs. These schemes do not fall within the purview of the criteria of Pak SDGs, as detailed below:

(Rs in Million)

S. No.	Project Description	Released amount
1	Renovation and procurement of furniture for press club, Tehsil Dalbandin	2.520
2	Renovation and procurement of furniture for press club, Tehsil Chaghi,	1.000
3	Renovation and procurement of furniture for Mandir in Chaghi,	2.000
Total		**5.520**

Audit is of the view that approval and execution of development schemes without adhering to SDGs objectives set by the United Nations, was irregular.

The matter was reported to the managements in December, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the under-mentioned Development schemes were identified by the Federal Government. No input was taken from Local Government department except execution of schemes. DAC decided for regularization of expenditure from competent authority. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 1]

1.1.27 Irregular payment on account of non-acquiring invoices – Rs 79.710 million

According to P&D Department Notification dated 16.09.2013, "PVC/HDPE/G.I pipes will be purchased by Department on market rate basis from the approved manufacturing firms and will be supplied to the contractors." Further, according to Collectorate of Custom, Sales Tax and Central Excise, Quetta's Circular No.8/ST/S-PHD/QTA/99-2001/29873 dated 10.11.2011, "Supplies, purchases should be made from registered firm 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." Further, according to CSR 2018 Specification "the bitumen to be used should be tested from the Road Research & Material Testing Institute (RR&MTI) to ensure that it meets the AASHTO standards."

During audit of ADLGs for the FY 2022-23, the following (4) ADLGs awarded development schemes to different contractors and made payment of Rs 79.710 million, on account of bitumen and PVC Pipes without GST invoice or any other proof/ evidence of the National Refinery Limited, Karachi. Bitumen and PVC pipes were purchased without GST invoices/documentary proof, resulting in irregular payment of Rs 38.160 million **(Annexure- 20)**

(Rs in Million)

S.No	Name of office	Name items	Amount
1	ADLG, Killa Abadullah	Purchase of PVC Pipes	1.264
2		Purchase of PVC Pipes	22.311
3		Purchase of bitumen	30.799
4	ADLG, Quetta	Purchase of bitumen	7.361
5	ADLG, Gwadar	Purchased different items	0.851
6	ADLG, Loralai	Purchase of bitumen	17.124
Total			**79.71**

The expenditure incurred without acquiring invoices, indicates negligence and weak internal control.

The matter was reported to the managements during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management replied that the said work is merged in Civil Work and not supply works, hence, GST invoices are not obtained. DAC decided for provision of GST invoices, besides fixing of responsibility against the person at fault. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP Nos 37,21,6,10]

1.1.28 Non surrender of anticipated savings - Rs 42.428 million

According to Para 88 & 89 of GFR Vol-I, "an authority is ultimately responsible for watching of progress of expenditure on public services under its control." Further, according to APPM Para 3.3.12.6 "all anticipated savings must be surrendered to the Government immediately as they are foreseen, but no later than 15th May each year. Savings from funds provided after 15th May must be surrendered no later than 30th June".

During audit of ADLGs for the FY 2022-23, the following (17) Assistant Directors of Local Government failed to surrender anticipated savings of Rs 42.428 million, as detailed below;

(Rs in Million)

Grant	**Fund Description**	**Amount in Rupees**		
		Final Budget	**Actual Expenditure**	**(Excess) / Savings**
1	ADLG, Awaran	17.035	2.271	1.891
2	ADLG, Gwadar	11.673	11.283	2.486
3	ADLG, Kachhi	15.654	11.594	4.059
4	ADLG, Khuzdar	11.808	10.782	1.025
5	ADLG, Lasbella	13.519	12.631	0.889
6	ADLG, Loralai	15.459	14.89	1.173
7	ADLG, Punjgur	10.631	5.821	4.810
8	ADLG, Harnai	7.127	4.679	2.448
9	ADLG, Kalat	12.774	11.147	1.627
10	ADLG, Kohlu	15.595	13.634	2.034
11	ADLG, Mastung	14.03	9.166	4.864
12	ADLG, Musakhail	8.152	4.712	3.440
13	ADLG, Nushki	13.395	10.826	2.569
14	ADLG, Sherani	6.038	4.2908	1.747
15	ADLG, Sohbat Pur	3.154	1.313	1.840
16	ADLG, Surab	4.442	3.277	1.165
17	ADLG, Washuk	10.290	5.930	4.361
Total		**190.776**	**138.247**	**42.428**

Audit is of the view that non-surrender of savings well in time is due to weak financial controls resulting in non-utilization of public funds in proper areas of public interest during the FY 2022-23.

The matter was reported to the managements during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management replied that the savings mostly pertained to employee related expenses. DAC decided for regularization of the expenditure from the competent authority. No progress was reported till finalization of this report.

Audit recommends proper budgeting of public funds and its utilization.
[PDP 9,6,1,9,10,12,1,7,8,4,12,5,9,1,7,2,9]

1.2.29 Un-justified and suspicious entries in 2nd running bill - Rs 8.329 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".

During audit of ADLG Pishin for the FY 2022-23, the local office awarded various work to different contractors. The local office allowed 06 Items of works in 1st running bill but in the 2nd running bill only 04 items of work were recorded with different items, rates and quantities for same work and previous 06 entries were not brought forwarded to the 2nd bill. Further, the entries made in the first running bill were for 10" bore however, the entries made in the 2nd running bill are for 15" to 18" boring, which is unjustified **(Annexure- 21)**.

(Rs in Million)

S.No	Schemes PSDP No.	Amount
1	PSDP No. 3800	2.506
2	PSDP No. 3669	5.822
Total		**8.329**

Audit is of the view that rules and procedures were violated to give undue financial benefits to contractor.

The matter was reported to the management in August, 2023 but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the error came into record entry while compiling it but nature of work remains same i.e., drilling of WSS bore. In order to rectify it, the pre measurement has been noted down in MB as per work done on sites. This is also evident from the title of record entry of 2nd bill. DAC ordered inquiry into the matter. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 13,15]

2. METROPOLITAN CORPORATION, QUETTA (MCQ)

2.1 AUDIT PARAS

2.1.1 Reluctance to pursue legal recourse for long-standing unrecovered dues - Rs 12.42 million

According to Para-28 of GFR Vol-I, "no amount due to Government should be left outstanding without sufficient reasons and where any dues appear to be irrecoverable, the orders of competent authority for their adjustment must be sought". Further, according to 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 government through fraud or negligence on his part."

During audit of MCQ for the FY 2022-23, it was revealed that despite explicit directions from the Departmental Accounts Committee, the local office has neglected to initiate necessary steps for the recovery of longstanding dues from various contractors. The local office's failure to act in alignment with clear directives from the Departmental Accounts Committee is a matter of grave concern. This lapse has resulted in the prolonged non-recovery of dues and failure to take action suggests a bias towards the second party, which has led to significant financial losses. ***(Annexure-1)***

The local office has faced potential losses due to negligence, a lack of effective control, and inadequate financial management practices.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management agreed with audit and assured that the long outstanding amount will be recovered. DAC directed early recovery of long outstanding dues under intimation to audit. No progress was reported till finalization of this report.

Audit recommends an inquiry into the matter for fixation of responsibility for negligence and failure to actively pursue the recovery of long-standing unrecovered dues.
[PDP No 1]

2.1.2 Irregular auction of Circular Road Parking Plaza without rationalization and suspected losses - Rs 46.2 million

According to Rule 5, Sub Rule 1 & 2 of the Balochistan Local Councils (Property) Rules, 2019. "in managing the property, the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge". Further, as per Notification No 15962-72/2021(BLG)AO-III, issued by the Secretary Balochistan Local Government Board dated November, 16, 2021 "the competent authority constituted a committee with following composition and term of references to evaluate the bid and finalize the outsourcing of the parking plaza at Circular Road Quetta in fair & transparent manner".

1- Composition.
   (1) The Secretary, Local Government & Rural Development (Chairman) (2)- The Secretary/ Representative Finance Department (Member) (3)- The Secretary/ Representative Building Physical Planning & Housing Department (Member) (4)- The Secretary/ Representative Roads Department (Member) (5)- Administrator, Metropolitan Corporation, Quetta (Secretary Cum Member)
2- Term of Reference.
   (a) To decide the term & conditions on which the plaza may be outsourced (b) To decide the minimum amount for contesting parties (c) To design the advertisement for publication at national level for invitation of tenders (d) To oversee the process of receipt of tender (e) To examine and evaluate the received tenders or see if these meet the laid out criteria and to prepare a shortlist of responsive contenders (f) To prepare the final list of contenders intimating the successful bidders, and (g) To finalize the terms of contract for the final award. The committee will meet within fifteen days and submit proposal to the Chief Minister Secretariat.

During audit of MCQ for the FY 2022-23, it was revealed that the local office has violated guidelines, directives, and instructions established by the administrative department for the auctioning/outsourcing of parking services at Circular Road Parking Plaza. The tendering process occurred three times on 07-11-2022, 06-01-2023, and 03-04-2023 without the involvement of the constituted committee and without adhering to the prescribed Terms of Reference (TORs). Furthermore, the Administrative Department unilaterally set the estimated auction value at Rs 50.00 million, which was unrealistically high, without convening a meeting of the constituted committee. Consequently, no favorable

bid was received. The committee meeting was eventually convened after three tender attempts, causing a significant delay of nearly 2 years. This meeting took place on October 12, 2023. Meanwhile, departmental collections of Rs 3.8 million were carried out, resulting in a loss of Rs 46.2 million compared to the reserved price.

Deliberate fixing of unrealistically high auction estimate resulted in non-auction, miss-management of auction process and departmental collection resulted in loss to exchequer

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 29, 2023, the management replied that the parking auction notices were published in the light of guidelines of committee constituted by the government. Major issue in the matter is rationalization of the reserve price for which the competent authority has been approached. DAC directed early auction of Circular Road Parking Plaza and to probe the matter for suspected loss.

Audit recommends inquiry into the matter with action against people at fault.
[PDP No 2]

2.1.3 Unauthorized occupation, subletting of shops of MCQ and outstanding dues – Rs 134.80 million

According to Rule 9 Clause (g) of Balochistan Local Councils (Property) Rules, 2019, "on the expiry of the rental period under clause (c) and if the period is not extended under clause (f) the property shall be re-auctioned through public auction and the outgoing tenant shall be given the first right of refusal subject to the condition that he has paid the outstanding dues, if any, and has participated in the auction. The Manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge. Notwithstanding the provision contained in sub-rule (2), the overall responsibility for the proper management and maintenance of the property shall continue to be that of the Mayor or Chairman, as the case may be, of the Local Council, in case of elected representatives, and Administrator, in case of dissolution of the house / council". Further, according to Rule 18 of Balochistan Local Councils (Property) Rules, 2019 "the property illegally leased, allotted, encroached or usurped shall be got vacated by the respective Local Council in pursuance of Section 142 read with 4th schedule of the Act."

During audit of MCQ for the FY 2022-23, it was observed that various commercial properties owned by MCQ in the business centers of Quetta City have been rented out for several years without the existence of rent agreements, necessary renewals, and the recovery of long-outstanding dues. Furthermore, tenants are reluctant to enter into agreements based on the revised rates of the assessment committee of the revenue department. Most of the shops have allegedly been sublet at significantly higher rates by tenants without paying rent to council for an extended period. The unlawful occupation, subsequent subletting of properties without agreement renewals, and failure to settle outstanding rents have led to financial losses to the exchequer (**Annexure-2)**.

Failure to realize rents, revise agreements and unauthorized subletting resulted in loss.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the matter regarding subletting of Municipal properties has been noticed and a committee has been constituted by the Secretary, Local Government for redressal of issue meanwhile, the respondents have approached the Courts in response to notices received by them. Presently the matter is pending before the court and further action shall be taken after final judgement. DAC directed the management of MCQ to pursue the cases in the courts efficiently and make every effort to expedite the case's dismissal.

Audit recommends implementation of DAC directives.
[PDP No 3]

2.1.4 Irregular departmental collection of parking fee – Rs 3.82 million

According to Balochistan Local Government Act, 2010 vide Section 114 (1), "a Local Council subject to the provisions of any other law may, and subject to approval by the Government shall, levy all or any of the taxes, fees, rates, rents, tolls, charge, surcharges and levies specified in the second schedule." Further, according to Rule 5, Sub Rule 1 & 2 of the Balochistan Local Councils (Property) Rules, 2019. "In managing the property, the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge."

During audit of MCQ for the FY 2022-23, the local office exercised fee collection rights the reserved price of Rs. 50 million, and generated Rs 3.82 million on account of Parking Plaza Circular Road, Quetta departmentally without approval of the Secretary, Government of Balochistan, Local Government Department.

Non obtaining of approval from the authorities and departmental collection without open auction resulted in irregular collection.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that notice for out sourcing the parking fee was published several times but due to high reserve price no bidder came forward to participate. The matter has been reported to the competent authority for rationalization of the reserve price. DAC directed early auction of Parking fee and to probe the non-auction since two years. No progress was reported till finalization of this report.

Audit recommends inquiry and action against those at fault.
[PDP No 4]

2.1.5 Loss due to non-auction of collection rights of Bakra Peri – Rs 25.7 million

According to Balochistan Local Government Act, 2010 vide Section 114 (1), "a Local Council subject to the provisions of any other law may, and subject to approval by the Government shall, levy all or any of the taxes, fees, rates, rents, tolls, charge, surcharges and levies specified in the second schedule". Further, according to Rule 5, Sub Rule 1 & 2 of the Balochistan Local Councils (Property) Rules, 2019. "in managing the property, the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge".

During audit of MCQ for the FY 2022-23, it was revealed that the last auction of Bakra Peri took place in the FY 2019-20. Subsequently, despite multiple tenders published via DGPR for the auction of collection rights, the local office failed to secure rates in line with the reserved price of Rs 31.5 million. Consequently, the fee collection operation was conducted departmentally in 2022-23, resulting in collection of Rs 6.3 million incurring a loss of Rs 25.7 million in comparison to the reserved price. It is noteworthy that the collection rights have been auctioned several times in the past, with higher realization of receipts.

Publishing tender notice at a higher reserve price resulted in unsuccessful auction and financial losses to the exchequer.

The matter was reported to the management from December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management responded that notices for outsourcing the Bakra Peri entry fee were published several times. However, due to a high reserve price, no bidder came forward to participate. The matter has been reported to competent authority for rationalization of reserve price. The DAC directed that early auction of Bakra Peri and Parking Fee and probe the matter for non-auction since two years. No progress was reported till finalization of this report.

Audit recommends inquiry and action against those at fault.
[PDP No 5]

2.1.6 Non-ejectment and recovery for expired leases - Rs 90 million

According to Para 06 of the meeting minutes issued vide letter No. PA/AS(M&I-IICS/497-506 Dated 2nd October, 2019 chaired by the Chief Secretary Balochistan "after converting lease transaction agreement into rent agreement, the properties, be rented out according to market valuation as per covered area of the properties on the basis of market rent assessed by the constituted committee". Further, according to Rule 5, Sub Rule 1 & 2 of the Balochistan Local Councils (Property) Rules, 2019. "in managing the property, the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge". Furthermore, according to Rule 12, Sub Rule 1 to 4 of the Balochistan Local Councils (Property) Rules, 2019,

(1) On expiry of lease period, it will be extended through a committee to be notified by the government. On expiry of each spell of thirty years, the lease period which will have to be extended shall be forwarded to the respective committee of the respective Local Council for its approval subject to thorough examination and authentication of the legality of the lease.

(2) Extension of lease will be subject to depositing of all the charges by the lessee i.e lease money/ground rent, levied fees and persistency/ fulfillment of all the conditions of the lease.

(3) In case of failure to deposit the prevailing charges or violation of any term and condition by the lease, the lease period will not be extended and the lease will be terminated forthwith with the resumption of the land.

(4) On termination of the lease and resumption of the land, the lessee will be entitled to a reasonable compensation on account of development of the land and erection of the building thereon. The compensation will be determined by a Committee notified by the government".

Detail of expired, default, non-documented leases and outstanding dues is given in.

During audit of MCQ for the FY 2022-23, issues of expired leases, undocumented leases, and instances of tenants/lessees resisting rent and lease fee revisions proposed by the District Assessment Committee and duly endorsed by the MCQ were observed. Additionally, the local office displayed hesitation in obtaining the necessary notification of proposed rates from the Board of Revenue Balochistan, as mandated by Rule 9(e) of the Balochistan Local Councils (Property) Rules, 2019. This reluctance will jeopardize the legal standing of the local office in the event of legal proceedings. Furthermore, the local office failed to initiate action to recover longstanding dues amounting to Rs 90.00 million from lessees **(Annexure-3)**.

The absence of proactive measures to address expired, illegal, and default leases, coupled with the failure to recover outstanding dues caused financial loss to the MCQ.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management agreed with the Audit and assured that the outstanding rent amount will be recovered. DAC directed that the outstanding amount may be recovered at the earliest, besides ejectment of occupants. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No 6]

2.1.7 Non-recovery of taxes – Rs 12.348 million

According to Para 66-9 (4) of the Balochistan Finance Act, 2019, “rate of 6% will be applicable for all services without input tax credit or adjustment to the extent of contractors for which payment is made from the provincial consolidated fund”. Further, according to Sales Tax Special Procedure (Withholding) Rules, 2007 withholding agent, “other than a recipient of advertisement services, shall deduct an amount equal to one fifth of the total sales tax shown in the sales tax invoice issued by a registered person.” Furthermore, according to Section 161 (1) of Tax Ordinance 2001, “where a person having collected tax under above section, the person shall be personally liable to pay the amount of tax to the government treasury”.

During audit of MCQ for the FY 2022-23, the local office failed to deduct government taxes of Rs 12.348 million from the contractors in violation of above Rule provisions (**Annexure-4).**

(Rs in Million)

Income Tax @ 4.5%	**GST @ 17%**	**BST @ 6%**	**Total**
3.673	4.512	4.163	**12.348**

Non-recovery of taxes reflected negligence and poor financial management

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management informed that notices were issued to concerned contractors. DAC directed to recover government taxes at the earliest and get the same verified from audit. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 8,30,28,27,45,36]

2.1.8 Non-execution of development schemes - Rs 500.00 million and non-forfeiture of earnest money - Rs 39.500 million

According to Rule 23 of BPPRA 2014, "blacklisting of suppliers, contractors and consultants (1) The blacklisting of suppliers, contractors, or consultants individually or collectively as part of consortium:- (d) willful failure to perform in accordance with the terms of one or more than one contract; and (e) failure to remedy underperforming contracts, as identified by the procuring agency, where underperforming is due to the fault of the contractor, supplier or consultant." Further, according to work order No 29/2019/Pw 1698/ENG dated 04/02/2020 "work should be completed within the stipulated period of 60 days which will be reckoned from the date of issue of this work order otherwise cash penalty @ 0.10% (As per PEC rules of estimated cost per day will be deducted from your bill). The maximum limit is 10%".

During audit of MCQ for the FY 2022-23, it was revealed that a fund Rs 500.00 million under Grant-in-Aid was received from provincial government during the FY 2017-18 and the local office prepared an umbrella PC-1 for 126 number of Development Projects**.** The umbrella PC-I for 126 development schemes was tendered on May 30th, 2019 while work orders were given on February 04th, 2020 after lapse of nearly ten months. The bidders quoted unjustifiably low rates on CSR 1998 ranging from 20% to 56% below par. The local office did not obtain additional performance security from the contractors to ensure carrying work as per quoted rates. Out of the 126 development schemes, only three projects have been completed, while the remaining 122 development projects have not been executed to date. Currently, the bidders are unable to proceed with the work due to a nearly double rate variation because oof inflation. The MCQ neither forfeited the bid security nor obtained performance security from the bidders at this stage. The management did not make any substantial effort to implement these development schemes. **(Annexure-5)**

Mismanagement and a lack of planning on part of the management resulted in failure to complete the development schemes incurring losses to the government.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that these work orders were Issued in first week of February 2020, after that due to weather condition and slack season development works could not start till march 2020. March to June 2020 work suffered due to Covid-19. After that contractors started all works and contractors applied for payment of running /final bills as per work progress on site. Many files were put up for payment to Engineering Branch, payments for three (3) development works were made. The contractors stopped executing these works due to financial issues. DAC directed forfeiture of earnest money of these contractors and instructed the management to settle the matter at the earliest, besides regularization from the competent authority. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP Nos 20,21]

2.1.9 Less realization of receipt / loss - Rs 8.155 million

According to Rule 5, Sub Rule 1 & 2 of the Balochistan Local Councils (Property) Rules, 2019. "in managing the property, the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge."

During audit of MCQ for the FY 2022-23, the local office fixed the reserved price at Rs 6.9 million for the auction of collection rights related to advertisement fees/taxes for one year within the MCQ jurisdiction. The local office failed to secure the reserved price at the auction. Subsequently, the collection rights were retained departmentally for a duration of 17 months, spanning from January 1st, 2022 to May 12th, 2023. This internal handling generated a revenue of Rs 1.62 million, falling short of the target by Rs 8.155 million, as detailed below;

(Rs in Million)

Revenue realized departmentally for ten months.	Revenue to be realized for 17 months calculated @ 6.9 million per annum (01-01-2022 to 12-05-23)	Loss in revenue
(A)	**(B)**	**(B-A)**
1.62	9.77	**8.155**

Failure to auction collection rights for advertisement fees/taxes led to the departmental retention of the rights resulting in losses.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the matter regarding revenue collection through department has already been reported to the competent authority. DAC directed for recovery of losses and stoppage and auction of departmental collection. No progress was reported till finalization of this report.

Audit recommends early implementation of DAC decision.
[PDP No 11]

2.1.10 Loss due to unrented properties - Rs 9.72 million

According to Rule 4(1) of the Balochistan Local Councils (Property) Rules, 2019. "a Local Council shall take such steps as may be necessary to ensure that the property vested in is managed and maintained in the best interest of the public for the purpose of the Act and the rules and bye-laws made thereunder". Further, according to Rule 5(1) & (2) of the Balochistan Local Councils (Property) Rules, 2019. "in managing the property the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge".

During audit of MCQ for the FY 2022-23, 54 number shops at joint road near Dukani baba chowk Quetta owned by MCQ were left unrented for an extended period after its construction incurring losses amounting to Rs 9.720 million.

(Rs in Million)

No of Shops	Average shop rent in the area	Loss to Council for 2022-23
54	15000	9.720

Non-renting of properties resulted in loss to the MCQ.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the matter is pending before Honorable Balochistan High Court and action shall be taken on final judgement. DAC directed to pursue the case in the court efficiently and to make every effort to expedite the case's dismissal. No progress was reported till finalization of this report.

Audit recommends early implementation of DAC decision.
[PDP No 12]

2.1.11 Loss due to non-recovery of road cutting - Rs 70.192 million

According to Commissioner Quetta Division notification / minutes of meeting dated February 21, 2013, "the road cutting charges rates revised for new roads @ Rs 856 p/sft and for old roads @ Rs 200 p/sft"

During audit of MCQ for the FY 2022-23, it was observed that various roads have been dug up by Quetta Safe City Project without NOC and without depositing road cutting fee, as detailed below;

(Rs in Million)

S. No	Name of Road	Quantity	Rate	Amount
1	Prince Road, Joint Road, Spinny Road, Joint Road, Brewery Road, Golimar Chowk, Dolphin Bakery Chowk	82000 sft	856 p.sft	70.192

Non realization of road cutting fee depicted weak financial and managerial controls.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that MCQ already approached the Quetta Safe City Project for details of road cutting & and recovery on account of road cutting charges. DAC directed that that road cutting fee be collected from concerned project. No progress was reported till finalization of this report.

Audit recommends that road cutting charges be recovered at the earliest under intimation to audit.

[PDP No 23]

2.1.12 Non-imposition of liquidated damages - Rs 39.500 million

According to Clause 39 read with Clause 37 of contract agreement, "contract agreement, if a contractor fails to complete the work within stipulated period, he is liable to pay compensation @ 1% to 10% of amount of the agreement or any smaller amount as decided by the Engineer Incharge to be worked out per day but not exceeding maximum of 10% of the cost of contract. The contractor shall have to apply within one month for extension in time limit before the expiry of scheduled time of completion".

During audit of MCQ for the FY 2022-23, various development works amounting to Rs 395.000 million were awarded but the works were not completed within stipulated time period and the management failed to impose penalty @ 10% amounting to Rs 39.500 million in violation of above Rule provisions (**Annexure-6).**

(Rs in Million)

Starting Date	Stipulated date of completion	Actual date of completion	Contract Cost	Penalty @ 10% of contract value
04.02.2020	30-06-20	Still in progress	395.000	39.500

Undue favour was extended to the contractors by not imposing penalty for delay in completion of works, which indicates negligence and poor management.

The matter was reported to the management in December 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that liquidated damages are calculated and deducted at the time of bill payment. As far as these works are concerned no bill has been paid yet. DAC directed to recover the amount, besides deciding the fate of the projects. No progress was reported till finalization of this report.

Audit recommends the recovery of penalties, abandonment of longstanding incomplete projects, and the blacklisting of contractors.
[PDP No 22]

2.1.13 Irregular expenditure without annual framework agreement – Rs 24.900 million

According to Rule 2 of Sub Rule (1) of BPPRA, 2014, "where the procuring agency is required to repeatedly procure an object or class of objects on specific terms and conditions, during a defined period of time: not exceeding twelve months, it may enter into a framework agreement with or without rates".

During audit of MCQ for the FY 2022-23, contracts of Rs 9.369 million were awarded for procurements of electric items, batteries, tyres for vehicles & repair of vehicles, without adopting annual framework agreement in violation of above Rule provisions **(Annexure-7).**

Undue favour was extended to the contractors, which indicated negligence and weak internal controls.

The matter was reported to management in December 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management failed to satisfy DAC. DAC directed to regularize the expenditure in question further, framework agreement mechanism be adopted in future. No progress was reported till finalization of this report.

Audit recommends implementation of DAC decision.
[PDP No. 34, 43]

2.1.14 Unauthorized cash payment on account of uniform – Rs 1.008 million

According to FTR-130, "money may not be withdrawn from the consolidated funds or the public accounts except for presentation of bills". Further, according to Para 15 (1) of BPPRA, 2014, "procurements over two hundred thousand rupees and up to two 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 MCQ for the FY 2022-23, the local office made a payment of Rs 1.008 million to fire brigade branch employees on account of annual uniform charges instead of procurement of uniform for employees in violation of the above Rule provisions.

Cash payment to employees in lieu of uniform instead of procuring uniforms through open competitive bidding indicated negligence and weak internal controls.

The matter was reported to the management in December 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the cost of uniform was paid through crossed cheque and later on the uniforms were physically checked and certified and found in accordance with requirements. DAC decided for fixing the responsibility for cash payment instead of open tender and instructed to avoid recurrence. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility upon the person (s) at fault and avoid its recurrence.

<u>Note</u>: The irregularity of the same nature was also reported in the Audit Report for the years 2022-23, 2021-22 and 2020-21 with the financial impact of Rs 20.793 million, Rs 18.718 million and Rs 37.581 million respectively but the PAO did not take remedial measures to avoid recurrence, which is a matter of serious concern.

[PDP No. 37]

2.1.15 Unauthorized expenditure on NSR without rate analysis – Rs 1.676 million

According to Para 296 of CPWA Code, "schedule of rates for each kind of work commonly executed should be maintained in the division and kept up to date. The rates for items other than those given in the schedule are treated as non-schedule items. Analysis of rates for such items is required to be prepared by the Executive Engineer and approved by the competent authority in keeping with provisions of the delegation of financial powers".

During audit of MCQ for the FY 2022-23, the contractor was paid for an item of work "Cleaning of Nallas" at the cost of Rs 1.676 million on NSR item basis without preparing detailed rate analysis and obtaining approval from the Director Technical Local Government in violation of above Rule (**Annexure-8).**

Audit was of the view that undue favour was extended to the contractors which reflected negligence and poor financial discipline.

The matter was reported to the management in December 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management failed to provide the approved rate analysis. DAC directed that approved rate analysis of NSR items may be provided to audit within a week. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility against person (s) at fault and avoid its recurrence.

[PDP Nos: 48]

2.1.16 Irregular payment to contingent paid staff - Rs 209.331 million

According to Section No 72(1) of BLG Act 2010, "Local Council may, with the prior approval of Government and if so, required by Government shall, on the prescribed terms and conditions, employ such servants as deemed necessary for efficient performance of its functions".

During audit of MCQ for the FY 2022-23, it was observed that 1600 contingent paid staff was hired by MCQ for sanitation work and an amount of Rs 209.331 million was paid without prior approval of the Secretary, Local Government (**Annexure-9)**.

Hiring of contingent paid staff without approval depicts weak internal controls.

The matter was reported to the management in December 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, MCQ intimated that the contingent paid staff was hired for solid waste management. DAC directed that complete record i.e. list of contingent paid staff, their initial hiring dates with their CNIC numbers, place of deployment, and their hiring letters may be provided to Audit within a week to audit for scrutiny. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility upon person (s) at fault and devise internal control mechanism to avoid its recurrence.

<u>Note</u>: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide Para number 2.1.2 with the financial impact of Rs 271.877 million. Recurrence of same irregularity is a matter of serious concern.
(PDP No. 49)

2.1.17 Non-achievement of revenue target - Rs 785.429 million

According to 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 public account".

During audit of MCQ for the FY 2022-23, the local office set an estimated revenue target of Rs 990.670 million but collected only Rs 205.241 million, which resulted in a revenue deficit of Rs 785.429 million (**Annexure-10).**

Less realization of revenue reflected negligence and poor financial management.

The matter was reported to the management in December 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, MCQ explained that efforts are underway to improve financial management. DAC directed to devise a robust strategy to meet set targets, besides fixing of responsibility under intimation to audit. No progress was reported till finalization of this report.

Audit recommends devising robust strategy to achieve targets besides, fixing of responsibility upon the person (s) at fault.

<u>Note</u>: The issue was also reported earlier in the Audit Report for Audit Year 2022-23 vide Para number 2.1.4 with the financial impact of Rs 559.385 million. Recurrence of same irregularity is a matter of serious concern.
(PDP No. 50)

2.1.18 Irregular issuance of construction permits/NOCs for area measuring 212,030 Sfts

According to Rule 4, Sub-Rule 5 of Balochistan Building Control and Town Planning Rules 2022 "the minimum panel required for the approval or disproval at the authority level will have at least the following technical persons:

(i) **One Architect with valid membership of Pakistan Council of Architects and Town Planners.**
(ii) **One Civil Engineer with valid membership of Pakistan Engineering Council.**
(iii) **Proof Engineer or Vetting Engineer (Third party) to cross check the plans".**

Further, according to Rule 5, Sub-Rule12 of Balochistan Building Control and Town Planning Rules 2022, "reference to Proof Engineer: In case of a building other than an ordinary residential building (Ground plus one), the authority should refer the plan to a Proof Engineer for technical scrutiny from structural point of view (Structural design vetting)". Furthermore, according to Rule 7, Sub-Rule 1 **of Balochistan Building Control and Town Planning Rules 2022,** "the building inspector from the authority should perform inspection of the building".

During audit of MCQ for the FY 2022-23, the local office issued construction permits/NOCs to the owners of different commercial properties without constituting the required panel for scrutiny of cases, and without referring the cases to proof engineer for technical scrutiny. Furthermore, inspections of construction sites were not carried out (**Annexure-11).**

Non adherence to the specified rules and procedure may result in substandard and hazardous construction, this lapse depicts that undue favor was given to applicants/owners.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the representative of the said branch did not attend the meeting. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against person (s) at fault.
[PDP No 16]

2.1.19 Irregular conversion from residential to commercial area measuring 44,140 Sfts

According to Rule 149 Sub-Rule (2) of **Balochistan Building Control and Town Planning Rules 2022, "**(i) No residential plot shall be converted into any other use except with the approval of the Concerned Authority (The authority should not allow the conversion unless it is very important) (ii) The applicant shall apply and pay necessary fee to the authority for change of land use of the plot with full justification, which shall examine the application in the light of the planning of the area and forward it to the authority for consideration. (iii) The authority shall also issue a public notice for the change of land use of the plot / plots in accordance with the provisions of these Rules and the expenses shall be borne by the applicant. (iv) The authority, shall give due consideration to the objections from the Public before the final decision. (v) The applicant shall pay the prescribed fees and other charges to the authority. (vi) Final NOC (No Objection Certificate) shall be issued by the Concerned Authority, after approval." Further, according to rule 150 (1) **Balochistan Building Control and Town Planning Rules 2022 "**Conversion of residential plot into Commercial shall be allowed only according to a uniform commercialization policy formulated and revised from time to time by Local Government and Rural Development Department with approval of Government and notified in Balochistan Government Gazette on the basis of comprehensive study of various urban areas under pressure for commercialization. Individual plots outside the policy will not be considered for commercialization."

During audit of MCQ for the FY 2022-23, the local office converted various residential plots into commercial for commercialized construction. The conversions were held unauthorized and irregular due to the following reasons 1) The conversions were made without providing solid justification. 2) No public notices were issued before conversion so that if anybody had any objection they could take action. 3) Conversion of Individual plots into commercial without observing commercialization policy and requirements of the master plan. 4) Conversions were carried without approval of the concerned authority **(Annexure-12).**

Non adherence to rules and procedures may result in commercialized construction near residential areas causing hurdles for general public.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the representative of the said branch did not attend the meeting. No progress was reported till finalization of this report.

Audit recommends fixing responsibility against person (s) at fault.
[PDP No 17]

2.1.20 Illegal occupation and doubtful lease of MCQ land measuring 1581 Sft

According to Para-111of BLG Act 2010, personal responsibility with regards to loss and waste, "every Mayor/ Chairman, official or servant of a local council, member of a local council and every person charged with the administration and management of the property of a local council shall be personally responsible for any loss or waste, financial or otherwise of any property belonging to a local council which is a direct consequence of decision made by him personally or under his direction." Further, according to rule 18 of the Balochistan Local Councils (Property) Rules, 2019, "the property illegally leased, allotted, encroached or usurped shall be got vacated by the respective Local Council in pursuance of Section 142 read with 4th schedule of the Act."

During audit of MCQ for the FY 2022-23, the local office granted a lease to Suleman Ali S/o Haji Noor Mohammad, located at Ali Bahdur Road Quetta measuring 1581 sq. ft. lease agreement executed between Mayor Municipal Corporation Quetta and Suleman Ali on 19th March 1991, spanning a thirty-year period at an annual rate of Rs 1581. The following discrepancies/irregularities were observed; 1) There is no evidence of approval from the competent authority. The lease was executed for a period of thirteen years, exceeding the authorized limit of ten years according to enforced property rules of 1983. 2) Original lease is not available on file, just a photocopy of the lease agreement. 3) Evidence of payment of dues in the form of Bank Challans from 1991 to 2007 is missing, however, photocopies of challans for the period 2008 to 2015 are available. 4) Verified registration of the lease was not produced. Absence of official documentation raises concerns about the legality and validity of the lease agreement.

The ambiguity in the record, non-availability of original documents, execution of leases without necessary approval and potential illegal allotment or occupation without proper authorization indicates a possible misuse of powers in managing the properties of MCQ.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the matter has already been referred to competent authority for constitution of a committee to scrutinize all such cases and to frame a road map to resolve the issue. DAC directed that all-out efforts be made to evacuate the land. No progress was reported till finalization of this report.

Audit recommends conducting a comprehensive inquiry into the matter, in addition to the evacuation of the property.

[PDP No 9]

2.1.21 Reluctance to remove/evacuate illegal occupation from municipal land despite court decrees

According to Rule 5, Sub Rule 1 & 2 of the Balochistan Local Councils (Property) Rules, 2019. "in managing the property, the Manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The Manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge." Further, according to Rule 18 of the Balochistan Local Councils (Property) Rules, 2019, "the property illegally leased, allotted, encroached or usurped shall be got vacated by the respective Local Council in pursuance of Section 142 read with 4th schedule of the Act."

During audit of MCQ for the FY 2022-23, the local office was facing instances of occupied lands and unauthorized leases that were subject to legal disputes. The legal branch of the MCQ contested these cases in the Court of Law and the rulings have been in favor of the Local Office. Furthermore, the right to review/appeal of the occupants has also expired. But the management and taxation branch of MCQ has failed to remove occupation, as detailed below;

S. No	Name Occupant/ Property	Location of Land

1	Occupied Tube Well	Alamdar road Quetta
2	Mr. Sheikh Mohammad Kashif/ Paradise Cinema	Circular Road
3	MS Helper Association	Anscomb road Quetta
4	Cafe Baldia	Shahra e Iqbal
5	Zameer Yousufi	Kasi Road
6	Mr. Mohammad Ramzan/ Municipal Land	Adjacent to Dufferin Hospital Quetta.
7	Mr. Atta Mohammad/ 3 Shops of Local office	Dr. Bano Road

Failure to remove encroachment and occupation, despite favorable court rulings, suggests mala fide intention, raising concerns about undue favoritism towards occupants for possible personal returns.

The matter was reported to the management in December, 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied that the matter has already been referred to the competent authority for constitution of a committee to scrutinize all such cases and to frame a road map to resolve the issue. DAC directed that all-out efforts be made to evacuate the land. No progress was reported till finalization of this report.

Audit recommends conducting a comprehensive inquiry into the matter, in addition to the evacuation of the properties.

[PDP No 10]

3. MUNICIPAL CORPORATIONS

3.1 AUDIT PARAS

3.1.1 Cash withdrawal without vouched accounts – Rs 19.139 million

According to FTR-130, "money may not be withdrawn from the consolidated funds or the public accounts except for presentation of bills". Further, 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 government through fraud or negligence on his part".

The following Municipal Corporation for the FY 2022-23, withdrew an amount of Rs 19.139 million in cash without vouched accounts (**Annexure 1)**.

(Rs in Million)

S. No.	Name of office	Amount
1	Municipal Corporation, Khuzdar	5.578
2	Municipal Corporation, Hub	13.561
Total		**19.139**

Withdrawal of huge amount without vouched accounts tantamounts to concealment of record and chances of financial mismanagement could not be ruled out.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that vouched accounts will be provided to Audit. DAC directed for provision of record and explanation be issued to the Chief Officers concerned. No progress was intimated till finalization of this Report.

Audit recommends production of record to Audit, besides fixing of responsibility against the person (s) at fault.
[PDP No: 9,15]

3.1.2 Illegal occupation of shops and non-recovery of *dues - Rs 6.20 million*

According to Rule 5 Sub Rule (1), (2) & (4) of Balochistan Local Councils (Property) Rules, 2019 "in managing the property the manager shall exercise the same amount of prudence as he would exercise had such property been his own property. The manager shall be personally responsible for any loss, waste or misapplication of the property placed under his charge. Notwithstanding the provision contained in sub-rule (2), the overall responsibility for the proper management and maintenance of the property shall continue to be that of the Mayor or Chairman, as the case may be, of the Local Council, in case of elected representatives, and Administrator, in case of dissolution of the house / council". Further, according to Rule 18 of Balochistan Local Councils (Property) Rules, 2019 "the property illegally leased, allotted, encroached or usurped shall be got vacated by the respective Local Council in pursuance of Section 142 read with 4th schedule of the Act". Furthermore, according to Rule 8, Sub Rule 2 of Balochistan Local Councils (Property) Rules, 2019 "**immovable properties of Local Council shall not be sold or permanently alienated".**

During the audit of Municipal Corporation, Hub for the fiscal year 2022-23, it was observed that the local office entered into an agreement with M/S Koh Baloch on June 22, 2012. The objective of this agreement was to establish a vegetable, fruit, fish, and mutton market on a Municipal Land measuring 2850 square yards. This initiative aimed at generating income through a public-private partnership, with a primary condition of preserving the local council's exclusive ownership of the property. The agreement entailed leasing out shops for an initial period of 10 years, with the option for two renewals, each lasting 10 years, and an annual rent escalation of 10%. According to available records, the contractor completed the construction of 94 shops by 2015. However, audit uncovered that only 37 shops had been handed over to the local council for the execution of rent agreements, while the contractor continued to occupy 55 shops to date. The inability to take possession of a substantial number of shops is a significant concern, casting doubt on the effective management of the council's property and revealing a lack of administrative control, which could potentially result in financial losses.

The agreement aimed to establish a market intending to generate income. Clause 3 stipulated that the builder must deposit Rs. 100,000 (Rupees one lac) after completing each shop before executing a tenancy agreement with the tenant by the Local Council. Additionally, clause 5 outlined that if the builder (second party) failed to make timely payments, the Municipal Corporation would issue a notice for dues payment within 30 days. If dues remained unpaid after 3 days of receiving the notice, the first party would take over the construction work at the risk and cost of the second party. However, audit revealed that the contractor failed to deposit a sum of Rs. 6.20 million since completion in 2015.

Failure of handing over of 55 shops and reluctance to pursue legal action for the long outstanding amount showed weak internal control.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the department replied that 92 shops in the vegetable market were constructed under a public-private partnership with a private contractor. The contractor has delivered 37 shops to the office, and the remaining 55 shops are yet to be handed over. Notices have been issued for transfer of the remaining shops within the stipulated timeframe. Furthermore, the matter has been communicated to the district administration, and the office is initiating legal action through a legal advisor. DAC directed constitution of a committee to investigate the matter and submit a report to PAO. No progress was intimated till finalization of this Report.

Audit recommends implementation of DAC directives.

Note: This matter is already reported to AGP as a critical issue vide letter No. DALC/Monthly Report/Ensuring Quality of AIRs/2022-23/439 dated December 8, 2023.
[PDP Nos 6,7]

3.1.3 Award of works without obtaining Performance security - Rs 16.506 million and non-forfeiture of bid security - Rs 3.301 million

According to Rule 44 of BPPRA 2014, “procuring agency shall, in all procurement of goods and works of value more than 25 million, carried out through open competitive bidding, requires security in the form of Pay Order or Demand Draft or Bank Guarantee or Insurance bond by AA ranking insurance company, the amount shall not be more than 10% of contract price”. Further, Para 29(5)c of BPPRA, “bid security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee, if applicable”.

During audit of Municipal Corporations for the FY 2022-23, the following municipal corporations awarded contracts of Rs 165.063 million to different contractors without obtaining performance security of Rs 16.506 million @ 10% and also failed to forfeit bid security of Rs 3.301 million @ 2% from the contractors **(Annexure-2).**

(Rs in Million)

S. No.	Name of office	Contract amount	Performance guarantee @ 10%	Bid Security @ 2%
1	Municipal Corporation, Khuzdar	105.063	10.506	2.101
2	Municipal Corporation, Hub	60.000	6.000	1.200
Total		**165.063**	**16.506**	**3.301**

Undue favour was extended to the contractor which indicated negligence and weak internal controls.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the Municipal Corporation, Hub, reported earnest money through a call deposit (No. 05487191) from Faysal Bank Ltd., amounting to Rs. 1,200,000 for bid security, was held in the office's custody. Simultaneously, 10% performance security was deducted from all ongoing bills of the contractor, documented in the records. The ongoing work is in progress, and any necessary formalities will be completed in due course. In contrast, Municipal Corporation, Khuzdar, only provided performance security for one scheme. DAC decided to forfeit the bid security and deposit into government treasury. Further, performance guarantee be obtained from the concerned contractors. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note; The issue was also reported earlier in the Audit report(s) for audit year(s) 2022-23 vide para-3.1.3 having financial impact of Rs 3.960 million. Recurrence of same irregularity is a matter of serious concern.

[PDP No: 7,2]

3.1.4 Non-recovery of outstanding rent – Rs 25.634 million

According to Section 114 (1) Balochistan Local Government Act, 2010, “Local Council subject to the provisions of any other law may, and subject to approval by the Government shall, levy all or any of the taxes, fees, rates, rents, tolls, charges, surcharges and levies as specified in the Second Schedule”. Further, according to Para-26 of GFR Vol-I, “it is the duty of controlling officer to see that all the sums due to the government are regularly and promptly assessed, realized and duly credited into the public account”.

During audit of Municipal Corporations for the FY 2022-23, the following municipal corporations failed to recover outstanding rent of Rs 25.634 million from tenants (**Annexure-3).**

(Rs in Million)

S. No.	Name of office	Outstanding amount
1	Municipal Corporation, Hub	9.098
		5.170
2	Municipal Corporation, Chaman	7.888
		2.700
3	Municipal Corporation, Pishin	0.778
Total		**25.634**

Undue favour was extended to the tenants / allottees which reflected incompetence and poor financial management resulting in loss to the MCs.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that notices have been issued to the tenants for recovery of outstanding amount. DAC decided for the recovery of outstanding dues**.** No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note; The issue was also reported earlier in the Audit report(s) for audit year(s) 2022-23 vide para-3.1.5 having financial impact of Rs 51.813 million. Recurrence of same irregularity is a matter of serious concern.
[PDP No: 9,5, 12, 14,1]

3.1.5 Loss due to non-revision of rent – Rs 26.887 million

According to Section-112 of Balochistan Local Government Act, 2010, "local rate of rent or land revenue in each district shall be fixed by the government from time to time and shall be collected in the prescribed manner by the Revenue Official (s) responsible for its collection and the proceeds thereof shall be credited to the Local Fund of the District Councils". Further, according to Provincial Rent Rules, "lease of shops is required to be revised after every 11 months @ 10% or every three years @ 30%".

During audit of Municipal Corporations for the FY 2022-23, the following Municipal Corporations failed to revise rate of rent of various properties which resulted in a loss of Rs 26.887 million (**Annexure-4).**

(Rs in Million)

S. No.	**Name of office**	**Rent realized**	**Rent to be realized on market rate**	**Rent less realized**
1	Municipal Corporation, Khuzdar	0.072	1.800	1.440
2	Family Park Khuzdar	0	6.000	6.000
3	Municipal Corporation, Turbat	0.438	0.882	0.444
4	Municipal Corporation, Pishin	0.580	19.584	19.003
Total:		**1.090**	**28.266**	**26.887**

Undue favour was extended to the tenants /allottees by not revising the rates of rent, which depicted negligence and poor financial management.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that notices have been issued to all defaulters for payment of outstanding dues. DAC directed the management to revise the rates of rent through Rent Assessment Committee or Councils. No progress was reported till finalization of this report.

Audit recommends revision of rates of rent, beside fixing of responsibility upon the person (s) at fault.

Note; The issue was also reported earlier in the Audit report(s) for audit year(s) 2022-23 vide para- 3.1.6 having financial impact of Rs 21.886 million. Recurrence of same irregularity is a matter of serious concern.

[PDP No: 16,3,3]

3.1.6 Expenditure without annual frame work agreement - Rs 19.264 million

According to Rule 2 of Sub Rule (1) of Balochistan Public Procurement Regularity Authority, 2014, "where the procuring agency is required to repeatedly procure an object or class of objects on specific terms and conditions, during a defined period of time: not exceeding twelve months, it may enter into a framework agreement with or without rates".

During audit of Municipal Corporations for the FY 2022-23, the following Municipal Corporations carried out different works and procurements which were recurring in nature and paid Rs 19.264 million without adopting annual framework **(Annexure-5).**

(Rs in Million)

S. No.	Name of office	Amount
1	Municipal Corporation, Khuzdar	2.537
		2.884
2	Municipal Corporation, Hub	2.364
		2.603
3	Municipal Corporation, Chaman	1.260
		2.478
4	Municipal Corporation, Turbat	2.830
5	Municipal Corporation, Pishin	2.308
Total		**19.264**

Undue favour was extended to the contractors, which indicated negligence and weak internal controls.

The matter was reported to management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management failed to justify the expenditure. DAC directed that the expenditure in question may be regularized and framework agreement mechanism be adopted in future. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

<u>Note</u>; The issue was also reported earlier in the Audit report(s) for audit year(s) 2022-23 vide para 3.1.8 having financial impact of Rs 18.687 million. Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 10, 14, 13,14,1,4,4,10]

3.1.7 Split-up of works to avoid open tenders – Rs 4.407 million

According to Para 146 of GFR, Vol-I, "purchase / work order should not be split up to avoid the necessity of obtaining the sanction of the higher authority". Further, Clause 12 (1) of BPPRA Rules, 2014, "the Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism".

During audit of Municipal Corporations for the FY 2022-23, the following Municipal Corporations incurred an expenditure of Rs 4.407 million on different minor works by splitting to avoid the tendering process (**Annexure-6).**

(Rs in Million)

S.No	Name of office	Amount of work
1	Municipal Corporation, Hub	2.990
2	Municipal Committee, Pishin	1.417
Total		**4.407**

Undue favour was extended to the contractors, which reflected negligence and weak internal controls.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management failed to justify the expenditure. The DAC directed to regularize the expenditure from competent authority. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note; The issue was also reported earlier in the Audit report(s) for audit year(s) 2022-23 vide para 3.1.9 having financial impact of Rs 5.483 million. Recurrence of same irregularity is a matter of serious concern.
[PDP Nos: 10,8]

3.1.8 Irregular hiring of contingent paid staff and payment of cash thereof – Rs 39.214 million

According to Section No 72(1) of BLG Act 2010, "Local Council may, with the prior approval of Government and if so required by Government shall, on the prescribed terms and conditions, employ such servants as deemed necessary for efficient performance of its functions"

During audit of Municipal Corporations for the FY 2022-23, the following Municipal Corporations made cash payments of Rs 39.214 million to the contingent paid staff without approval from the Secretary, Balochistan Local Government Board (**Annexure-7)**.

(Rs in Million)

S.No.	Name of office	Amount
1	Municipal Corporation, Khuzdar	5.936
2	Municipal Corporation, Hub	15.968
3	Municipal Corporation, Chaman	4.941
4	Municipal Corporation, Turbat	7.944
5	Municipal Corporation, Pishin	4.425
Total:		**39.214**

Hiring of contingent paid staff without prior approval and payments in cash reflected negligence and weak internal controls.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, DAC decided that payment of pay / salary of all staff be made through bank accounts instead of cash. Further, the expenditure may also be regularized. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note; The issue was also reported earlier in the Audit report(s) for audit year(s) 2022-23 vide para (s) 3.1.10 having financial impact of Rs 28.883 million. Recurrence of same irregularity is a matter of serious concern.
[AIR Paras: 11,12,3,5,9]

3.1.9 Non-recovery of taxes – Rs 9.338 million

According to Para 66-9 (4) of the Balochistan Finance Act, 2019, “rate of 6% will be applicable for all services without input tax credit or adjustment to the extent of contractors for which payment is made from the provincial consolidated fund”. Further, according to Sales Tax Ordinance 1999, read with Sales Tax Department Circular on 04-8-2001, “all Government departments / organizations are required to purchase taxable goods only from registered firms against prescribed sales tax invoices @ 17% GST”. Furthermore, according to Section 161 (1) of Tax Ordinance 2001, “where a person having collected tax under above section, the person shall be personally liable to pay the amount of tax to the government treasury”.

During audit of Municipal Corporations for the FY 2022-23, the following Municipal Corporations failed to deduct government taxes from the contractors, amounting to Rs 9.338 million **(Annexure-8)**.

(Rs in Million)

S. No	**Name of formations**	**Income tax @ 4.5% and 7.5%**	**GST @ 17%**	**BST @ 6%**	**Stamp duty @0.25%**
1	Municipal Corporation, Khuzdar	-	-	2.124	
		-	-	-	0.532
		-	4.498	-	-
		0.103	0.392	-	-
		0.046	-	-	-
2	Municipal Corporation, Hub	0.376	-	-	-
3	Municipal Corporation, Chaman	0.052	0.197	0.107	-
		0.155		-	-
4	Municipal Corporation, Turbat	0.039	0.147	-	-
		0.135	-	0.121	-
5	Municipal Corporation, Pishin	-	-	0.138	-
		0.173	-	-	-
Sub-Total		**1.079**	**5.234**	**2.493**	**0.532**
Grand Total		**9.338**			

Non-recovery of taxes reflected negligence and poor financial management

The matter was reported to the managements in November, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management committed to recover the taxes. The DAC directed that government taxes be recovered from the concerned firms at earliest. No progress was reported till finalization of this report.

Audit recommends recovery of government taxes.
[PDP No: 3, 4, 8,15,16,7,8, 9, 1,2,14]

3.1.10 Over-payment due to allowing excess quantity - Rs 8.133 million

According to Para 2.86 of the B&R Code, “the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved”. Further, according to Rule 69 of CPWA Code “a revised estimate must be prepared when the sanctioned estimate is likely to be exceeded by more than 5 per cent.” Furthermore, according to Rule 70 of CPWD Code “the powers of officers of the Public Works Department to accord technical sanction to revised estimates are the same as their powers to accord original sanctions.”

During audit of Municipal Corporations for the FY 2022-23, the following Municipal Corporations paid Rs 8.133 million on account of various development works to different contractors in excess of the quantities approved in PC-I (**Annexure-9)**.

(Rs in Million)

S.No.	**Name of entities**	**Overpaid amount**
1	Municipal Corporation, Khuzdar	7.775
2	Municipal Corporation, Hub	0.358
Total		**8.133**

Payment of excess quantities than approved was due to negligence and poor financial controls.

The matter was reported to the management in November, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management of Municipal Corporation, Khuzdar replied the engineer in charge is authorized by the government to make few amendments in length and widths according to the need of site upto about 10%. The amendments were being made on the request of resident and inhabitants of the area, which resulted in variation of quantities. The Municipal Corporation, Hub replied that the contract work is ongoing and in progress whereas PC-I provided the RCC pipe 5039.24 linear feet on site, however, the execution and laying work were carried out 4299 linear feet. Whereas, the remaining length of RCC pipe of 741 linear feet are still available on site for further utilization to completion of work as per contract awarded. However, the pointed-out matter will be adjusted in next running bill, as and when the work will be done or completed. DAC decided for provision of revised PC-I for verification and recovery be effected from concerned contractors. Further, such practice should be avoided in future. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 2, 3]

3.1.12 Non-realization trade license fee - Rs 7.489 million

According to Section 114 of Balochistan Local Government Act 2010, "Local Council subject to the provisions of any other law may, and subject to approval by the Government shall, levy all or any of the taxes, cesses, fees, rates, rents, tolls, charge, surcharges and levies specified in the Second Schedule".

During the audit of Municipal Corporation, Hub for the FY 2022-23, the local office failed to regulate the trade of animals "Bakra Peri". The local office did not impose taxes on the sale of animals, as stipulated in Schedule Second of the Balochistan Local Government Act 2010, which resulted in a loss of Rs 7.489 million (Annexure-10)

Corporation deprived from revenue due to non-imposition of taxes/fees.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that this office has implemented trade license and in this regard successful meeting held with representative of traders and they also agreed, the matter is under process, trade license fee are being collected. DAC decided for early implementation of trade license fee**.** No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 8,5]

3.1.13 Doubtful expenditure on minor repair and civil work - Rs 1.835 million

According to APPM Para No. 2.3.2.8, minimise risk of fraud and corruption: “the accounting system shall include controls to minimise the risk of fraud and corruption. This objective shall be addressed by issuance of payment through direct bank transfer and cheques”.

During audit of Municipal Corporation Turbat for the FY 2022-23, the management paid an amount of Rs 1.836 million in cash instead of cross cheque on account of minor repair work **(Annexure-11).**

Incurring expenditure without fulfillment and in violation of codal provisions was unjustified. Noncompliance of rules may lead to miss-procurement.

The matter was reported to the management concerned in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that most of the amount was paid through cross cheques. DAC directed the local office to avoid cash payment in future, besides fixing of responsibility against the person (s) at fault. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 7]

3.1.14 Over-payment due to allowing higher rates - Rs 1.040 million

According to Rule 220 of CPWA Code, “before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work or supplies should be scrutinized by the Sub-Divisional Officer and the calculations of "Contents or area" should be checked arithmetically under his supervision”.

During audit of Municipal Corporations for the FY 2022-23, Municipal Corporation Khuzdar paid the contractor for an item of work “Boring for tubewell in all types of soil except shingle, gravel and rock from ground bed to 100ft (30m) depth including sinking and withdrawing casing pipe & disposal of excavated material within 100ft (30m)”. The contractor provided and installed blind pipe of 8” and 10" diameter in tube well borehole. However, an 18" diameter borehole was dug. Digging 18” bore hole instead of 12” was unjustified as the difference in dia of installed blind pipes is too much, resulting in an over-payment of Rs 1.040 million.

(Rs in Million)

S. No	Name of office	Over-payment
1	Municipal Corporation, Khuzdar	1.040

Undue favor has been granted to the contractor, by allowing unjustified width of bore hole as compared to installed blind pipes resulting in a loss to the government.

The matter was reported to the management in November, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the said bore hole was dug out with an 18” dia meter pipe reason of which is to increase the amount of shrouding pea gravel around the bore hole and to ensure the gravel may reached to the bottom of bore hole. Which prevent the silt to enter from strainer in the bore hole. Which is main case of chocking of bore and damaging of machinery. DAC decided to constitute a committee for conducting of physical verification of the development schemes to ascertain the actual position of the scheme and submit their report. No progress was reported till finalization of this report.

Audit recommends submission of verification report to ascertain the facts.

[PDP No:1]

4. MUNICIPAL COMMITTEES

4.1 AUDIT PARAS

4.1.1 Non-production of record - Rs 25.219 million

According to Section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, "the officer in charge of any office or Department shall afford all facilities and provide record for audit inspection with requests for information in as complete a form as possible and with all reasonable expeditions".

During audit of Municipal Committee Musa Khail for the FY 2022-23, the office failed to provide record of Rs 25.219 million to audit despite frequent verbal and written requests, as detailed below;

(Rupees in Million)

S. No	Auditable Record	Amount
1	Salary	11.938
2	Non Salary	13.281
Total		**25.219**

Due to concealment of record, audit was unable to authenticate the expenditure and chances of financial mismanagement could not be ruled out.

The matter was reported to the management in December, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, the representative of the concerned office did not attend the meeting. The DAC showed displeasure and directed the office to produce record to audit for scrutiny within a week. No progress was reported till finalization of this report.

Audit recommends production of record to audit besides, fixing of responsibility against the person (s) at fault.

[PDP No: 01]

4.1.2 Suspected misappropriation of machinery fund - Rs 14.337 million

According to 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 Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence".

During audit of Municipal Committee, Usta Mohammad for the FY 2022-23, audit observed that a fund of Rs. 14.337 million was received from finance department for procurement of vehicles and machinery. The management initiated procurement of a Sludge Sucker machine worth Rs 9.700 million from M/S ISUZU Motors during the year. The sludge sucker was not delivered after lapse of more than a year as the local office made partial payment of Rs 8.20 million against the full price of Rs 9.70 million. Furthermore, machinery at serial number 1, 2 and 4 was not procured (estimated cost Rs 4.637 million. Reasons for non-delivery and non-procurement being that the released funds were misappropriated by the local office.

(Rs in Million)

S. No	Name of machinery	Quantity	Unit Price	Estimated cost
1	Tractor Loader 4x4	01	2.150	2.150
2	Water Bowser small	02	0.400	0.800
3	Sludge Sucker Vehicle (4500 Liter)	01	9.700	9.700
4	Tractor with two trolleys (Hydrolic tripping system)	02	0.843	1.687
Total				**14.337**

Audit is of the view that due to unauthorized usage of development fund and non-delivery of machinery by the firm, the local office sustained a loss.

The matter was reported to the concerned department in September, 2023. The management verbally replied that due to non-payment of remaining amount of Rs 1.700 million the supplier is reluctant to deliver the machinery.

In the DAC meeting held on November 27-28, 2023, the department replied that matter was conveyed to the then Chief officer through official letters. DAC decided to constitute a committee to investigate the matter and submit its report to audit. No progress was reported till finalization of this report.

Audit recommends implementation of DAC decision.

[PDP No 1]

4.1.3 Cash withdrawal without vouched accounts - Rs 6.874 million

According to FTR-130, "money may not be withdrawn from the consolidated fund or the public accounts except for presentation of bills". Further, 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 government through fraud or negligence on his part".

During Audit of Municipal Committees for FY 2022-23, the following 03 Municipal Committees withdrew an amount of Rs 6.874 million in cash without vouched (**Annexure-1)**.

(Rs in Million)

S.No	Name of office	Amount
1	Municipal Committee, Muslim Bagh	3.789
2	Municipal Committee, Ziarat	1.225
3	Municipal Committee, Sanjavi	1.860
Total		**6.874**

Audit was of the view that withdrawal of huge amount without vouched accounts was tantamount to concealment of record and chances of financial mismanagement could not be ruled out.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the DAC expressed displeasure over non-production of record and directed that all relevant record may be provided to audit immediately. No progress was reported till finalization of this report.

Audit recommends production of record to Audit besides, fixing of responsibility against the person (s) at fault.
[PDP No: 1,5,6]

4.1.4 Irregular expenditure without calling tender –Rs 4.079 million

According to Rule 15 of BPPRA 2014 amended, "procurements over two hundred thousand rupees and up to two 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 Municipal Committees for FY 2022-23, the following 02 Municipal Committees incurred an expenditure of Rs 4.079 million on procurement of pipes, equipment and repair of works without calling open tender in violation of above Rule. Detail of expenditure incurred is provided in (**Annexure-2).**

(Rs in Million)

S.No	**Name of office**	**Amount**
1	Municipal Committee, Dera Allah Yar	1.840
2	Municipal Committee, Kohlu	2.239
Total		**4.079**

Undue favour was extended to the contractors /suppliers and government was deprived of procurement at competitive and economical rates, which indicates poor financial management and weak internal controls.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meeting held on December 27-28, 2023 MC Kohlu did not attend the meeting, MC Dera Allah Yar submitted that quotations were obtained. Audit was of the view that the expenditure was incurred without calling open tenders. The DAC directed to justify the expenditure and get the same regularized from the competent authority. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP Nos:2,4]

4.1.5 Split up expenditure to avoid open tender – Rs 28.301 million

According to Clause 12 (1) of BPPRA Rules, 2014, "The Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism".

During Audit of Municipal Committees for FY 2022-23, the following 18 Municipal Committees incurred expenditure of Rs 28.301 million on different works through private contractors by splitting the work orders in piecemeal to avoid open tender in violation of above Rule provision (**Annexure-3).**

(Rs in Million)

S. No	Name of Municipal Committee	Amount	S. No	Name of Municipal Committee	Amount
1	Awaran	2.501	10	Sui	2.483
2	Gajjar Mashkey	3.85	11	Harnai	1.448
3	Jhal Magsi	0.907	12	Shahragh	1.372
4	Gandawah	0.898	13	Dalbandin	1.211
5	Mach	0.483	14	Zhob	1.389
6	D.M Jamali	1.585	15	Khaliqabad	1.211
7	Buleda	2.824	16	Kalat	1.476
8	Winder	1.774	17	Sherani	0.611
9	Dureji	1.823	18	Tasp	0.456
Total		**16.645**	**Total**		**11.656**
Total: 28.301					

Expenditure was incurred without calling for open tender in violation of rules, depicting weak internal control.

The matter was reported to the management during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 & December 28-29, 2023, the management failed to justify the matter. DAC instructed that the practice of splitting expenditure to avoid open tender be avoided in future. Amount in question be regularized from the competent forum. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

Note-: The irregularity of the same nature was also reported in the Audit Report for the year 2021-22 and 2022-23 with the financial impact of Rs 7.088 million and 71.700 million respectively but the PAO did not take remedial measures to avoid recurrence.

[PDP No 7,4,4,11,9,15,7,7,12,4,8,5,15,10,1,15,8,6]

4.1.6 Over-payment due to allowing higher rates - Rs 4.205 million

According to Rule 220 of CPWA Code, "before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work or supplies should be scrutinized by the Sub-Divisional Officer and the calculations of "Contents or area" should be checked arithmetically under his supervision".

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees awarded development works to various contractors. Over-payment of Rs 4.205 million was made due to allowing higher rates than rates provided in BCSR-2018 and PC-I. (**Annexure-4).**

(Rs in Million)

S. No	Name of entities	Amount paid	Amount payable	Over-payment
1	Municipal Committee, Loralai	1.158	1.053	0.105
		0.810	0.058	0.752
2	Municipal Committee, Killa Saifullah	2.456	3.801	1.344
3	Municipal Committee, Zehri	4.230	2.820	1.410
4	Municipal Committee, Dureji	0.844	0.778	0.066
		0.167	0.093	0.074
5	Municipal Committee, Surab	1.212	0.759	0.454
Total:		**10.877**	**9.362**	**4.205**

Undue favour was extended to the contractors by paying excess amount, which indicated financial indiscipline and weak internal controls.

The matter was reported to the management during September to November, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, DAC directed that either original MB and PC-I may be provided to audit for verification or the overpaid amount may be recovered at the earliest under intimation to audit. No progress was reported till finalization of this report.

Audit recommends recovery of overpaid amount and its verification by audit and non-recurrence of the irregularity in future.
[PDP No:1,2,1,2,7,8,2]

4.1.7 Non- recovery of taxes – Rs 6.084 million

According to Para 66-9 (4) of the Balochistan Finance Act, 2019, “rate of 6% will be applicable for all services without input tax credit or adjustment to the extent of contractors for which payment is made from the provincial consolidated fund”. Further, according to Sales Tax Ordinance 1999, read with Sales Tax Department Circular on 04-8-2001, “all Government departments / organizations are required to purchase taxable goods only from registered firms against prescribed sales tax invoices @ 17% GST”. Furthermore, according to Section 161 (1) of Tax Ordinance 2001 stipulates, “where a person having collected tax under above section, the person shall be personally liable to pay the amount of tax to the Government Treasury”.

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees failed to deduct government taxes of Rs 6.084 million from the contractors. (**Annexure-5).**

(Rs in Million)

S. No.	Name of MC	Income tax	GST	BST	Total taxes
1	Loralai	-	0.132	-	0.132
		-	-	0.173	0.173
2	Awaran	0.035	0.075	-	0.110
		-	-	0.082	0.082
3	Mashkay	0.019	0.072	0.10	0.191
4	Dera Bugti	0.017	0.065	-	0.083
5	Dera Allah Yar	0.290	0.272	-	0.562
6	Killa Abdullah	-	-	0.082	0.082
		0.051	0.196		0.248
7	Muslim Bagh	-	-	0.152	0.152
		-	0.349	-	0.349
8	Dureji	-	-	0.090	0.090
9	Khanozai	0.011	0.044	-	0.055
10	Sui	-	-	0.175	0.175
11	Ziarat	0.069	-	-	0.069
12	Nushki	0.072	0.273	-	0.346
13	Washuk	-	-	0.450	0.450
		0.028	0.107	-	0.136
14	Duki	-	-	0.056	0.056
		-	0.175	-	0.175
		0.095	-	-	0.095
15	Dalbandin	-	1.444	-	1.444
		0.058	-	-	0.058

S. No.	Name of MC	Income tax	GST	BST	Total taxes
16	Kohlu	-	0.098	-	0.098
		0.126		-	0.126
17	Barkan	-	0.068	-	0.068
		0.038	-	-	0.038
18	Sohbat Pur	-	0.050	-	0.050
19	Zhob	-	-	0.391	0.391
Total					**6.084**

Non-recovery of taxes reflected negligence and poor financial management.

The matter was reported to the managements during September to December, 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management informed that notices were issued to concerned contractors/firms for recovery of taxes. The DAC directed to recover the government taxes at the earliest and get verified from audit. No progress was reported till finalization of this report.

Audit recommends recovery of government taxes.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, 2020-21 and 2019-20 with the financial impact of Rs 13.384 million, Rs 24.252 and Rs 7.485 million respectively. Recurrence of same irregularity is a matter of serious concern.
[AIR Paras No: 3,4,2,3,1,4,5,5,6,8,9,16,8,1,10,1,2,2,5,6,19,7,8,4,5,3,4,13,14]

4.1.8 Non-deduction of income tax on payment of salaries – Rs 1.313 million

According to Federal Budget 2022-23, the following slabs of income tax will be applicable for salaried persons for the year 2022-23.

1. Where the taxable salary income exceeds Rs 600,000 Per annum but does not exceed Rs 1,200,000, 5% will be applicable as income tax upon the salary exceeding Rs 600,000 annually."
2. Where the taxable salary income exceeds Rs 1,200,000 per annum but does not exceed Rs 2,400,000, 12.5% of the amount exceeding Rs 1,200,000 + Rs 15000.

During Audit of Municipal Committees for FY 2022-23, the following 18 Municipal Committees failed to deduct income taxes of Rs 1.313 million from the monthly salaries of their employees (**Annexure-6).**

(Rs in Million)

S. No.	Name of Municipal Committees	Income Tax not recovered	S. No	Name of Municipal Committees	Income tax not recovered
1	Loralai	0.057	10	Naal	0.036
2	Pasni	0.059	11	Sui	0.009
3	Gawadar	0.066	12	Gaddani	0.182
4	Usta Muhammad	0.033	13	Mastung	0.021
5	Gandawa	0.023	14	Washuk	0.006
6	Mach	0.178	15	Kohlu	0.067
7	Chitkan	0.195	16	Zhob	0.112
8	Tump	0.063	17	Sherani	0.131
9	Zehri	0.052	18	Sohbat Pur	0.023
Total:					**1.313**

Non-recovery of taxes reflected negligence and poor financial management.

The matter was reported to the managements during September to December, 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management informed that Income tax is being deducted from the concerned staff. Audit emphasized for early recovery of Government taxes from the concerned staff. The DAC directed to recover the income tax from the officers/officials at the earliest and get the same verified from audit. No progress was reported till finalization of this report.

Audit recommends recovery of Income tax from the officials / officers concerned under intimation to audit.
[PDP No: 6,12,5,16,15,2,11,9,9,9,8,6,11,19]

4.1.9 Loss due to non-recovery of rent – Rs 32.343 million

According to Section 114 (1) Balochistan Local Government Act, 2010, "Local Council subject to the provisions of any other law may, and subject to approval by the Government shall, levy all or any of the taxes, fees, rates, rents, tolls, charges, surcharges and levies as specified in the Second Schedule". Further, Para-26 of GFR Vol-I, "it is the duty of controlling officer to see that all the sums due to the government are regularly and promptly assessed, realized and duly credited into the public account".

During Audit of following Municipal Committees for FY 2022-23, failed to recover outstanding rent of Rs 32.343 million from tenants (**Annexure-7).**

(Rs in Million)

S#	Name of Municipal Committees	Un recovered rent	S#	Name of Municipal Committees	Un recovered rent
1	Loralai	8.624	8	Gaddani	0.377
2	Pasni	0.258	9	Ziarat	0.182
3	Gawadar	0.560	10	Kharan	0.250
4	Usta Muhammad	1.191	11	Dalbandin	3.967
5	Dera Allah Yar	0.251	12	Surab	0.029
6	Dera Murad Jamali	6.410	13	Sibi	1.592
7	Chitkan	8.652			
Total		**32.343**			

Undue favour was extended to the tenants/allottees at the cost of Government exchequer, which reflected incompetence and poor financial management.

The matter was reported to the management during September to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the department replied that notices have been issued to the concerned owners to pay their liabilities. The DAC directed that outstanding rent may be recovered and verified to audit. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, 2021-22 and 2020-21 with the financial impact of Rs 79.680 million, Rs 44.943 million and Rs 2.689 million respectively. Recurrence of the same irregularity is a matter of serious concern.
[PDP Nos:11, 10,3,19,16,4, 3,9,3,21,7,10]

4.1.10 Unlawful retention of government taxes – Rs 4.166 million

According to Rule-7(I) of Treasury Rules, "all money received by Government officers on account of the revenues shall without undue delay be paid in full into Government account. Money so received shall not be appropriated to meet the departmental expenditure".

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees deducted different taxes of Rs 4.166 million from different firms, retained the same in their bank accounts and failed to deposit the retained amount into the government account **(Annexure-8).**

(Rs in Million)

S. No	Name of entities	Income tax	BST	GST	Total taxes
1	Municipal Committee, Awaran	0.148	-	-	0.148

S. No	Name of entities	Income tax	BST	GST	Total taxes
2	Municipal Committee, Mashkay	0.211	-	-	0.211
3	Municipal Committee, Mach	0.046	0.023	0.063	0.132
4	Municipal Committee, Saranan	0.162	-	-	0.162
5	Municipal Committee, Ziarat	0.025	0.095		0.120
6	Municipal Committee, Sanjavi	0.117	-	-	0.117
7	Municipal Committee, Zhob	-	3.276	-	3.276
Total					**4.166**

Unauthorized retention of government receipts reflected negligence and financial indiscipline

The matter was reported to the managements during September to December 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management replied that the deducted amount will be deposited. The DAC directed to deposit the taxes and get it verified to audit. No progress was reported till finalization of this Report.

Audit recommends deposition of taxes into government account besides, fixing of responsibility upon the person (s) at fault.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, 2020-21 and 2020-21 with the financial impact of Rs 4.361 million, Rs 4.322 million and Rs 10.595 million respectively. Recurrence of the same irregularity is a matter of serious concern.

[PDP Nos: 1,2,1,9,9,10,14)

4.1.11 Non-revision of rent – Rs 51.631 million

According to Section-112 of Balochistan Local Government Act, 2010, "local rate of rent or land revenue in each district shall be fixed by the government from time to time and shall be collected in the prescribed manner by the Revenue Official(s) responsible for its collection and the proceeds thereof shall be credited to the Local Fund of the District Councils". Further, Provincial Rent Rules, "lease of shops is required to be revised after every 11 months @ 10% or every three years @ 30%".

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees continued renting out properties at nominal rates and failed to revise rate of rent of various properties in violation of above Rule, which resulted into loss of Rs 51.631 million (**Annexure-9).**

(Rs in Million)

S. No.	Name of entities	Amount realized	Amount to be released on market rate	Less Realized
1	MC, Usta Muhammad	0.097	0.328	0.231
2	MC, Dera Allah Yar	3.459	33.216	29.756
3	MC, Bhag	0.152	1.824	1.647
4	MC, Killa Saifullah	1.176	5.880	4.704
5	MC, Bela	0.226	3.360	3.133
6	MC, Gaddani	0.338	1.452	1.113
7	MC, Ziarat	0.065	2.880	2.874
8	MC, Kharan	0.100	1.860	1.760
12	MC, Dalbandin	2.332	3.984	1.651
13	MC, Surab	0.096	0.960	0.864
14	MC, Sibi	0.245	2.940	2.821
15	MC, Kohlu	0.602	1.680	1.077
Total		**8.888**	**60.364**	**51.631**

Undue favour was extended to the tenants /allottees by not revising the rates of rent, which depicted negligence and poor financial management.

The matter was reported to the managements during September to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023 the management replied that the matter will be discussed in the forthcoming Council's meetings for revision of rent of the properties. The DAC directed the management to revise the rates as per the act. No progress was reported till finalization of this report.

Audit recommends revision of rent as per market rates under intimation to audit.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, 2020-21 and 2020-21 with the financial impact of Rs 22.593 million, Rs 16.869 and Rs 5.483 respectively. Recurrence of the same irregularity is a matter of serious concern.
[PDP No:18,17,1,14,11,10,10,9,22,7,10,22]

4.1.12 Unauthorized expenditure on NSR without rate analysis – Rs 8.041 million

According to Para 296 of CPWA Code, "schedule of rates for each kind of work commonly executed should be maintained in the division and kept up to date. The rates for items other than those given in the schedule are treated as non-schedule items. Analysis of rates for such items is required to be prepared by the Executive Engineer and approved by the competent authority in keeping with provisions of the delegation of financial powers".

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees executed different schemes at the cost of Rs 8.041 million on NSR basis without preparing detailed rate analysis and without obtaining approval from the Director General Local Government (**Annexure-10).**

(Rs in Million)

S. No	Name of office	Amount
1	MC, Pasni	2.133
2	MC, Zehri	3.588
3	MC, Zhob	1.920
		0.400
Total		**8.041**

Audit was of the view that undue favour was extended to the contractors which reflected negligence and poor financial discipline.

The matter was reported to the managements during August to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management failed to provide the approved rate analysis. The DAC directed that approved rate analysis of NSR items may be provided to audit within a week. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility against person (s) at fault and avoid its recurrence.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23, 2020-21 and 2020-21 with the financial impact of Rs 7.559 million, Rs 23.342 million and Rs 9.407 million respectively. Recurrence of the same irregularity is a matter of serious concern.

[PDP Nos: 2,1,1,7]

4.1.13 Award of works without obtaining performance security - Rs 38.689 million and non-forfeiture of bid security - Rs 7.737 million

According to Rule 44 of BPPRA 2014, "procuring agency shall, in all procurement of goods and works of value more than 25 million, carried out through open competitive bidding, requires security in the form of Pay Order or Demand Draft or Bank Guarantee or Insurance bond by AA ranking insurance company, the amount shall not be more than 10% of contract price". Further, Para 29(5)c of BPPRA, "bid security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee, if applicable".

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees contracts of Rs 386.911 million awarded to various contractors without obtaining performance security @10% amounting to Rs 38.689 million and also failed to forfeit bid security @2% amounting to Rs 7.737 million from the contractors **(Annexure-11).**

(Rs in Million)

S. No.	Name of entities	Approved Cost	Performance security @10%	2% Call Deposit (Recovery)
1	Municipal Committee, Pasni	110.00	11.00	2.20
2	Municipal Committee, Chitkan	40.00	4.00	0.80
3	Municipal Committee, Bela	30.017	3.00	0.60
4	Municipal Committee, Dureji	120.0	12.00	2.40
5	Municipal Committee, Dalbandin	36.894	3.689	0.737
6	Municipal Committee, Surab	50.000	5.00	1.00
Total:		**386.911**	**38.689**	**7.737**

Undue favour was extended to the contractors which reflected negligence and weak internal controls.

The matter was reported to the managements during September to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, DAC decided to forfeit the bid security and deposit into government treasury. Further, performance guarantee be obtained from the concerned contractors. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23 and 2021-22 with the financial impact of Rs 177.622 million and Rs 79.680 million respectively. Recurrence of same irregularity is a matter of serious concern.
[PDP Nos. 4,5,4,9,12,1)

4.1.14 Loss due to non-renting out of properties - Rs 16.374 million

According to Section 114 (1) Balochistan Local Government Act, 2010, "Local Council subject to the provisions of any other law may, and subject to approval by the Government shall, levy all or any of the taxes, fees, rates, rents, tolls, charges, surcharges and levies as specified in the Second Schedule". Further, ***Section 111.(1) of Balochistan Local govt. Act 2010, "every Mayor/Chairman, official or servant of a Local Council, every member of a Local Council, and every person charged with the administration and management of the property of a Local Council shall be personally responsible for any loss or waste, financial or otherwise, of any property belonging to a Local Council which is a direct consequence of decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force or which accrues as a result of his negligence or misconduct, and shall be liable to pay such surcharge as may be determined by the Local Councils Accounts Committee and such amount shall be recoverable as arrears of land revenue under surcharge proceedings".***

During Audit of Municipal Committees for FY 2022-23, the following Municipal Committees failed to rent out different properties causing a loss of Rs 16.374 million **(Annexure-12).**

(Rs in million)

S.No	Name of office	Rental Amount
1	Municipal Committee, Gawadar	5.400
2	Municipal Committee, Dhadar	0.180
3	Municipal Committee, D.M. Jamali	4.124
4	Municipal Committee, Kharan	1.750
		4.920
Total		**16.374**

Loss was incurred due to non-renting of shops which reflected negligence and financial indiscipline.

The matter was reported to the managements during September to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the DAC directed that all the shops and other properties be auctioned at the earliest under intimation to audit and PAO. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives and recovery of rent.

Note: The issue was reported earlier also in the Audit Reports for Audit Years 2022-23 and 2021-22 and 2020-21 with the financial impact of Rs 8.868 million, Rs 16.869 million and Rs 7.983 million respectively. Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 4,10,3,1,7]

4.1.15 Irregular purchase of machinery without calling tender – Rs 38.964 million

According to Rule 15 of BPPRA, "procurements over two hundred thousand rupees and up to two 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 Municipal Committees for FY 2022-23, the following Municipal Committees procured machinery amounting to Rs 38.964 million from different firms. The fabricated units were procured by the MCs without calling open tender, as detailed below;

(Rs in Million)

S. No	**Name of office**	**Description**	**Quantity**	**Supplier/Dealer**	**Amount**
1	MC, Jhal Magsi	Water bowser 4000 Ltr	1	M/s Daehan Quetta Motors	0.921
		Dewatering pump 25 HP	1	M/s Daehan Quetta Motors	1.149
2	MC, Dalbandin	32+1 Seater Bus of Isuzu	3	M/s Isuzu Quetta Motors Quetta	36.894
Total:					**38.964**

Undue favour was extended and government was deprived of procurement at competitive and economical rates through open tendering, which indicates poor financial management and weak internal controls.

The matter was reported to the managements during September to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management informed that the machinery was purchased under the provision of Direct Contracting of Balochistan Public Procurement Rules-2014. Audit was of the view that that direct contracting is applicable where proprietary items were involved. The DAC directed to get expenditure regularized. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

[PDP No: 2,7]

4.1.16 Loss due to non-recovery of auction tax from the contractor – Rs 2.153 million

According to Section 236-A of Income Tax Ordinance, 2001 amended time to time, "10% auction tax will be applicable on the gross sale price of any property or goods sold by auction."

During Audit of Municipal Committee, Dera Murad Jamali for FY 2022-23, awarded rights of collection fee of Bakra Peri through open auction but failed to collect 10 % Auction Tax amounting to Rs 2.153 million from the contractor as detailed below;

(Rs in Million)

S. No.	Name of Contractor	Contract Period	Particular	Contract Amount	Auction Tax 10%
1	M/S Din Mohammad Lehri	1.07.2022 to 30.06.2023	Auction of Bakra Peri fee Collection Rights	21.527	2.153
Total Amount				**21.527**	**2.153**

Non-recovery of auction tax was due to weak financial management, which caused loss to public exchequer.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that notice was issued to the contractor and sum of Rs 1.500 million recovered and deposit into government treasury through challans. Further, remaining amount will be recovered soon. DAC decided for provision of original challan to audit for verification and realization of outstanding dues forthwith. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

(PDP No. 5)

4.1.17 Over-payment due to inadmissible items of work - Rs 1.245 million

According to Para-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."

During Audit of Municipal Committee, Dera Murad Jamali for FY 2022-23, the work "Tuff tiles, Sewerage, Solar lights for Hindu Mohallah" was awarded to Govt. Contractor. The contractor was allowed inadmissible item of works for installation of 52 solar street lights, as the cost of Solar charger and solar light is already included in the cost of item of work **under S.I 31-28**, which resulted in over-payment of Rs 1.245 million, as detailed below:

(Rs in Million)

Inadmissible item of work	SI#	Quantity	Rate	Overpaid amount
Supply, Install, connect, test and commission of Solar Charge Controller	31-1/d	40	1,112.80	0.044
Supply and install pole mounted weather proof LED 50-watt fixture including accessories, installation material. Philips or equivalent	30-128	52	23,092.50	1.201
Total				**1.245**

Allowing inadmissible item of work caused over-payment resulting in loss to exchequer.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that this office adhered to all codal formalities and procedures. The scheme was executed in accordance with the specification outlined in the PC-I, which had been approved by the competent authorities. All items and rates are accurate as per the PC-I. DAC directed that original MB and PC-I be produced for verification. No progress was reported till finalization of this report.

Audit recommends provision of the original record and recovery of overpaid amount.

[PDP No. 7]

4.1.18 Over-payment due to wrong calculation of breadth - Rs 1.692 million

According to Rule 220 of CPWA Code, "before the bill of a contractor is prepared, the entries in the measurement book relating to the description and quantities of work or supplies should be scrutinized by the Sub-Divisional Officer and the calculations of "Contents or area" should be checked arithmetically under his supervision".

During Audit of Municipal Committee, Dera Murad Jamali for FY 2022-23, awarded development work "Tuff tiles, Sewerage, Solar lights for Hindu Mohallah" to government contractor. The contractor was allowed and paid for incorrect/unjustified breadth for construction of PCC on two sides of tuff tiles under item of work "providing & laying plain hand mixed cement concrete using 1-1/2 to 2" with approved course sand etc. S.I No. 5-2/a", this resulted in an excessive payment of Rs 1.692 million, as detailed below;

(Rs in Million)

	No	**Length in Rft (701+400+300+388.5)**	**Breadth in Rft**	**Depth in Rft**	**Total Cft**	**Rate**	**Amount**
Quantity Paid	2	1790	12	0.25	10738	164.4	1.766
Quantity Allowed	2	1790	0.5	0.25	447.50	164.4	0.073
Over-payment/ Recovery							**1.692**

The contractor was overpaid due to extra quantity in breadth, resulting in a loss to the exchequer.

The matter was reported to the management in November, 2023 but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the condition of sewerage lines in D.M Jamali town ranges from bad to worse. No tile scheme proved effective if the ground surface not treated well. Additionally, the soil in the town is ordinary. Therefore, this office constructed two layers of cement concrete according to the ground level and condition to ensure the stability of work to be done. the DAC directed that original MB and PC-I be produced to audit for verification. No progress was reported till finalization of this report.

Audit recommends provision of the original record and recovery of overpaid amount.

[PDP No. 8]

4.1.19 Unjustified payment to QESCO - Rs 7.20 million and recovery - Rs 1.383 million

According to Para 16 of CPWD "It is not sufficient that an officer's accounts should be correct to his own satisfaction. A disbursing officer has to satisfy not only himself, but also the Audit Department, that a claim which has been accepted is valid, that a voucher is a complete proof of the payment which it supports, and that an account is correct in all respects".

During Audit of Municipal Committee, Dureji for FY 2022-23, paid an amount of Rs 7.2 million to QESCO ***on account*** of electricity bills. **(Annexure -13)**

(Rs in Million)

Installed at Location	**Bill reading May,2023**	**Actual Reading August, 2023**	**Difference**	**Estimated Tariff rate per Unit (Rs)**	**Overpaid**
Municipal Library, Dureji	31682 units	2240 Units	29442 units	47	1.383

The expenditure was held overpaid due to the following reasons:

i) Audit was only provided with actual meter reading of one of the seven Electric meters, installed at the Municipal Public Library, with two rooms having two electric fans and two energy savers. The significant variance between the actual reading and the reading billed by QESCO served a clear evidence of potential over billing practice.

ii) ***It was also observed that pictures of meter reading on each electric bill was consistently blurred, raising concern about the accuracy and transparency of billing process.***

The payment is deemed non-transparent, suspicious and potentially overpaid causing loss to Local council, because it was made without cross-verification of actual meter readings.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that the efforts are being made by this office to resolve the issue. The matter is under negotiation with QESCO authority. If it was not achieved then legal recourse will be considered. The DAC directed to take up the issue with QESCO to resolve the issue and adjustment of bills. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No. 1]

4.1.20 Unauthorized expenditure on contingent paid staff – Rs 230.844 million

According to Section No 72(1) of BLG Act 2010, "The Local Council may, with the prior approval of Government and if so required by Government shall, on the prescribed terms and conditions, employ such servants as deemed necessary for efficient performance of its functions"

During Audit of Municipal Committees for FY 2022-23, the following 48 Municipal Committees incurred an expenditure of Rs 230.844 million on hiring of contingent paid staff without approval from the Secretary Balochistan Local Government Board in violation of above Rules and without fulfilling codal formalities for hiring of contingent paid staff **(Annexure-14).**

(Rs in Million)

S.No.	MCs(48)	Amount
1	Municipal Committees, Loralai, Mashkey, Dera Bugti, Jiwani, Ormara, Pasni, Gawadar, Usta Muhammad, Dera Allah Yar, Jhal Magsi, Gandawah Dhadar, Bhag, Mach, Killa Abdullah, Killa Saifullah, Muslim Bhag, Dera Murad Jamali, Buleda, Tump, Zehri, Wadh, Naal, Uthal, Winder, Bela, Gaddani, Dureji Khanozai, Huramzai, Saranan, Ziarat, Sanjavi, Sui, Harnai, Shahragh Mastung, Nushki, Surab, Sibi, Duki, Dalbandin, Kohlu, Barkhan, Khaliqabad, Kalat, Sherani, Sohbatpur	230.844

Hiring of contingent paid staff without prior approval reflected negligence and weak internal controls.

The matter was reported to the management during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023 wherein MCs Ziarat, Sanjavi and Sui did not attend the meeting, the rests submitted that due to shortage of staff, contingent paid staff was hired. Audit was of the view that hiring was made beyond 89 days without prior approval and their salaries were paid in cash instead of through bank accounts. DAC instructed that the salary of all staff be paid through bank accounts instead of cash payment. Further, NOC and evidence of payment through bank be produced to audit for verification. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: - The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 4.1.12 with a financial impact of Rs 123.000 million and Audit Year 2021-22 vide para number 3.1.11 with a financial impact of Rs 27.804 million respectively. Recurrence of same irregularity is a matter of serious concern.
[PDP No: 5,3,1,5,1,9,8,5,3,7,13,4,3,3,3,8,3,12,6,1,5,4,4,8,4,9,8,13,4,5,6,8,4,2, 5,3,6, 4,11,6,3,11,2,1,3,11,11,1]

4.1.21 Irregular expenditure without framework agreement - Rs 65.459 million

According to Rule 2 of Sub Rule (1) of BPPRA, "Where the procuring agency is required to repeatedly procure an object or class of objects on specific terms and conditions, during a defined period of time: not exceeding twelve months, it may enter into a framework agreement with or without rates"

During Audit of Municipal Committees for FY 2022-23, 44 Municipal Committees awarded contracts of Rs 65.459 million for recurring expenditure on procurements of electric items, sanitation items and lifting and dumping of garbage without adopting annual framework agreement in violation of the above Rule provision. (**Annexure-15)**.

(Rs in Million)

S.No.	MCs(44)	Amount
1	Municipal Committees, Loralai, Awaran, Gajjar Mashkey, Dera Bugti, Jiwani, Ormara, Pasni, Gawadar, Usta Muhammad, Dera Allah Yar, Jhal Magsi, Gandawah, Dhadar, Bhag, Killa Saifullah, Muslim Bhag, Tasp, Chitkan, Uthal, Bela, Gaddani, Dureji, Huramzai, Saranan, Ziarat, Sanjavi, Mastung, Nushki, Surab, Kharan, Dalbandin, Zhob, Barkhan, Khailqabad, Kalat, Sherani,	65.459

	Sohbatpur, Duki, Mach, Dera Murad Jamali, Wadh, Harnai, Sibi, Kohlu	

Undue favour was extended to the contractors, which indicated negligence and weak internal controls.

The matter was reported to the management during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, wherein MCs Ziarat, Sanjavi, Sui and Barkhan did not attend the meeting, the rest of management failed to satisfy the DAC. DAC instructed that frame work agreement mechanism be adopted in future. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: - The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 4.1.4 with a financial impact of Rs 10.309 million and Audit Year 2021-22 vide para number 3.1.10 with a financial impact of Rs 22.910 million respectively. Recurrence of same irregularity is a matter of serious concern.
[PDP Nos: 7,4,8,5,2,11,1,8,8,5,14,11,6,5,5,5,4,5,10,5,9,10,6,8,5,14,6, 3,4,5, 7,5,9, 11,18, 12,3, 2,12, 3,2,3,4,6,2,9,6]

4.1.22 Irregular expenditure on minor repair and civil work – Rs 25.940 million

According to Clause 2.82 of B&R Code, "no work shall commence unless properly detailed design and estimates have been prepared sanctioned by the competent authority, except real emergency works". Further, Rule-12(1) Balochistan Public Procurement Rules, 2014, "the procuring agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism."

During Audit of Municipal Committees for FY 2022-23, the following 16 Municipal Committees incurred an expenditure 25.940 million on different minor repair and civil works by splitting the work order to avoid the open tendering process. The work was carried out without obtaining satisfactory reports from technical branch and third party validation/certificates from the concerned area Councilors. Besides, the works were provided without obtaining acknowledgment receipts, quotations and preparing detailed estimates and measurement book. Furthermore, Municipal Committees did not adopt the CSR 2018 rates. (**Annexure-16).**

(Rs in Million)

S.No	Name of MCs	Amount	S.No	Name of MCs	Amount
1	Awaran	3.000	9	Dalbandin	0.976
2	Gajjar Mashkey	2.607	10	Kohlu	1.721
3	Dera Allah Yar	2.938	11	Khanozai	1.290
4	Wadh	0.885	12	Usta Muhammad	0.551
5	Naal	0.928	13	Dera Murad Jamali	1.236
6	Uthal	1.555	14	TUMP	1.225
7	Huramzai	3.000	15	Zehri	0.900
8	Nushki	1.187	16	Gaddani	**1.941**
Total		**16.100**	**Total**		**9.840**
Grand Total : 25.940					

Incurring public expenditure by splitting the work to avoid calling of open tenders through BPPRA and non-maintenance of relevant record is irregular may result in misuse of public money.

The matter was reported to the management during October to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 & December 28-29, 2023, the management failed to justify the matter. DAC decided for obtaining of Ex Post Facto Sanction from competent authority. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No:5,8,7,5,9,10,3,3,7,10,4,6,16,5,5,9,18,7,4,4]

4.1.23 Irregular expenditure on disposal of garbage /cleaning charges – Rs 39.487 million

According to Para 10 (i) of GFR; 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." Further, according to Clause 12 (1) of BPPRA Rules, 2014 "the procuring agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism".

During Audit of Municipal Committees for FY 2022-23, the following 25 Municipal Committees incurred an expenditure of Rs 39.487 million on disposal of garbage/cleaning charges through private contractors/labors as detailed in **Annexure-17.**

(Rs in Million)

S.No	Name of MCs	Amount	S.No	Name of MCs	Amount
1	Loralai	2.971	14	Naal	3.222
2	Dera Bugti	0.884	15	Uthal	0.830
3	Sui	3.537	16	Winder	1.282
4	Jiwani	2.525	17	Gaddani	2.569
5	Bhag	1.020	18	Saranan	1.081
6	Mach	1.170	19	Ziarat	1.244
7	Killa Abdullah	0.491	20	Sanjavi	1.794
8	Killa Saifullah	0.922	21	Harnai	1.552
9	Muslim Bagh	2.540	22	Washuk	1.159
10	Buleda	0.595	23	Kharan	0.891
11	Tump	0.325	24	Zhob	2.609
12	Zehri	1.312	25	Sherani	1.191
13	Wadh	1.772			
Total		**20.063**	**Total**		**19.424**
Total:- 39.487					

Following irregularities were observed:

i. Despite having large number of equipment and regular sanitary workers and daily wages contingent paid staff, hiring of private contractors/labors was unjustified.

ii. Detail of work was not recorded anywhere like dates, quantity of garbage per load locations from where garbage was lifted and places where disposed off.

iii. Payment by most of the MCs was made in cash instead of cross cheque through Bank.

iv. No requisition or complaints of the masses were available to carry out such works.

Audit is of the view chances of misuse of public fund could not be ruled out in the absence of standard operating procedures and compliance of standards of financial propriety.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the matter was discussed at length, the management replied that quotations were obtained. Audit was of the view that removal of garbage is recurring expenditure of the MCs and the same was to be carried out through framework agreement. DAC instructed that frame work agreement mechanism be adopted in future. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No:8,2,4,3,2,7,4,6,7,2,10,6,3,1,1,12,10,7,5,7,3,3,4,12,15,7,2,2]

4.1.24 Expenditure without approval of budget estimates- Rs 788.658 million

According to Section 100(ii) of the BLG Act, 2010A Municipal Committee shall prepare and forward the Budget for scrutiny and sanction to the Secretary, Balochistan Local Government Board, Quetta.

During Audit of Municipal Committees for FY 2022-23, the following 15 Municipal Committees incurred an expenditure of Rs 788.658 million without approval of Secretary Balochistan Local Government Board, Quetta in violation of above Rule (A**nnexure-18).**

(Rs in Million)

S.No	**Name of office**	**Amount**
1	Municipal Committee, Jiwani	34.810
2	Municipal Committee, Ormara	33.390
3	Municipal Committee, Gawadar	85.515
4	Municipal Committee, Uthal	66.992
5	Municipal Committee, Winder	56.980
6	Municipal Committee, Bela	58.881
7	Municipal Committee, Dureji	51.758
8	Municipal Committee, Khanozai	32.636
9	Municipal Committee, Huramzai	47.150
10	Municipal Committee, Saranan	29.791
11	Municipal Committee, Ziarat	27.085
12	Municipal Committee, Sanjavi	46.316
13	Municipal Committee, Harnai	47.712
14	Municipal Committee, Shahragh	21.087
15	Municipal Committee, Sibi	148.554
Total		**788.658**

Unauthorized expenditure without approval of budget from competent authority indicated poor financial management and weak internal controls.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 & December 28-29, 2023, the management submitted that the budget was sent to the approving authority. The DAC directed to regularize the expenditure. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 4,6,2,1,1,1,11,1,1,1,1,1,1,1,1]

4.1.25 Unauthorized payment of honoraria and advances - Rs 3.607 million

According to Para-10 /G “Loan & Advances” of Balochistan delegation of financial power and re-appropriation Rules 2019 provides that “power to sanction advances to government servants (subject to availability of the budget under detailed objects “House Building Advance”, “Motor Car Advance” and “Motor Cycle/Scooter Advance”, and sanctioned policy of the Government) rests with the Administrative Department and category “I” officer. Further, Para 10 section “B” second schedule of Balochistan delegation of financial power and re-appropriation Rules 2019, “the power to sanction honoraria has been delegated to the administrative department”.

During Audit of Municipal Committees for FY 2022-23, the following 5 Municipal Committees paid honoraria and advances of Rs 3.607 million to its employees without obtaining approval from competent authority i.e. Secretary, Local Government Balochistan in violation of above Rule. **(Annexure 19).**

(Rs in Million)

S.No	Name of office	Amount
1	Municipal Committee, Winder	1.106
2	Municipal Committee, Bela	0.318
3	Municipal Committee, Gaddani	1.076
4	Municipal Committee, Harnai	0.626
5	Municipal Committee, Shahragh	0.482
Total		**3.607**

Unauthorized expenditure without obtaining approval from Secretary Local Government Balochistan, indicated poor financial management and weak internal controls.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meeting held on November 27-28 and December 28-29, 2023, the management failed to justify the matter. The DAC directed that the amount in question be regularized from the competent forum. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 3,7,3,2,2]

4.1.26 Irregular payment in cash – Rs 96.598 million

According to APPM para 4.6.3.1, “the normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, over-payment by cheque or cash, against risks of theft or fraud”. Further, according to APPM Para No. 4.2.9.9 “cheque payments should be released to the payee or personally collected by the payee or his authorized agent.”

During Audit of Municipal Committees for FY 2022-23, the following 19 Municipal Committees incurred an expenditure of Rs 96.598 million on procurement of different items and payment of salaries to the employees but all payments made to firms and employees were in cash instead of cross cheque in violation of above Rule provisions (**Annexure-20).**

(Rs in Million)

S.No	Name of MCs	Amount	S.No	Name of MCs	Amount
1	Dhadar	1.193	11	Sibi	2.232
2	Bhag	1.199	12	Duki	1.510

S.No	Name of MCs	Amount	S.No	Name of MCs	Amount
3	Mach	1.046	13	Kohlu	19.758
4	Killa Abdullah	6.624	14	Zhob	4.467
5	Tump	1.002	15	Barkhan	2.891
6	Zehri	20.374	16	Chitkan	0.713
7	Khanozai	0.864	17	Mastung	21.147
8	Sanjavi	1.309	18	Sherani	1.092
9	Sui	3.364	19	Sohbatpur	5.182
10	Washuk	0.631		**Total**	**58.991**
Total		**37.607**	**Grand Total :- Rs 96.598**		

Authenticity of expenditure cannot be verified because the payment was made in cash and chances of financial infringement could not be ruled out.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management replied that bank accounts of the staff were not opened as yet, therefore, cash payment was made. The DAC took the issue seriously stated that cash payment was not acceptable. The DAC directed that cash payment may be stopped forthwith and payment of salaries and payment for procurements should be made through bank accounts. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.
[PDP No: 12,5,8,2,4,10,9,9,7,7,3,6,3,9,2,7,4,10,6,8]

4.1.27 Irregular expenditure on purchase of furniture and lab equipment - Rs 46.614 million

According to Para 10 of GFR 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." Further, according to Para-13 of GFR Vol.I. stipulates "every controlling officer is responsible for ensuring systematic internal checks within the department in order to prevent and detect error and irregularities in the financial proceedings and to guard against waste and loss of public money."

During Audit of Municipal Committee, Dalbandin for FY 2022-23, paid an amount of Rs 46.614 million on procurements of furniture & fixture, sports items and lab equipment. The record pertaining to the distribution of furniture, sports items, and lab equipment among schools and colleges has not been compiled. Moreover, acknowledgments receipts, specifying quantity and quality, obtained from the Principals of the respective schools and colleges, as well as the District Education Officer, were not available **(Annexure-21).**

(Rs in Million)

S. No	Office Name	Item of Work	Amount
1	MC Dalbandin	Purchase of Furniture and Fixture	16.303
2		Purchase of Sports Items	2.259
3		Purchase of Lab equipment	28.052
Total:			**46.614**

Non-maintenance of relevant record may create in authentication of expenditure.

Matter was reported to the Municipal Committee in December, 2023, but no reply was received.

During the DAC meeting held on December 28-29, 2023, the management replied that the furniture, sports and lab equipments have been delivered to the concerned colleges of District Chaghi. DAC directed for provision of all relevant record. No progress was intimated till finalization of this report.

Audit recommends provision of record, besides fixation of responsibility against the person (s) at fault.
[PDP Nos. 9,10,11]

5 DISTRICT COUNCILS

5.1 AUDIT PARAS

5.1.1 Non-production of Record- Rs 13.000 million

According to Section 14 (2) and (3) of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, "the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with reasonable expedition. (3) Any person or authority hindering the auditorial functions of the Auditor-General regarding inspection of accounts shall be subject to disciplinary action under Efficiency and Discipline Rules".

During audit of District Council, Musa Khail for the FY 2022-23, the management failed to provide the development record amounting to Rs 13.000 million despite frequent verbal and written requests **(Annexure-1).**

Audit was of the view that due to non-production of record; audit was unable to authenticate the expenditure. Thus, the chances of financial mismanagement could not be ruled out.

The matter was reported to the DC in November, 2023 but no reply was received.

In the DAC meeting held on December 28-29, 2023, it was intimated by the management that record will be provided to Audit. DAC directed that relevant record be produced to audit for scrutiny. No record was produced till finalization of this report.

Audit recommends production of record to audit besides, fixing of responsibility against the person (s) at fault.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2020-21 vide para number 6.1.1 financial impact of Rs 7.358 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP No- 7]

5.1.2 Drawl of cash amount without vouched accounts - Rs 8.385 million

According to FTR-130, "money may not be withdrawn from the consolidated fund or the public accounts except for presentation of bills". Further, 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 government through fraud or negligence on his part".

During audit of District Councils for the FY 2022-23, following 05 District Councils had withdrawn amount of Rs 8.385 million in cash without vouched accounts (**Annexure-2)**.

(Rs in Million)

S. No	Name of Departments	Amount
1	District Council, Ziarat	0.747
2	District Council, Lasbella	3.081

3	District Council, Musa Khail	0.161
4	District Council, Quetta	4.396
Total		**8.385**

Audit was of the view that withdrawal of huge amount without vouched accounts was tantamount to concealment of record and chances of financial mismanagement could not be ruled out.

The matter was reported to the management concerned during August to November 2023, but no reply was received.

In the DAC meeting held on November 27-28 & December 28-29, 2023, the DAC expressed displeasure over non-production of record and directed that all relevant record be produced, besides inquiry be initiated against the person for non-production of record. No progress was reported till finalization of this report.

Audit recommends production of record to audit, besides fixing of responsibility against the person (s) at fault.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.1 financial impact of Rs 3.002 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP No: 5, 9, 8, 13]

5.1.3 Irregular / Unauthorized expenditure without annual framework agreement-Rs 64.648 million

According to Rule 2 of Sub Rule (1) of BPPRA, 2014, "where the procuring agency is required to repeatedly procure an object or class of objects on specific terms and conditions, during a defined period of time: not exceeding twelve months, it may enter into a framework agreement with or without rates".

During audit of District Councils for the FY 2022-23, following 44 District Councils awarded contracts of Rs 64.648 million for incurring expenditure on procurements and civil works without adopting annual frame work agreement **(Annexure-3).**

(Rs in Million)

S. No.	Name of office	Amount
1	District Council, Loralai	0.961
2		0.776
3	District Council, Awaran	1.655
4		2.910
5	District Council, Dera Bugti	1.224
6	District Council, Gawadar	2.189
7		2.349
8	District Council, Jaffarabad	0.826
9		1.220
10	District Council, Jhal Magsi	0.743
11	District Council, Kachhi	0.709
12		1.382
13	District Council, Killa Abdullah	1.170
14		1.442
15		1.265

S. No.	Name of office	Amount
16	District Council, Killa Saifullah	1.436
17	District Council, Naseerabad	0.903
18	District Council, Panjgur	0.832
19		0.825
20	District Council, Kech / Turbat	0.501
21	District Council, Ziarat	0.964
22		0.931
23	District Council, Khuzdar	1.430
24		0.686
25		0.960
26		1.868
27	District Council, Lasbella	2.583
28	District Council, Pishin	2.044
29	District Council, Barkhan	0.995
30	District Council, Duki	0.391
31	District Council, Harnai	0.624
32		1.458
33	District Council, Kalat	1.166
34	District Council, Kharan	1.230
35	District Council, Kohlu	1.004
36	District Council, Mastung	1.093
37	District Council, Musakhail	2.463
38	District Council, Nushki	1.314
39	District Council, Sherani	0.650
40	District Council, Sohbatpur	0.725
41		2.886
42	District Council, Washuk	1.761
43	District Council, Quetta	5.746
44		4.358
Total		**64.648**

Undue favour was extended to the contractors, which indicated negligence and weak internal controls.

The matter was reported to District Councils during August to December 2023, but no reply was received.

In the DAC meeting held on November 27-28 & December 28-29, 2023, the management failed to satisfy the DAC. DAC directed to regularize the expenditure from the competent authority. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility upon person (s) at fault and avoid its recurrence.

Note: The issue was also reported earlier in the Audit Reports for the Audit Year 2022-23 vide para number 5.1.2 with a financial impact of Rs 36.352 million and Audit Year 2021-22 vide para number 4.1.3 with a financial impact of Rs 7.064 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP Nos. 4, 5, 4, 5, 3, 1,7, 8, 9, 1, 5, 7, 2, 4, 2, 3, 3, 2, 8, 4, 4, 7, 1, 2, 6, 7, 3, 5, 1, 3, 2, 4, 1, 6, 5, 3, 11, 3, 1, 2, 8, 7, 9]

5.1.4 Irregular hiring of contingent paid staff – Rs 23.863 million

According to Section No 72(1) of BLG Act 2010, "the Local Council may, with the prior approval of government and if so, required by government shall, on the prescribed terms and conditions, employ such servants as deemed necessary for efficient performance of its functions".

During audit of District Councils for the FY 2022-23, following 20 District Councils incurred an expenditure of Rs 23.863 million on hiring of contingent paid staff without approval from the Secretary Local Government Board (**Annexure-4)**.

(Rs in Million)

S. No.	Name of office	Number of CP staff	Amount
1	District Council, Loralai	8	1.056
2	District Council, Dera Bugti	8	1.176
3	District Council, Gawadar	9	1.152
4	District Council, Jaffarabad	9	1.320
5	District Council, Kachhi	3	0.540
6	District Council, Killa Saifullah	8	1.260
7	District Council, Kech/Turbat	6	0.163
8	District Council, Ziarat	6	0.720
9	District Council, Khuzdar	4	0.387
10	District Council, Lasbella	20	4.050
11	District Council, Pishin	19	4.560
12	District Council, Barkhan	03	0.252
13	District Council, Chaghi	10	2.400
14	District Council, Harnai	06	0.324
15	District Council, Kohlu	04	0.504
16	District Council, Mastung	10	0.963
17	District Council, Sherani	07	0.420
18	District Council, Sibi	08	0.360
19	District Council, Sohbatpur	12	0.720
20	District Council, Shaheed Sikandarabad	08	1.536
Total			**23.863**

Hiring of contingent paid staff without prior approval reflected negligence and weak internal controls.

The matter was reported to the management during August to December, 2023 but no reply was received.

In DAC meeting held on November 27-28 & December 28-29, 2023, the management submitted that due to shortage of staff, contingent paid staff was hired. Audit disagreed as hiring was made beyond 89 days without prior approval. DAC instructed to pay the salary of all staff be paid through bank accounts instead of cash payment. Further, NOC and evidence of payment through bank be produced to audit for verification. No progress was reported till finalization of this report.

Audit recommends that expenditure in question may be got regularized from the Secretary Local Government, Balochistan and to avoid its recurrence.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.3 financial impact of Rs 8.665 million and Audit Year 2021-22 vide para number 4.1.5 with a financial impact of Rs 6.587 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP Nos. 3, 5, 4, 5, 4, 1, 3, 8, 3, 7, 4, 6, 2, 3, 6, 3, 11, 3, 4, 6]

5.1.5 Irregular cash payment– Rs 55.706 million

According to Para 4.2.2.9, of APPM, "cheque payments should be released to the payee or personally collected by the payee or his authorized agent". Further, APPM para 4.6.3.1 stipulates, "the normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, over-payment by cheque or cash, against risks of theft or fraud".

During audit of District Councils for the FY 2022-23, following 23 District Councils incurred an expenditure of Rs 55.706 million to various contractors /suppliers on purchase of sanitation items and salaries in cash (**Annexure-5).**

(Rs in Million)

S. No.	Name of office	Amount
1	District Council, Awaran	2.093
2	District Council, Jaffarabad	15.617
3	District Council, Jaffarabad	0.246
4	District Council, Kachhi	0.484
5	District Council, Naseerabad	11.262
6	District Council, Naseerabad	0.757
7	District Council, Panjgur	0.230
8	District Council, Panjgur	0.307
9	District Council, Kech / Turbat	0.934
10	District Council, Ziarat	0.977
11	District Council, Barkhan	0.375
12	District Council, Chaghi	0.346
13	District Council, Duki	0.437
14	District Council, Kharan	0.266
15	District Council, Kohlu	5.291
16	District Council, Kohlu	4.371
17	District Council, Musakhail	4.471
18	District Council, Musakhail	0.632
19	District Council, Sherani	1.492
20	District Council, Sibi	1.813
21	District Council, Sohbatpur	2.160
22	District Council, Zhob	0.408
23	District Council, Chaghi	0.737
Total		**55.706**

Authenticity of expenditure cannot be verified because the payment was made in cash and chances of misuse of fund could not be ruled out.

The matter was reported to the Chief Officers concerned during August to December 2023 but no reply was received.

In the DAC meetings held on November 27-28 & December 28-29, 2023, the management replied the vendors and employees of District Councils were not operating bank accounts, therefore, cash payments were made. DAC took serious notice of the issue, stating that cash payments were not acceptable and directed that cash payments be stopped forthwith and payments should be made through bank accounts. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2020-21 vide para number 6.1.10 financial impact of Rs 37.037 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos. 6, 6, 16, 8, 2, 6, 4, 5, 9, 5, 2, 6, 7, 8, 5, 7, 6, 15, 8, 7, 6, 6, 3]

5.1.6 Splitting of work to avoid open tender–Rs 9.369 million

Clause 12 (1) of BPPRA Rules, 2014, "the procuring agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism".

During audit of District Councils for the FY 2022-23, following 04 District Councils incurred expenditure of Rs 9.369 million on repair works by splitting the work order in violation of above Rule provision (**Annexure-6).**

(Rs in Million)

S. No	Name of office	Amount
1	District Council, Gawadar	1.460
2	District Council, Pishin	1.936
3	District Council, Kharan	1.207
4	District Council, Zhob	4.766
Total		**9.369**

Splitting of expenditure to avoid tendering resulted in undue favour to the contractors, which reflected negligence and weak internal controls.

The matter was reported to the management during August to December, 2023 but no reply was received.

In the DAC meeting held on November 27-28 & December 28-29, 2023, the management explained that the amount does not exceed the tender limit, Audit disagreed and contested that expenditure was incurred by splitting the work orders to avoid tendering process. DAC instructed that the practice of splitting expenditure to avoid open tender be avoided in future. Amount in question be regularized from the competent forum. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.6 with the financial impact of Rs 22.493 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP Nos. 3, 3, 2, 4]

5.1.7 Procurements without calling tender – Rs 17.416 million

According to Rule 15 of BPPRA, "procurements over two hundred thousand rupees and up to two 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 District Councils for the FY 2022-23, the following 03 District Councils procured vehicles worth Rs 17.416 million from various firms through direct contracting without calling open tender **(Annexure-7)**.

(Rs in Million)

S. No.	Name of office	Amount
1	District Council, Jaffarabad	3.938
2	District Council, Naseerabad	11.262
3	District Council, Kohlu	2.216
Total		**17.416**

Audit was of the view that undue favour was extended to the firms, which reflected negligence and weak internal controls.

The matter was reported to the management during August & November, 2023 but no reply was received.

In the DAC meeting, held on November, 27-28 & December 28-29, 2023, the management explained the vehicles were purchased in emergency. Audit disagreed and contested that procurements made without open tender was a serious irregularity. DAC directed to fix the responsibility and to regularize the expenditure within 05 days. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2021-22 vide para number 4.1.1 with the financial impact of Rs 6.663 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP No: 1,3,1,8]

5.1.8 Irregular expenditure on NSR basis instead of CSR- Rs 9.496 million

Para 296 of CPWA Code, "schedule of rates for each kind of work commonly executed should be maintained in the division and kept up to date. The rates for items other than those given in the schedule are treated as non-schedule items. Analysis of rates for such items is required to be prepared by the Executive Engineer and approved by the competent authority in keeping with provisions of the delegation of financial powers".

During audit of District Councils for the FY 2022-23, the following 06 District Councils incurred expenditure on civil works amounting to Rs 9.496 million on NSR despite having provision in BCSR-2018 **(Annexure-8)**.

(Rs in Million)

S. No.	Name of office	Amount
1	District Council, Jaffarabad	0.912
3	District Council, Jaffarabad	0.896
3	District Council, Chaghi	0.908
4	District Council, Chaghi	0.978
5	District Council, Zhob	4.765
6	District Council, Kohlu	1.037
Total		**9.496**

Audit was of the view that undue favour was extended to the firms, which reflected negligence and weak internal controls.

The matter was reported to the management during August to November, 2023 but no reply was received.

In the DAC meetings held on November 27-28 & December 28-29, 2023, the management explained that the expenditure was incurred in emergency. DAC directed to regularize the expenditure. No progress was intimated till finalization of this report.

Audit recommends fixing of responsibility upon the person (s) at fault and avoid its recurrence.
[PDP No: 10, 11, 5, 8, 5, 9]

5.1.9 Non imposition of liquidated damages- Rs 3.000 million

Clause 39 read with Clause 37 of contract agreement, "contract agreement provides that if a contractor fails to complete the work within stipulated period, he is liable to pay compensation @ 1% to 10% of amount of the agreement or any smaller amount as decided by the Engineer Incharge to be worked out per day but not exceeding maximum of 10% of the cost of contract. The contractor shall have to apply within one month for extension in time limit before the expiry of scheduled time of completion".

During audit of District Council Musa Khail for the FY 2022-23, the District Council awarded various development works amounting to Rs 30.000 million but the works were not completed within stipulated time period and the management failed to impose penalty of Rs 3.0 million @ 10% (**Annexure-9).**

Undue favour was extended to the contractors by not imposing of penalty for delay in completion of works, which indicates negligence and poor management.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management failed to justify the late completion. DAC directed to recover the amount within a week. However, no progress in the matter was reported till finalization of this report.

Audit recommends recovery of penalty and to devise internal controls to avoid its recurrence.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.7 financial impact of Rs 1.067 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos. 4]

5.1.10 Execution of works without technical sanctions - Rs 2.50 million

According to CPWD Code 56 and B&R Code 2.82, "it is a fundamental rule that no work shall be commenced unless administrative approval by competent authority is given, and properly detailed design and estimate have been sanctioned, allotment of funds made and orders for its commencement issued by competent authority".

During audit of District Council, Musa Khail for the FY 2022-23, carried out development work "Construction of WSS at Madrasa Aribia Raz-ul-Aloom Union Council Sardar Musa khail" through Government Contractor of Rs 2.500 million without obtaining prior technical sanction.

Execution of works without prior approval of TS may result in unsound construction and wastage of public money.

The matter was reported to the management in November 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management failed to provide the approved technical sanction. DAC directed that approved technical sanction as per proper format may be provided to Audit within a week. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility against the person (s) at fault, besides regularization of expenditure under intimation to audit.
[PDP Nos. 14]

5.1.11 Unauthorized expenditure on NSR without rate analysis– Rs 7.758 million

According to Para 296 of CPWA Code, "schedule of rates for each kind of work commonly executed should be maintained in the division and kept up to date. The rates for items other than those given in the schedule are treated as non-schedule items. Analysis of rates for such items is required to be prepared by the Executive Engineer and approved by the competent authority in keeping with provisions of the delegation of financial powers".

During audit of District Councils for the FY 2022-23, following 2 District Councils executed different schemes at the cost of Rs 7.758 million on NSR item basis without preparing detailed rate analysis and obtaining approval from the Director General Local Government (**Annexure-10).**

(Rs in Million)

S. No	**Office**	**Amount**
1	District Council, Quetta	6.561
2	District Council, Quetta	1.197
Total		**7.758**

Audit was of the view that undue favour was extended to the contractors which reflected negligence and poor financial discipline.

The matter was reported to District Councils from August to December 2022, but no reply was received.

In DAC meetings held on November 27-28 & December 28-29, 2023, the management failed to provide the approved rate analysis. DAC directed that approved rate analysis of NSR items may be provided to audit within a week. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility against person (s) at fault and avoid its recurrence.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.4 financial impact of Rs 14.745 million and Audit Year 2021-22 vide para number 4.1.7 financial impact of Rs 4.623 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 6, 22]

5.1.12 Unauthorized payment of inadmissible items- Rs 3.946 million

According to Para 2.86 of the B&R Code provides, "the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved". Further, Para 75 (3) of CPWD Code states "no work should be started without obtaining Technical Sanction and Sanctioning Authority must be satisfied, before according sanction, that there is no material deviation from the whole project as prepared for the purpose of expenditure".

During audit for the FY 2022-23, District Council Quetta awarded and executed various development schemes in which contactors were paid for a number of inadmissible items of work costing Rs 3.946 million which were not approved in Estimates / PC-I (**Annexure-11).**

Audit is of the view that the items paid without provision in the PC-I was unauthorized.

The matter was reported to District Councils in November 2023, but no reply was received.

In the DAC meeting held on December 28-29, 2023, the management replied the work was carried out as per site requirement. DAC directed that revised and approved PC-I may be provided to audit within a week. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2021-22 vide para number 4.1.4 financial impact of Rs 3.015 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 20]

5.1.13 Expenditure without approval of budget estimates- Rs 173.166 million

According to Section 100(ii) of the BLG Act, 2010, "councils shall prepare and forward the budget for scrutiny and sanction to the Secretary, Balochistan Local Government Board, Quetta".

During the audit of DC for the FY 2022-23, following 15 DCs incurred an expenditure of Rs 173.166 million without approval of Secretary, Balochistan Local Government Board, Quetta **(Annexure-12).**

(Rs in Million)

S.No	**Name of office**	**Amount**
1	District Council, Loralai	24.243
2	District Council, Gawadar	54.819
3	District Council, Ziarat	26.173
4	District Council, Pishin	40.069
5	District Council, Harnai	11.288
6	District Council, Kharan	16.574
Total:		**173.166**

Unauthorized expenditure without approval of budget from competent authority indicated poor financial management and weak internal controls.

The matter was reported to the management during August to December 2023, but no reply was received.

In DAC meeting held on November 27-28 & December 27-28, 2023, the management submitted that the budget was sent to approving authority. DAC directed to regularize the expenditure from the competent authority. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2021-22 vide para number 4.1.8 financial impact of Rs 69.643 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP Nos: 7, 5, 1, 1, 1, 1]

5.1.14 Loss due to non-renting out of properties- Rs 4.032 million

Section 111.(1) of Balochistan Local govt. Act 2010, "every Mayor/ Chairman, official or servant of a Local Council, every member of a Local Council, and every person charged with the administration and management of the property of a Local Council shall be personally responsible for any loss or waste, financial or otherwise, of any property belonging to a Local Council which is a direct consequence of decisions made by him personally or under his directions in violation of any provisions of this Act or any other law for the time being in force or which accrues as a result of his negligence or misconduct, and shall be liable to pay such surcharge as may be determined by the Local Councils Accounts Committee and such amount shall be recoverable as arrears of land revenue under surcharge proceedings". Further, Para 05 (1) of the Balochistan Local Councils (Property) Rules, 2019, "in managing the property the manager shall exercise the same amount of prudence as he would exercise had such property been his own property". Furthermore, Para 04 (2) of the Balochistan Local Councils (Property) Rules, 2019, "local council may, from time to time, specify the immoveable property that shall be placed under the charge of the various departments/branches of the Local Council and the head of the department/branch concerned shall be the manager with regard to the property placed under the charge of his department/branch".

During audit of District Councils for the FY 2022-23, the following District Councils failed to rent out different properties resulting in a loss of Rs 4.032 million (**Annexure-13).**

(Rs in million)

S. No.	**Name of office**	**Amount of non-rented shops**
1	District Council, Jhal Magsi	2.520
2	District Council, Lasbella	1.512

Total	4.032

Loss was incurred due to non-renting of shops which reflected negligence and financial indiscipline.

The matter was reported to the management in October, 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the DAC directed that all the shops of District Councils be auctioned at the earliest under intimation to audit. No progress was reported till finalization of this report.

Audit recommends implementation of DAC directives.

[PDP Nos: 10, 5]

5.1.15 Illegal occupation of properties and non-recovery of rent -Rs 11.351 million

Para 05 (1) of the Balochistan Local Councils (Property) Rules, 2019, "in managing the property the manager shall exercise the same amount of prudence as he would exercise had such property been his own property". Further, Para 04 (2) of the Balochistan Local Councils (Property) Rules, 2019, "local council may, from time to time, specify the immoveable property that shall be placed under the charge of the various departments/branches of the Local Council and the head of the department/branch concerned shall be the manager with regard to the property placed under the charge of his department/branch".

During audit of District Councils for the FY 2022-23, various properties of the following 05 District Councils were illegally occupied by various private persons and Government Departments since long. However, the management neither recovered the outstanding rent of Rs 11.351 million nor got the properties vacated **(Annexure-14).**

(Rs in Million)

S. No.	Name of office	Particular	Illegal Occupants	Amount
1	District Council,	Rest House	Shams Hamzazai	1.300
2	District Council, Jhal Magsi	Rest House at Gandawah	Law enforcement agencies	0.720
3	District Council, Kachhi	Administrator house, Servant Quarters, & shops	Illegal occupants	2.845
4	District Council, Khuzdar	Baldia Quarters Khuzdar	Illegal occupants	2.340
5	District Council, Lasbella	Rest House	Police department since almost last 30 years	4.146
Total				**11.351**

Audit was of the view that the management failed to safeguard government assets, which indicated negligence and weak internal controls.

The matter was reported to the management during August to October 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management informed that several notices were issued to the concerned. DAC directed that initially the outstanding rent may be got recovered at the earliest and later on properties be got vacated by taking legal action under intimation to audit. No progress was reported till finalization of this Report.

Audit recommends recovery of outstanding rent and removal of encroachments from the illegal occupants under intimation to audit.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.8 financial impact of Rs 94.967 million, Audit Year 2021-22 vide para number 4.1.14 financial impact of Rs 94.967 million and Audit Year 2020-21 vide para number 6.1.2 financial impact of Rs 32.500 million**.** Recurrence of same irregularity is a matter of serious concern.
[PDP Nos. 9, 7, 3, 9, 6]

5.1.16 Non-realization of rent - Rs 21.907 million

Section 114 (1) Balochistan Local Government Act, 2010, "Local Council subject to the provisions of any other law may, and subject to approval by the government shall, levy all or any of the taxes, fees, rates, rents, tolls, charges, surcharges and levies as specified in the second schedule". Further, Para-26 of GFR Vol-I, "it is the duty of controlling officer to see that all the sums due to the government are regularly and promptly assessed, realized and duly credited into the public account".

During audit of District Councils for the FY 2022-23, the following 05 District Councils failed to recover rent of Rs 21.907 million from the tenants (**Annexure-15).**

(Rs in Million)

S. No.	Name of office	Amount
1	District Council, Gawadar	2.977
2	District Council, Khuzdar	0.384
3	District Council, Lasbella	2.688
4	District Council, Barkhan	0.018
5	District Council, Sibi	15.840
Total		**21.907**

Undue favour was extended to the tenants/allottees at the cost of Government exchequer which reflected incompetence and poor financial management.

The matter was reported to the management during August to December, 2023, but no reply was received.

In DAC meeting held on November 27-28, 2023 & December 28-29, 2023, the DAC directed that outstanding dues be recovered and verified to audit within 05 days No progress was reported till finalization of this report.

Audit recommends recovery of rent besides, fixing of responsibility upon the person (s) at fault to avoid its recurrence.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.9 financial impact of Rs 13.532 million and Audit Year 2020-21 vide para number 6.1.3 financial impact of Rs 8.335 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos. 6, 10, 4, 8, 5]

5.1.17 Loss due to non-revision of rent of shops– Rs 4.284 million

Section-112 of Balochistan Local Government Act, 2010, "local rate of rent or land revenue in each district shall be fixed by the government from time to time and shall be collected in the prescribed manner by the Revenue Official(s) responsible for its collection and the proceeds thereof shall be credited to the Local Fund of the District Councils". Further, as per Provincial Rent Rules, "lease of shops is required to be revised after every 11 months @ 10% or every three years @ 30%".

During audit of District Councils for the FY 2022-23, following 3 District Councils failed to revise rates of rent of various properties in violation of above Rule, which resulted into loss of Rs 4.284 million (**Annexure-16).**

(Rs in Million)

S. No.	**Name of office**	**Amount**
1	District Council, Panjgur	1.740
2	District Council, Khuzdar	2.304
3	District Council, Barkhan	0.240
Total		**4.284**

Undue favour was extended to the tenants /allottees by not revising the rates of rent, which depicted negligence and poor financial management.

The matter was reported to the management during August to November, 2023, but no reply was received.

In the DAC meeting held on November 27-28 and December 28-29, 2023, the management replied that the matter will be discussed in the forthcoming Council's meetings for revision of rent of the properties. DAC directed the management to revise the rates as per the act. No progress was reported till finalization of this report.

Audit recommends fixing of responsibility upon the person (s) at fault and avoid its recurrence.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.10 financial impact of Rs 4.747 million and Audit Year 2020-21 vide para number 6.1.4 financial impact of Rs 2.601 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos. 3, 10, 8]

5.1.18 Un-authorized retention of tax money–Rs 9.358 million

Rule-7(I) of Treasury Rules, "all money received by Government officers on account of the revenues shall without undue delay be paid in full into Government account. Money so received shall not be appropriated to meet the departmental expenditure".

During audit of District Councils for the FY 2022-23, following District Councils deducted taxes of Rs 9.358 million but failed to deposit the same into the government account (**Annexure-17)**.

(Rs in Million)

S. No	**Name of office**	**Total amount paid**	**Income tax withheld**	**BST withheld**	**Total taxes withheld**
1	District Council, Quetta	52.201	-	3.132	3.132
		67.682	5.076	-	5.076
2	District Council, Musa khail	16.114	-	0.967	0.967
3	District Council, Pishin	2.440	0.183	-	0.183
Total		**138.437**	**5.259**	**4.099**	**9.358**

Unauthorized retention of government receipt reflected negligence and financial indiscipline

The matter was reported to the management during August to December, 2023 but no reply was received.

In the DAC meetings held on November 27-28 & December 28-29, 2023, the DAC directed the retained taxes may be deposited into the Government account and get it verified to audit. No progress was reported till finalization of this report.

Audit recommends deposition of taxes into Government account besides, fixing of responsibility upon the person (s) at fault.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.12 financial impact of Rs 10.348 million and Audit Year 2020-21 vide para number 6.1.8 financial impact of Rs 9.224 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 10, 15, 1, 9]

5.1.19 Loss due to non-deduction of government taxes – Rs 2.783 million

Para 66-9 (4) of the Balochistan Finance Act, 2019, "rate of 6% will be applicable for all services without input tax credit or adjustment to the extent of contractors for which payment is made from the provincial consolidated fund". Sales Tax Ordinance 1999, read with Sales Tax Department Circular on 04-8-2001, "all Government departments / organizations are required to purchase taxable goods only from registered firms against prescribed sales tax invoices @ 17% GST". Furthermore, as per Federal Budget 2022-23, "the following slabs of income tax will be applicable for salaried persons for the year 2022-23.

1. Where the taxable salary income exceeds Rs 600,000 Per annum but does not exceed Rs 1,200,000, 5% will be applicable as income tax upon the salary exceeding Rs 600,000 annually."
2. Where the taxable salary income exceeds Rs 1,200,000 per annum but does not exceed Rs 2,400,000, 12.5% of the amount exceeding Rs 1,200,000 + Rs 15000

During audit of District Councils for the FY 2022-23, following 21 District Councils paid an amount of Rs 26.664 million on procurements and civil works and salaries but failed to deduct taxes of Rs 2.783 million from contractors/suppliers/employees **(Annexure-18).**

(Rs in million)

S. No.	**Office**	**Total amount**	**Income Tax**	**BSTs**	**GST**	**Total Amount of Taxes**
1	District Council, Loralai	0.776	-	-	0.061	0.061
2	District Council, Loralai	0.566	-	0.085	-	0.085
3	District Council, Loralai	1.011	0.02	-	-	0.02
4	District Council, Awaran	2.322	-	0.139	-	0.139
5	District Council, Dera Bugti	1.622	-	0.113	-	0.113
6	District Council, Jaffarabad	0.8	-	-	0.136	0.136
7	District Council, Jaffarabad	1.037	0.022	-	-	0.022
8	District Council, Killa Saifullah	1.557		-	0.265	0.265
9	District Council, Barkhan	0.321	-	-	0.055	0.055
10	District Council, Barkhan	0.221	-	0.033	-	0.033
11	District Council, Barkhan	0.471	0.023	-	-	0.023
12	District Council, Duki	0.437	-	-	0.074	0.074
13	District Council, Duki	0.437	0.02	-	-	0.02
14	District Council, Kharan	1.644	0.115	-	-	0.115
15	District Council, Kohlu	0.486		-	0.083	0.083
16	District Council, Kohlu	0.836	0.021	-	-	0.021
17	District Council, Musa khail	1.666	-	0.1	-	0.1
18	District Council, Zhob	0.408	-	-	0.069	0.069
19	District Council, Zhob	2.172	-	0.326		0.326
20	District Council, Quetta	4.262	0.192	-	0.725	0.917
21	District Council, Quetta	3.612	0.106	-		0.106
Total		**26.664**	**0.519**	**0.796**	**1.468**	**2.783**

Undue favour was extended due to non-deduction of taxes, resulted in a loss to Government.

The matter was reported to the management during August to December 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023 & December 28-29, 2023, the management replied that notices have been issued for recovery of taxes. DAC directed to recover the taxes and deposit the same into the Government treasury and get it verified from audit. No progress in the matter was reported till finalization of this Report.

Audit recommends recovery of Government taxes besides, fixing of responsibility upon the person (s) at fault.

Note: The issue was also reported earlier in the Audit Report for the Audit Year 2022-23 vide para number 5.1.11 financial impact of Rs 1.634 million**.** Recurrence of same irregularity is a matter of serious concern.

[PDP Nos: 1, 2, 6, 1, 1, 15, 7, 9, 3, 4, 5, 4, 5, 5, 11, 13, 2, 2, 2, 2, 3, 12, 27]

6. MISCELLANEOUS FORMATIONS

6.1 AUDIT PARAS

6.1.1 Wasteful expenditure on account of installation of energy saver - Rs 1.374 million

According to GFR 10 (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."

During audit of DOLG Muslim Bagh for the FY 2022-23, DO awarded the work "Supply of Home Solar System District, Killa Saifullah PSDP No. 1932" to Govt. Contractor with agreement cost of Rs 100.00 million. The local office implemented a development scheme to distribute home solar systems to 1849 households. The solar system comprised four components 150-watt Solar Panels, 100 Ah Gel Batteries, and 30 meters of DC wire and 02 blubs.

The local office prepared a defective PC-1 by included irrelevant item of work "Supply and install energy saver electric bulbs 25 W Phillips 02 numbers" which is generally used for AC current, the local office was required to include the item "DC blubs Light Fixture Philips Type LED 13W, complete in all respect with allied accessories or approved equivalent". Further, it was noted that without a charger/inverter, it is not possible to use these blubs. Thus, the fundamental purpose of the home solar system was compromised. **(Annexure-01)**

Payments of inadmissible technical specifications were caused due to weak engineering skills and violation of engineering standards which may result in a loss to the government.

The matter was reported to the management in September 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management failed to justify the expenditure. DAC directed that complete record may be provided to Audit for verification under intimation to audit.

Audit recommends that responsibility be fixed against the person (s) at fault intimation to Audit. [AIR Para-6]

6.1.2 Non-forfeiture of earnest money - Rs 2.00 million due to non-submission of performance guarantee - Rs 10.000 million

According to Rule 44 of BPPRA 2014, "procuring agency shall, in all procurement of goods and works of value more than 25 million, carried out through open competitive bidding, requires security in the form of Pay Order or Demand Draft or Bank Guarantee or Insurance bond by AA ranking insurance company, the amount shall not be more than 10% of contract price". Further, as per Para 29(5)c of BPPRA, "bid security shall be forfeited in the circumstances if the bidder does not furnish performance guarantee, if applicable".

During audit of DOLG Muslim Bagh for the FY 2022-23, the local office awarded the work at a cost of Rs 100.00 million without obtaining performance security of Rs 10.000 million from the concerned contractors and failed to forfeit 2% bid security of Rs 2.00 million, as detailed below:

(Rs in Million)

S. No.	Name of work	Name of contractor	Work order cost of scheme	Performance Security	2% Bid security
1	Provision of Home Solar System in Killa Saifullah (Off Grid Area) PSDP No. 1932	M/s Haji Abdullah Khan & Brothers	100.000	10.000	2.00
Total				**10.000**	

Audit is of the view that award of contracts without securing government interest is irregular which put the government funds at risk.

Undue favour was extended to the contractors by causing loss to government exchequer which indicates negligence and weak financial manage.

The matter was reported to the management in September 2023, but no reply was received.

In the DAC meeting held on November 27-28, 2023, the management replied that this office has issued a notice to the concerned contractor regarding submission of performance guarantee. DAC decided to confiscate the bid security and deposit into government treasury. Further, performance guarantee be obtained from the concerned contractor. No progress was reported till finalization of this report.

Audit recommends that responsibility may be fixed on person (s) at fault under intimation to audit.

[AIR Para-11]

6.1.3 Unauthorized expenditure without approved budget - Rs 55.022 million

According to Clause-100 of BLG Act, 2010, "every Local Council, shall in the prescribed manner, before the commencement of each financial year, prepare a statement of its estimated receipts and expenditure for the year and forward copies thereof for examination, scrutiny and sanction in the following manner and to the following authorities: "a Union Council shall prepare and forward the budget for scrutiny and sanction to the District Council concerned".

During the audit of Union councils for the FY 2022-23, the following UCs incurred an expenditure of Rs 55.022 million without approval of budget from the concerned District Council **(Annexure-2).**

(Rs in Million)

Name of Union Councils	Amount
Camp Jahoo, Gishkore, Korak Jhao, Daman Ashezai, Purana Chaman, Sirki Talri, Sakuran, Welpat Shimali, Judher Janubi, Judher Shimali, Manjhoti Sharqi, Gramkan, Kallag, Washbood, Karballa-1, Sar khanzai, Shinghari, Yaroo-II, Zandra, Ziarat, Haji Shahar, Babihan II, Nakus I, Saddar I, Shahragh, Girdigap-2, Isplangi, Kanak, Hanna, Kuchlak, Panjpai, Zarkhoo, Kurak, Mall	55.022

Incurrence of expenditure without approved budget depicted weak internal control and poor financial management.

The matter was reported to the managements during September to November, 2023 but no reply was received.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management failed to justify the matter. The DAC directed that the expenditure may be got regularized. No progress was intimated till finalization of this Report.

Audit recommends that the expenditure may be got regularized under intimation to audit.
[PDP Nos.2,2,2,1,1,1,1,1,3,3,2,1,1,1,1,1,1,1,1,1,1,1,3,3,3,3,4,2,2,2,2,2,2,2,2,1,1]

6.1.4 Irregular cash payments - Rs 51.304 million

According to APPM Para 4.6.3.1, "the normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by employee". Further, according to the Para No. 4.2.2.0, of APPM, "cheque payments should be released to the payee personally collected by the payee or his authorized agent"

During audit of Union Councils FY 2022-23, the following UCs incurred an expenditure of Rs 51.304 Million in cash to regular employees on account of pay and allowance **(Annexure-3).**

(Rs in Million)

Name of Union Councils	**Total amount**
Cattle Farm, Hafeez, Soora, Barija, Hathyari, Khari, Kot Magsi, Akhtarzai, Batozai, Saddar, Tubli-1, Abad, Kharzan, Manyalo, Sasol, Sun Chakoo, Zeedi-1, Balnigoor, Baloor, Bullo Mand, Dandar, Darchko, Geyab Mand, Ginna Tehsil, Kalatuk, Khuddan, Kumbail, Kunchitti, Babihan II, Nakus I, Saddar I, Appozai, Sambaza, Sheikhan, Karam Khan Shehr, Maiwand, Oryani, Puzza, Chaghi, Nokundi Saddar, Haji sher, Kolpooor, Shahragh	51.304

Audit observed that due to negligence of management and non-compliance of government rules may lead to serious irregularity on the part of local office.

The matter was reported to the management during August to December, 2023 but no reply was furnished.

In the DAC meetings held on November 27-28 and December 28-29, 2023. The management failed to justify the matter. DAC directed that the expenditure may be got regularized. No progress was intimated till finalization of this Report.

Audit recommends fixing of responsibility against the officer(s) at fault besides stoppage of cash-payments.
[AIR Para Nos. 1,1,1,1,3,1,1,11,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,1,
1,1,1,1,1,1,1,1,1,1,1,1,1,2,2]

6.1.5 Unauthorized expenditure on contingent paid staff - Rs 8.014 million

According to Section No 72 (1) of BLG Act 2010, "a Local Council may, with the prior approval of Government and if so required by Government shall, on the prescribed terms and conditions, employ such servants as deemed necessary for efficient performance of its functions"

During audit of Union Councils FY 2022-23, the following UCs made cash payments to different CP staff of amounting to Rs 8.014 without obtaining of approval from the Secretary, Balochistan Local Government, Board, Quetta **(Annexure-4).**

(Rs in Million)

S. No	**Name of office**	**Amount**
1	Union Council, Taftan, District Chaghi	5.880
2	Union Council, Dasht Spazand, Mastung	1.156
3	Union Council, Sakuran, Hub	0.978
Total		**8.014**

Cash payments to CP staff without approval was due to weak internal control and poor financial management.

The matter was reported to the management during August to December, 2023 but no reply was furnished.

In the DAC meetings held on November 27-28 and December 28-29, 2023, the management informed the forum that CP staff was hired due to non-availability of regular staff. DAC directed that the expenditure may be got regularized besides, stoppage of cash payments in future. No progress in this regard was intimated till finalization of this Report.

Audit recommends that ex-post facto approval of the Secretary, Local Government Board be obtained besides stoppage of cash payment under intimation to audit.

[PDP Nos. 1, 4, 4]

6.1.6 Drawl of pay in excess of sanctioned strength

According to Section 3 of sub section 10-11 of "Government of Balochistan Local Government Rural Development and Agrovilles Department Notification No. 3-17/92(PLGB/AO-IV/12275-12804 dated 16.11.1993, "the Board shall not be competent to create any post not provided in the schedule of establishment and the Board may subject to budget provision create any post not provided for in schedule of establishment for a period not exceeding Six months for the purpose of pay and allowances only."

During audit of Secretary, Local Government Board, Quetta for FY 2022-23, it was observed that pay of following cadres was drawn in excess of the sanctioned strength, as tabulated below:

Name of post	**Sanctioned strength**	**Available strength**	**Excess posts**
Administrator Officer B-18	0	6	6
Assistant B-16	11	18	7
Total excess posts	**11**	**24**	**13**

Non-observance of sanctioned strength resulted in excess payment on accounts of pay and allowances, which reflected weak internal controls.

In the DAC meeting held on December 28-29, 2023, the management replied that due to non-availability of the posts of OSD, sometimes pay is drawn without sanctioned posts. DAC directed that pay already drawn beyond sanctioned strength be got regularized. Furthermore, it was advised that henceforth the drawal of pay without sanctioned posts be stopped forthwith and the posts of OSD be created for such adjustments, if any in future. No progress was intimated till finalization of this report.

Audit recommends implementation of DAC directives.

[PDP No. 2]

7. IMPACT AUDIT OF RECREATIONAL PARK AT PATHAN KOT, DISTRICT LORALAI

1. Introduction:

The Directorate Audit (Local Government) planned the impact audit of Recreational Park at Pathan Kot, District Loralai in the Audit Plan 2023-24 of the Field Audit office (FAO) after obtaining approval of the Auditor General of Pakistan. The project was executed by office of the Assistant Director Local Government Department Loralai. The main objective of the impact audit is to determine the effect of the initiative or intervention and to assess the outcome/results from such an initiative.

Background

Loralai is an important district of Balochistan, created in October, 1903. Loralai was further partitioned in 1992 when Musakhail and Barkhan were given the status of separate administrative districts. Loralai town is the district headquarters. According to census conducted in 2022, its population is 272432 and covered area is 3848 square kilometers.

Before the public park was established, the youth of Loralai town would travel approximately 20-25 km to Sanjavi for recreational activities, indulging in the natural springs and other entertainment options. Phatan Kot boasts 18 springs that naturally emanate from the mountain, discovered in 1933. There had been plans to consolidate these springs into a park project since 1964 by various government departments. However, due to several circumstances, the project faced setbacks and was ultimately declined. In the fiscal year 2020-21, utilizing a Rs 70 million allocation from the PSDP fund, the Local Government of District Loralai finally brought the vision to life by establishing this public park. The park's location at an elevated altitude above the main town provides a cooler and more enjoyable atmosphere.

The recently inaugurated public park is situated 5 km away from the main town, boasting an elevation higher than that of the town itself. This park has become a popular destination for the general public, drawing visitors with its natural spring water and cooler climate, particularly enticing for youth and families seeking respite, especially during the summer months. Public parks and recreational areas play a crucial role in promoting human well-being by alleviating stress and fostering healthy habits.

In interviews with local villagers, it was highlighted that prior to the establishment of this park, many young adults frequented the area for activities such as smoking. Consequently, the park has played a significant role in curbing undesirable habits among the youth. Access to green spaces, coupled with a strong community presence, has been proven to act as a deterrent to crime in neighbourhoods. This positive correlation creates a feedback loop wherein reduced crime rates contribute to increased park utilization, fostering a sense of safety and security in public spaces.

The Public Park Process Flow Chart is as under:

Role of the Project

The scarcity of recreational activities in Loralai compelled the public to travel to Sanjavi in search of fresh water springs and picnic spots. The water spring at Phatan Kot was discovered in 1933, and plans to create a public park have been contemplated since 1964. Unfortunately, various obstacles prevented the realization of these plans over the years.

In a positive development, during the fiscal year 2020-21, the Local Government of District Loralai took the initiative to establish the long-awaited public park, utilizing funds from the Public Sector Development Programme (PSDP), with an estimated cost of Rs 70 million. The primary objectives of this scheme are to provide recreational opportunities for the people of the Loralai area.

Following socio-economic benefits of the Public Park were conceived at the time of introduction of the initiative:

a) Healthier life
b) Recreational facility for families
c) Green space
d) Reducing crime and promoting social activities

2. Overview of the Initiative:

The residents of Loralai Town found themselves devoid of any recreational facilities, requiring them to embark on journeys of more than 25 kilometers to neighboring towns like Sanjavi and Ziarat for leisure and entertainment options. The primary goal of the Pathan Kot Park project was to establish a wholesome recreational picnic spot accessible to the public in Loralai. While Pathan Kot Valley was a go-to destination for recreation, it lacked proper development to attract families and the general public on a larger scale, falling short due to inadequate facilities.

This newly proposed recreational park aims to address the diverse needs of community members of all ages, providing spaces for recreation, fostering a healthier lifestyle, offering green expanses, reducing crime, and enhancing the social skills of children. It seeks to redirect certain social activities within the community while nurturing positive social habits among kids and youth.

The conception of the Public Park is underpinned by the following key objectives:

- Recreation and Leisure: Establish a space for individuals and families to partake in recreational activities, promoting physical well-being and leisure. This includes designated areas for sports, playgrounds, and relaxation spots, contributing to an improved quality of life for the community.

- Community Engagement: Cultivate a sense of community by serving as a central gathering place for residents. The park can host events, festivals, and social activities, fostering social interaction, community cohesion, and a shared identity among local residents.

- Environmental Conservation and Education: Advocate for environmental awareness and conservation by incorporating green spaces, planting native vegetation, and maintaining ecosystems within the park. Public parks serve as platforms to raise awareness about environmental issues among the public.

3. Scope & Methodology

Scope

The impact audit assignment encompassed an examination of the effects of the Public Park initiative in Loralai district. The audit spanned from one year before the initiative, specifically 2021, to the period after the initiative, i.e., 2022, aiming to discern the intervention's impact.

The impact audit delved into various aspects concerning the Public Park:

a) Utilization and Accessibility: This facet involved analyzing the extent to which the park is utilized by the community and assessing its accessibility to the population. It included a study of visitor numbers and demographic diversity.

b) Community Engagement and Satisfaction: The audit evaluated the level of community engagement with the park and measured public satisfaction. Surveys, interviews, or other feedback mechanisms were employed to understand how well the park met the needs and expectations of the local population.

c) Environmental Impact: This aspect focused on assessing the environmental impact of the park, considering biodiversity, conservation efforts, and sustainable practices. The goal was to ensure that the park contributed positively to the local ecosystem and adhered to environmentally friendly principles.

d) Social and Economic Impact: The audit analyzed the social and economic effects of the park on the surrounding community. This encompassed studying any positive impacts on local businesses, property values, or community well-being resulting from the presence and activities within the park.

e) Overall Satisfaction and Sustainability: The audit assessed the overall satisfaction of the community and the park's sustainability in terms of its ability to continue providing benefits over the long term. Considerations included ongoing maintenance, financial sustainability, and adaptability to changing community needs.

Methodology

Data collection for the impact assessment of the Public Park initiative involved a systematic approach that included inquiries with management, document reviews, analysis of monitoring reports, surveys, and the interpretation and analysis of both primary and secondary data. To substantiate and measure the impact of the Public Park initiative, the following methodology was implemented to assess its condition both before and after intervention.

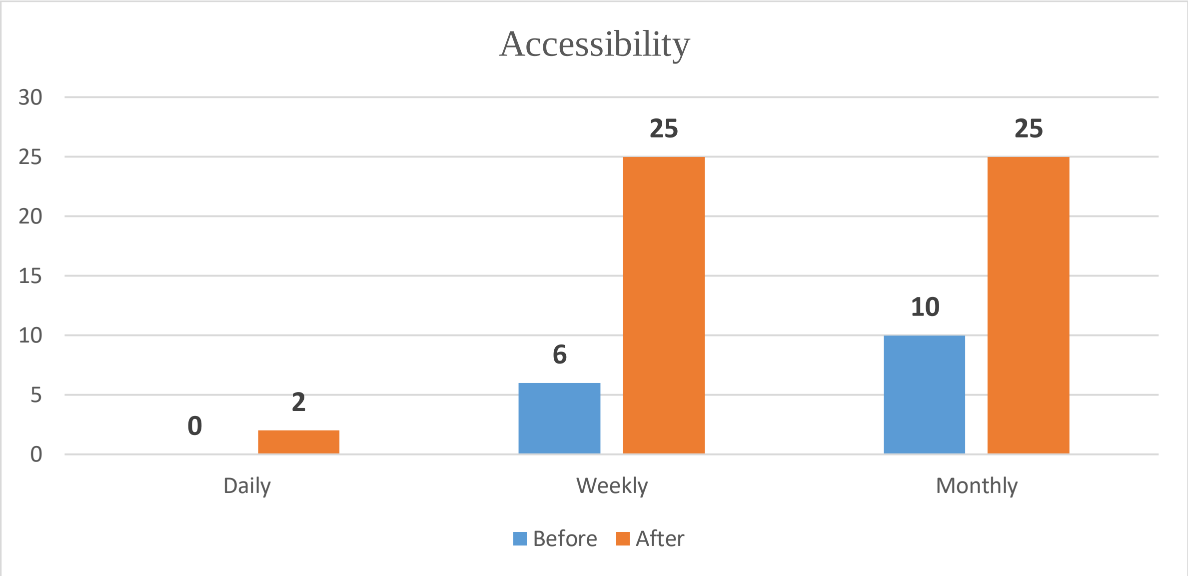
Sr. No.	Aspect	Before intervention	After intervention
1.	Access: Park easily accessible to both families and individuals for recreational activities.	Before the establishment of park, the youngster used to go to another town, which is 20-25 km away from the Loralai.	Park is located 5 km away from the main town reduce distance and easily accessible.
2.	Social and Economic Impact of public park.	The youngsters went to another town, which is 20-25 km away from the Loralai, due to long distance running cost of bikes/cars were much higher.	Due to shorter distance running cost of bikes/cars is lower. Further, park have created economic activity also.
3.	Environmental Impact of the Park.	Before this project, there were few trees and water was often wasted.	2000 trees have been planted. Furthermore, one artificial lake and two swimming pools have been constructed.
4.	Overall impact and public satisfaction from Public Park initiative.	There was no park for recreation specially for families.	Feedback of Public about services and park (Year 2023).

4. Findings

4.1 Improved accessibility leads to increased visitor convenience

Frequency of visiting Park			
Accessibility	**Daily**	**Weekly**	**Monthly**
Before	0	6	10
After	2	25	25

The graphical representation of data is as under:



Graph-vii

Post-Intervention Survey Findings:

Following the intervention, survey responses revealed that two individuals visited the park daily, 25 visited on a weekly basis, and another 25 visited monthly.

Pre-Intervention Scenario:

Before the initiative, the questionnaire results indicated that none of the individuals visited the park daily, six visited weekly, and ten visited monthly.

Impact Assessment:

The proximity of the park to the town, with the reduced distance of 5 km, significantly improved accessibility for the public. Before the park's development, there were no daily visitors, with six individuals visiting weekly and ten visiting monthly. Post-development, the numbers increased to 2 daily visitors, 25 weekly visitors, and 25 monthly visitors.

Key Impact Metrics:

- A remarkable 100% increase in daily visitors.
- A substantial 76% increase in weekly visitors.
- A notable 60% increase in monthly visitors.

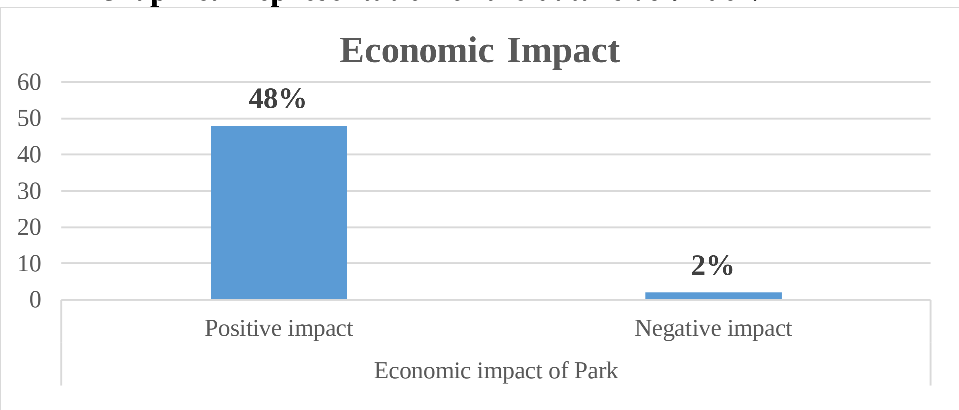
These findings underscore the positive impact of the park initiative on visitor frequency, reflecting the success of the intervention in enhancing accessibility and engagement within the community.

4.2 Economic impact achieved in provision of Public Park after the initiative:

Economic impact of Park	
Positive impact	**Negative impact**
48	2

Monthly Spending of an individual at Park	
Between (Rs 100-500)	**Between (Rs 500-1000)**
12	27

Graphical representation of the data is as under:



Graph-viii

Post-Intervention Survey Analysis:

Following the intervention, an analysis of the survey data involving 54 respondents revealed that 48 expressed a positive perception of the economic impact of the initiative. Two respondents held a negative viewpoint, while four did not provide comments on this matter. Additionally, among the respondents, 12 mentioned spending between Rs 100-500, and 27 indicated spending between Rs 500-1000, indicating a tangible increase in economic activity since the introduction of the initiative.

Pre-Intervention Scenario:

Before the year 2022, individuals used to travel 20-25 km, incurring costs for fuel for bikes (4 liters) and cars (15 liters).

Impact Assessment:

The results demonstrated a reduction in the running cost of bikes and cars due to the initiative. This not only achieved economy in fuel but also resulted in a significant impact:

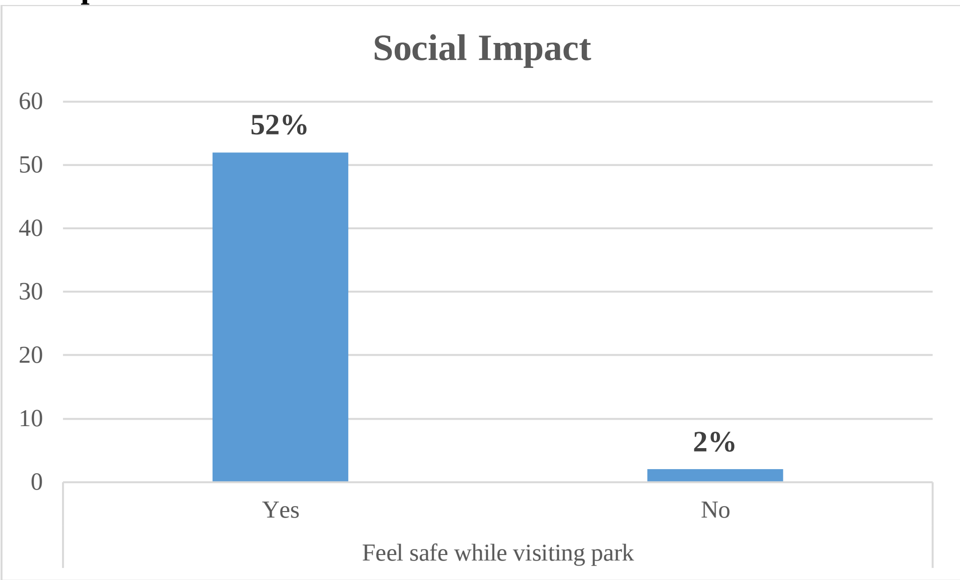
- 75% reduction in fuel consumption for bikes.
- 75% reduction in fuel consumption for cars.

Moreover, the park created employment opportunities, including a cafeteria and bike and car parking facilities. Anticipated revenue generation includes entry fees, rent from the cafeteria, and proceeds from the auction of parking spaces. The multifaceted impact on both individuals' expenses and economic opportunities underscores the positive outcomes of the initiative.

4.3. Social impact among community after Public Park:

Feel safe while visiting park	
Yes	**No**
52	2

Graphical representation of the data is as under:



Graph-ix

Post-Intervention Social Impact:

Following the intervention, the Public Park has significantly contributed to positive social dynamics, fostering family visits and promoting social harmony within the community.

Pre-Intervention Context:

Before the establishment of the public park, Loralai town lacked sufficient recreational activities for families. In the absence of local options, only the youth used to travel to another town to enjoy spring water and participate in various activities.

Impact Assessment:

The results of the initiative indicate a notable positive social impact within the community:

i. **96% Positive Response:** A significant majority of respondents, 96%, expressed a positive response to the initiative.

ii. **Enhanced Cohesion among Families:** The initiative has played a key role in enhancing cohesion among families, providing a space for shared activities and bonding.

This underscores the transformative impact of the Public Park, shifting from limited recreational opportunities to a vibrant hub that positively influences the social fabric of the community.

4.4. Overall impact of Park and safety resulting from initiative:

Results of feedback survey of the community regarding overall satisfaction of the public, who had frequently visited the Public Park. A systematic sample of 54 entries was selected. The visitors of the Park were interviewed for getting the feedback. Details are as under:

Overall satisfaction regarding park		
Good	**V. Good**	**No Response**
24	23	6

The following questions were asked from the 54 visitors.

Name of Respondent	**Park Usage**			**Environment impact**		**Social Impact**		**Economic Impact**				**Overall**		
	How often do you visit?			**Have you noticed any changes?**		**Do you feel safe using the park?**		**Park has a positive or negative impact on local economy?**		**How much you spend at the park each month?**		**How satisfy are you with the park?**		
	D	**W**	**M**	**Yes**	**No**	**Yes**	**No**	**P.I**	**N.I**	**100-500**	**500-1000**	**G**	**V.G**	**No**
Total	2	25	25	39	9	52	2	48	2	12	27	24	23	6

D-Daily, **W-** Weekly, **M-** Monthly, **P.I-** Positive Impact, **N.I-** Negative Impact
G-Good, **V.G-** Very Good

The survey results reveal that within the chosen sample population, approximately 43% expressed very high satisfaction, 44% indicated satisfaction with the Public Park in terms of service quality and safety aspects, (13% did not respond to this question).

Conclusion

Originally planned in 1964, the Park at Pathankot faced numerous obstacles and failed to materialize. However, in the fiscal year 2020-21, it received approval, with funds allocated by the local government in collaboration with the Provincial Government. This initiative aimed at enhancing the accessibility for the entire community, thus providing a much-needed recreational facility for Loralai District.

Survey results reflecting community perspectives indicate that the Public Park has yielded significant positive outcomes for the socio-economic development of the local population. The intervention has fostered improved connectivity among youth and families, offering both short-term and long-term benefits. In the short term, the local population now enjoys a nearby recreational facility at minimal expense. In the long term, the community experiences a healthier and happier population, easy accessibility for families, economic activity creation, and increased social gatherings.

Moreover, the enhanced accessibility has led to heightened interest in water-related activities such as swimming and boating. Positive trends, including rising land prices and the construction of a metal road near the village, further validate the affirmative impact of the Public Park initiative on both the immediate and long-term well-being of the community.

AUDIT REPORT
ON
THE ACCOUNTS OF
PROVINCIAL ZAKAT FUND
AND
DISTRICT ZAKAT COMMITTEES
BALOCHISTAN

AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

PROVINCIAL ZAKAT FUND AND DISTRICT ZAKAT COMMITTEES BALOCHISTAN

CHAPTER– 1 PROVINCIAL ZAKAT FUND

1.1 Introduction

A. The Ministry of Poverty Alleviation and Social Safety Division (Zakat Cell) releases Zakat fund to Provincial Zakat Councils as per provincial share on population basis, after making direct lump sum releases to GBZF, ICT, natural calamities/emergency relief and others (administrative/non-administrative, special Eid grants) out of total budget. In addition to regular Zakat disbursement programmes, funds are also allocated on account of Educational Stipends (Technical).

Provincial Zakat Administration (PZA), Balochistan releases funds to DZCs and the Provincial Level Health Institutions/hospitals in Balochistan Province for onward disbursement amongst *mustahiqeen* through Local Zakat Committees, Deeni Madaris and Educational Institutions (General and Technical Education) with the approval of PZC. The summary of auditable formations alongwith expenditure audited is as follows:

B. Comments on Budget & Accounts

Statement of accounts of the Provincial Zakat Fund Balochistan for the Financial Year 2021-22 is as under:

(Rs. in millions)

Particulars	**Amount**
Opening Balance	2,297.920
Receipts from CZF during 2021-22	300.032
Receipt as refund from DZCs/ Institutions	0.309
Total Available	2,598.261
Total Expenditure/ releases	674.750
Balance	1,923.511

A sum of Rs. 2,598.261 million was available with the Provincial Zakat Council, Balochistan during the year 2021-22, out of which Rs 674.750 million (26% of total) was released to the 31 DZCs and 10 PLHIs in the Province.

C. Audit Profile of Provincial Zakat Administration, Balochistan

(Rs. in millions)

Sr. No.	**Description**	**Total Nos**	**Audited**	**Expenditure audited FY 2021-22**
1	Formations	01	01	2,598.261

1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 2,192.206 million were raised as a result of audit. This amount includes recoverable amount of Rs. 19.206 million as pointed out by the audit. Summary of audit observations classified by nature is as under:

(Rs. in millions)

Sr. No.	**Classification**	**Amount**
1	**Irregularities**	**-**
A	HR/ Employees related irregularities	-
B	Financial Management	-
2	**Value for money and service delivery issue**	**1,942.206**
3	**Others (weak internal control)**	**250.000**

1.3 Brief Comments on the Status of Compliance with PAC Directives

No PAC meeting has ever been held on the Audit Reports of Provincial/ District Zakat Funds. Audit recommends that Audit Reports of Provincial/ District Zakat Fund should be placed before the respective PACs regularly.

1.4 AUDIT PARAS

1.4.1 Non-utilization of Zakat Funds– Rs. 1,923 million

Section 8 of Balochistan Zakat and Ushr Act 2012, specifies priority for utilization of Zakat as follows:

a. Assistance to needy eligible to receive Zakat under Shariah;
b. Assistance to needy person affected by Natural Calamities;
c. Expenditure on collection, disbursement & Administration of Zakat;
d. Investment in any non-interest bearing instruments as is permitted under Shariah;

The Management of Provincial Zakat Fund (PZF) Balochistan had a total available budget of Rs. 674.750 million during the Financial Years 2018-22.

Audit observed that a sum of Rs. 1,923 million was lying unutilized as on 30.06.2022 in A/c No.3 of Provincial Zakat Fund (PZF) Balochistan maintained with State Bank of Pakistan.

Audit held that non-utilization of funds was not justified as the poor beneficiaries of the province were deprived due to non-utilization of Zakat Funds. This also indicates that institutions responsible for disbursement of Zakat were not working optimally despite requirements of the Balochistan Zakat and Ushr Act, 2012.

The initial audit observation was issued on 28.03.2023. The management replied that due to pandemic of COVID-19 and non-formulation of Provincial Zakat Council, the Zakat funds could not be utilized from 2018 to 2020. The new Provincial Zakat Council was formulated on 20.05.2020 and completed its three-year normal tenure on 19.05.2023.

The matter was discussed in Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed to conduct a fact finding inquiry.

Audit recommends to fix responsibility besides timely disbursement of Zakat funds among the eligible beneficiaries.

{Para No.01 of AIR of PZF Balochistan Quetta for the Audit Year 2022-23}

1.4.2 Non- retrieval of Ushr from Revenue Department – Rs. 250 million

Section 6 (6) of Balochistan Zakat and Ushr Act 2012, states that the demand as determined under sub-section (1) or as the case may be under sub-section (1) or sub-section (5), shall be paid by the assesse and collected by the Provincial Revenue Department in such a manner as may be prescribed and deposited into the Provincial Zakat Fund.

The Provincial Revenue Department, Balochistan transferred an amount of Rs. 250 million for the Financial Years 2018-19, 2019-20 & 2021-22 in lieu of Ushr and the same amount was reflected in Budget Book of Balochistan Finance Department.

Audit observed that the amount Rs.250 million transferred from the Revenue Department Balochistan was lapsed due to negligence on the part of management of Provincial Zakat Fund Balochistan as it failed to retrieve the amount from Finance Department and deposit the same in Provincial Zakat Fund Account-III.

Audit held that due to non-collection of Ushr by Provincial Zakat Administration, the Mustahiqeen-e-Zakat were deprived from disbursement of Zakat.

The initial audit observation was issued on 28.03.2023. The management replied that the case had been taken up with Finance Department and Board of Revenue to consider the case for refund of the lapsed amount Rs. 250 million of Ushr and place at the disposal of Provincial Zakat Administration. The

Finance Department had regretted with the remarks that due to financial constraints in the Province, the department was not in a position to grant more allocation.

The matter was discussed in Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed that the amount be retrieved from Finance/Revenue Department and responsibility be fixed.

Audit recommends implementation of DAC directive.

{Para No.10 of AIR of PZF Balochistan Quetta for the Audit Year 2022-23}

1.4.3 Payment of Guzara Allowance to the ineligible beneficiaries - Rs. 16.083 Million

Para 1 of the Zakat Disbursement Procedure approved by Provincial Zakat Council (PZC) in its meeting dated 29.08.2013, provides that before certifying istehqaq, the beneficiary will furnish the declaration that he/she is not in receipt of financial assistance from any other poverty alleviation program of the government and that presently he/she possesses neither any source of income nor any employment to provide for the subsistence of himself/herself and his/her family.

The management of Provincial Zakat Fund (PZF) released an amount of Rs. 647.750 million to 31 District Zakat Committees during the Financial Year 2021-22.

Audit observed that a sum of Rs. 16.083 million was paid to 1,382 number of Zakat beneficiaries who were also getting assistance from Benazir Income Support Programme (BISP).

Audit held that the payment of Guzara Allowance to BISP beneficiaries was not justified and irregular.

The initial audit observation was issued on 28.03.2023. The management replied that the Local Zakat Committees were directed to be vigilant in identification of genuine beneficiaries, in case of failure they would be held responsible for recovery of paid amount from the non-deserving persons in future. The new biometric-system would resolve such issues. The new PZC would be requested to issue necessary directions for vetting of Data from BISP etc., before approving and issuing Guzara allowance to genuine *Mustahiqeen*.

The matter was discussed in Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed that recovery be made from beneficiaries and data of beneficiaries be shared with BISP to avoid duplication in future.

Audit recommends referring the matter to PZC to take strict action against the LZCs who determined the *istehqaq* of non-mustahiqeen, besides recovery of objected amount.

{Para No.12 of AIR of PZF Balochistan Quetta for the Audit Year 2022-23}

1.4.4 Irregular disbursement of Zakat Fund to serving/retired government employees - Rs. 3.123 million

Para 8(a) of Balochistan Zakat and Ushr Act, 2012, states that the money in Zakat Funds shall be utilized for the purposes, namely, assistance to the needy, the indigent and the poor particularly orphans and widows, the handicapped and the disabled, eligible to receive Zakat under Shariah for their subsistence.

The management of Provincial Zakat Fund (PZF) released an amount of Rs. 647.750 million to 31 District Zakat Committees during the Financial Year 2021-22.

Audit observed that 206 beneficiaries were paid an amount of Rs. 3.123 million during the Financial Year 2021-22. These 206 beneficiaries were either serving or retired government employees or were their dependents and were also registered as Zakat beneficiary with Zakat department. Details are given at **Annexure-II.**

Audit held that the payment of Guzara allowance to government servants and to their dependents who were non-mustahiqeen was irregular and not justified.

The initial audit observation was issued on 28.03.2023. The management replied that the concerned DZC/LZC were directed to be careful in future for disbursement of Zakat fund. The genuine beneficiaries would be paid after proper verification of Istehqaq certificates by the concerned Local Zakat Committees and in case of failure in future LZC concerned would be held responsible.

The matter was discussed in the Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed that recovery be made from 206 Government servants.

Audit recommends implementation of DAC decision.

{Para No.11 of AIR of PZF Balochistan Quetta for the Audit Year 2022-23}

1.4.5 Non-framing of Zakat and Ushr Rules under the Balochistan Zakat and Ushr Act, 2012

Section 26 of Balochistan Zakat and Ushr Act 2012, states that the Provincial Council with approval of the Government by notification in the official Gazette may makes rules for carrying out the purposes of this Act and in respect of administrative matters etc.

The Management of Provincial Zakat Administration received accumulated Zakat Fund amounting to Rs. 2,598 million during the Financial Year 2021-22.

Audit observed that the management had not framed Zakat and Ushr Rules under the Balochistan Zakat and Ushr Act 2012.

Audit held that non-framing of rules and disbursing Zakat without established rules was violation of Balochistan Zakat and Ushr Act, 2012.

The initial audit observation was issued on 28.03.2023. The management replied that Council Section, along with Directorate of Religious Affairs has been assigned the task for formulation of Zakat and Ushr Rules in consultation with Law & Parliamentary Affairs Department in the matter.

The matter was discussed in the Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed the Provincial Zakat Administration to frame rules.

Audit recommends that Zakat and Ushr rules should be framed for carrying out the purposes and objectives of the Balochistan Zakat and Ushr Act, 2012.

{Para No.03 of AIR of PZF Balochistan Quetta for the Audit Year 2022-23}

1.4.6 Non-establishment of Provincial Zakat Council

Section 12 (1) of Balochistan Zakat and Ushr Act, 2012 states that the Government shall establish Balochistan Provincial Zakat Council by notification in the official Gazette, to exercise general superintendence and control over matters relating to Zakat and Ushr, particularly the Zakat Funds in the Province and the maintenance of their accounts, in accordance with the policy guidelines given the Provincial Zakat Council.

The Government of Balochistan vide notification dated 12.06.2018 dissolved the Provincial Zakat Council on June 10, 2018. Government of Balochistan, Religious Affairs Department established the Provincial Zakat Council for three years from May 20, 2020 to May 20, 2023.

Audit observed that the Zakat funds were not released to the District Zakat Committees (DZCs) during the financial years 2018-19 and 2019-20 due to non-establishment of Provincial Zakat Council.

Audit held that due to non-establishment of Provincial Zakat Council, Mustahiqeen-e-Zakat were deprived from their right. The non-establishment of Balochistan Zakat Council also violated the Balochistan Zakat and Ushr Act, 2012.

The initial audit observation was issued on 28.03.2023. The management replied that in 2018-19 and 2019-20, the funds remained un-utilized due to non-formulation of Provincial Zakat Council and COVID-19 in the Country and in 2020-21 the funds remain un-utilized due to non-functionalization of Provincial Zakat Council in the Province and non-formation of District and Local Zakat Committees.

The matter was discussed in the Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed to conduct a Fact Finding.

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

{Para No.09 of AIR of PZF Balochistan Quetta for the Audit Year 2022-23}

CHAPTER - 2 DISTRICT ZAKAT COMMITTEES

2.1 Introduction

A. Provincial Zakat Council/Administration, Balochistan issues lump sum amount directly to 31 District Zakat Committees constituted in each District of Balochistan on population basis. The DZC provides Zakat Funds to LZCs and various institutions for disbursement to *Mustahiqeen* under various regular and special Zakat programmes, like *Guzara* Allowance, Educational Stipend, *Deeni Madaris,* Health Care, Social Welfare/Rehabilitation and Marriage Assistance to unmarried *Mustahiq* women.

B. Comments on Budget & Accounts

A total amount of Rs. 674.750 million was released by Provincial Zakat Council Balochistan to 31 Districts during the year 2021-22, out of which 4 Districts, as detailed below having total available budget of Rs. 179.393 million were audited, which was 26% of total budget.

(Rs. in millions)

Name of DZC	Financial Years	Opening Balance	Receipts	Total Available	Disbursement	Closing Balance
Quetta	2019-22	0	74.642	74.642	56.585	18.058
Naseerabad	2014-22	0.011	61.321	61.332	60.412	0.908
Zhob	2016-22	0	19.048	19.048	19.048	0
Loralai	2017-22	0	24.371	24.371	24.371	0

C. Audit Profile of District Zakat Committees, Balochistan

(Rs. in millions)

Sr. No.	Description	Total Nos	Audited	Expenditure audited FYs 2014-22
1	Formations	31	04	160.416

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs. 2.160 million were raised as a result of audit. Summary of audit observations classified by nature is as under:

(Rs. in millions)

Sr. No.	Classification	Amount
1	**Irregularities**	**2.160**
A	HR/ Employees related irregularities	-
B	Financial Management	2.160
2	**Value for money and service delivery issue**	**-**
3	**Others (weak internal control)**	**-**

2.3 Brief comments on the status of compliance with PAC Directives

No PAC meeting has been held since 2005 on the audit reports of District Zakat Committees. Audit recommends that audit reports of District Zakat Committees may be placed before the respective PAC regularly.

2.4 AUDIT PARAS

2.4.1 Non-utilization of Zakat funds due to non-activation of dormant bank accounts of LZCs – Rs. 2.16 million

Para 9(2) of Balochistan Zakat & Ushr Act 2012, states a District Committee may make disbursements and transfer funds through cross cheques from District Zakat Fund to a Local Zakat Fund or to an institution or incur other administrative expenditure subject to such conditions as may be prescribed and may, whenever directed by the Provincial Council transfer any funds surplus to its needs to the Provincial Zakat Fund.

The management of District Zakat & Ushr Committee, Naseerabad constituted 95 Local Zakat Committees for disbursement of Zakat Fund.

Audit observed that Zakat funds amounting to Rs. 2.160 million were not disbursed to mustahiqeen of 11 Local Zakat Committees under the heads Guzara Allowance during the period from 2014-15 to 2021-22 due to the dormant status of the bank accounts. Details are as follows:

(Rs. in millions)

Sr. No.	**Name of Local Zakat Committee**	**Name of Bank**	**Account No.**	**Balance as on 30.06.2022**
1.	Shahpur	NBP	4087682028	0.18
2.	Phulagi No. 2	NBP	4087680744	0.27
3.	Korar No. 2	NBP	4087681798	0.18
4.	Shori Drabhi No. 1	NBP	4087695845	0.18
5.	Phuleji	NBP	4087680539	0.27
6.	Kot Palyani 2	NBP	4087667269	0.18
7.	Korar No.1	NBP	4087680575	0.18
8.	Aliabad 6	NBP	4087667625	0.18
9.	Bedar No.1	NBP	4087681074	0.18
10.	Kot Palyani 1	NBP	4087667278	0.18
11.	Banri	NBP	4087680477	0.18
Total				**2.16**

Audit held that non-activation of accounts and non-disbursement of Zakat fund resulted in depriving of the mustahiqeen-e-Zakat.

The initial audit observation was issued on March 22, 2023. The management replied that the Chairmen of the relevant committees were instructed to restore the bank accounts of all 95 Local Zakat Committees by providing the required documents to the respective banks. Despite efforts, 11 accounts could not be restored.

The matter was discussed in Departmental Accounts Committee (DAC) meeting held on 04.01.2023. The forum directed that the evidence of Zakat Fund disbursement be produced to audit and remaining balances should be refunded within seven days.

Audit recommends implementation of DAC directive.

{Para No.06 of AIR of DZC Naseerabad for the Audit Year 2022-23}