



**AUDIT REPORT
ON
THE ACCOUNTS OF
CENTRAL ZAKAT FUND,
NATIONAL LEVEL HEALTH
INSTITUTIONS
AND
ZAKAT DEDUCTING AGENCIES
AUDIT YEAR 2009-10**

AUDITOR-GENERAL OF PAKISTAN

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PREFACE

The Audit of Zakat Fund is conducted by the Department of the Auditor-General of Pakistan as required under the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 read with the Zakat and Ushr Ordinance, 1980.

This report is based on regularity (compliance) audit of Central Zakat Fund, Zakat Deducting Agencies and Zakat funded National Level Health Institutions for the years 2007-08 and 2008-09. The audit was carried out on a test check basis by the Directorate of Zakat Audit during 2009-10 with a view to reporting significant findings to stakeholders.

The findings indicate need for adherence to the regulatory framework, instituting and strengthening internal controls to avoid recurrence of similar violations and irregularities, which have been reported repeatedly.

Audit observations included in the report were discussed in the Departmental Accounts Committee meeting and have been finalized in the light of written response and discussions.

This Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 for causing it to be laid down before the National Assembly.

Islamabad
Dated:

TANWIR ALI AGHA
Auditor-General of Pakistan

Abbreviations & Acronyms

| | |
|--------------|--|
| AGP | Auditor-General of Pakistan |
| AIR | Audit & Inspection Report |
| BHU | Basic Health Unit |
| CAZ | Chief Administrator Zakat |
| CGA | Controller General of Accounts |
| CZA | Central Zakat Administration |
| CZC | Central Zakat Council |
| CZF | Central Zakat Fund |
| DAC | Departmental Accounts Committee |
| DHQ | District Headquarters |
| DZC | District Zakat Committee |
| DZF | District Zakat Fund |
| GFR | General Financial Rules |
| HWC | Health Welfare Committee |
| ICT | Islamabad Capital Territory |
| IRNUM | Institute of Radiotherapy & Nuclear Medicines |
| LZC | Local Zakat Committee |
| LZF | Local Zakat Fund |
| MORA | Ministry of Religious Affairs |
| NLHI | National Level Health Institution |
| PAO | Principal Accounting Officer |
| PZC | Provincial Zakat Council |
| PZF | Provincial Zakat Fund |
| RHC | Rural Health Centre |
| ZDCA | Zakat Deductions Controlling Agency |

EXECUTIVE SUMMARY

Zakat system was introduced in Pakistan through Zakat and Ushr Ordinance, 1980. Zakat collected on voluntary basis and deducted on compulsory basis by the financial and other institutions is kept in the Central Zakat Fund (CZF), which is managed by the Central Zakat Council (CZC). Moneys in the CZF are released to the Provincial Zakat Funds (PZFs) including Northern Areas Zakat Fund, National Level Health Institutions (NLHIs), Islamabad Capital Territory and emergency relief. Provincial Zakat Councils (PZCs) release funds from PZF to District Zakat Fund (DZF) for assistance to the individuals.

A. Budget Position

Statement of Account of the Central Zakat Fund for the year 2008-09 (Rs in million)

| | |
|--|-------------------|
| Opening Balance as on 01-07-2008 | 13,475.361 |
| Receipts during the year 2008-09 (Balancing Figure) | *4,400.665 |
| Total | 17,876.026 |
| Total Releases/expenditures from CZF during the year 2008-09 | 3,772.653 |
| Balance in CZF as on 30-06-2009 | 14,103.373 |

*includes refund of un-spent balances

Source: State Bank of Pakistan

Provincial Share of Zakat Allocation & Releases made during FY 2008-09 (Rs in million)

| Province/ Area | Share (%) | Total Allocation for the year | Total Released during the year Rs. In million | (Less) More Released |
|-------------------|-----------|-------------------------------------|---|-------------------------|
| Punjab | 55.97% | 3,091.38 | 1,047.61 | (2,043.77) |
| Sindh | 23.14% | 1,245.46 | 1,056.61 | (188.85) |
| NWFP | 13.49% | 726.60 | 751.60 | 25 |
| Balochistan | 4.99 % | 287.12 | 297.34 | 10.22 |
| FATA | 2.41 % | 128.06 | 79.75 | (48.31) |
| ICT | 0.63% | 34.02 | 26.28 | (7.74) |
| NA | 0.75% | 51.02 | 41.807 | (9.21) |
| NLHI | - | 600 | 471.656 | (128.344) |
| Total | | 6163.66 | 3772.653 | (2391.023) |

B. Status of Desk Audit

This office started the practice of desk audit during the audit year 2009-10 following FAM. As part of this, audit parties spent time reviewing audit entities, preparing permanent and planning files and discussing risk areas with Director, Zakat Audit.

C. Significant audit findings

The Directorate of Zakat Audit conducted audit of Central Zakat Fund (CZF), and of National Level Health Institutions (NLHIs) funded directly from the Central Zakat Council (CZC) to see that the Zakat Funds are being collected and utilized in accordance with the provisions of Zakat and Ushr Ordinance, 1980 while audit of the Zakat Deducting Agencies is to see that the Zakat has been deducted and transferred the same to CZF-08 in accordance with the provisions of the Law in vogue.

Significant observations included in the Report relate to:

1. Non Reconciliation of Zakat Receipts [Para 1.1]
2. Non Deduction of Zakat from the Account Holders-
Rs 97.263 Million [Para 3.2]
3. Recovery of Rs 3.333 million due to charging higher price of medicines/ injections on the treatment of Zakat patients [Para 2.9]
4. (A)Wasteful Expenditure of Rs 4.129 million incurred on purchase of HCV injections (B) Recovery of Rs 1.814 million due to purchase of HCV injections at higher rate [Para 2.8]
5. Loss of Rs 2.774 million due to acceptance of the Higher bid [Para 2.2]
6. Non-Release of Zakat funds (Regular Budget) to the Provincial Zakat Fund of the Punjab due to non-constitution of LZCs [Para 1.2]
7. Non Collection of Ushr [Para 1.3]
8. Purchase of medicines worth Rs 1.723 million without open competitive bidding/tenders [Para 2.1]
9. Recovery of un-authorized transfer of Zakat Fund from the account of HWC – Rs 11.173 million [Para 2.5]
10. Irregular expenditure of Rs 610,896 on patients whose *Istehqaq* was not determined by LZC concerned [Para 2.6]
12. Non Production of record of account holders- Rs 104.556 million [Para 3.5]

D. Status of paras included in MFDAC

150 Paras are included in MFDAC. The title, amount and decisions of DAC are enclosed as **Annexure-I**.

E. Internal Controls

Internal controls system is the most effective tool of management for good governance. Audit noted that internal controls were weak in the Central Zakat Administration, Zakat deducting agencies and most of the Zakat funded National Level Health Institutions audited during the year. This was reflected in the following audit observations:

1. Irregular retention of Zakat Fund in order to disburse the amounts beyond the currency of financial year;
2. Unauthorized transfer of Zakat Funds to the accounts of various hospitals;
3. Procurement of stores in a non-transparent manner;
4. Non-assessment and collection of Ushr; and
5. Extension of medical facilities to patients without determination of *istehqaq*.

F. Recommendations

1. Internal controls need to be strengthened to prevent unauthorized practices and improper utilization of Zakat Fund;
2. Systematic management controls need to be developed and implemented for assessment, collection and deposit of Ushr in Zakat Accounts;
3. Officers and staff need to be trained enabling them to implement the Zakat System in its true spirit;
4. Arrangements need to be made for prompt refund of Zakat unspent balances and ensure its credit to the Central Zakat Fund;
5. Internal audit needs to be conducted regularly and reports thereof shared with external audit;
6. Government rules and regulations need to be followed regarding procurement of stores and medicines should be purchased on economical rates; and
7. Refund where allowed, needs to be genuine and under proper claim.

Chapter - 1

Central Zakat Fund

Introduction

Central Zakat Council determines the size of the annual Zakat budget, and the territorial and programme-wise shares. The budget provides distinct allocations for each territory, disbursement programme and administrative expense directly related to the Zakat disbursement i.e., up to a maximum of 10% of the total budget. Zakat Fund is allocated to each district on the basis of its population. The CZC releases Zakat Fund to Provincial Zakat Councils as per provincial share determined in the proportion (as detailed in executive summary), after making direct lump sum releases to NAs, ICT, NLHIs, natural calamities/emergency relief and others (administrative/non-administrative, special Eid grant) out of total budget. In addition to regular Zakat disbursement programmes, the amount is also allocated on account of Educational Stipends (Technical).

1.1 Non Reconciliation of Zakat Receipts

According to Para-64 of Accounting Procedure for the Central Zakat Fund (CZF) “At the close of each month, the entries recorded in the registers maintained in the CZA will be compared with the figures reported by the State Bank of Pakistan through the monthly statements on forms CZ-21 and CZ-22 and the accompanying documents. In case of discrepancy, the details supplied by the State Bank of Pakistan will be checked and reconciled with those given in the return on form CZ-08 sent directly by the Zakat Deductions Controlling Agencies (ZDCAs) and those available in the record of the CZA. If any discrepancy exists, it shall be settled by referring the matter to the State Bank of Pakistan and /or to the ZDCAs concerned or other relevant agency/office. The accounts of Central Zakat Fund shall be reconciled on monthly basis”.

Audit observed that the above procedure for recording of the collection figures on forms CZ-21 and CZ-22 was not being followed. Instead the figures provided by SBP were being recorded without any reconciliation. In the absence of a proper mechanism for recording departmental figures, audit was unable to verify the actual amount collected as Zakat during the year and credited to CZF (CZ-08) as well as unspent balances as on June 30, 2009 reported by State Bank of Pakistan.

Audit pointed out the irregularity in December, 2009. It was replied that the efforts would be made to reconcile the departmental figures with those

intimated by State Bank of Pakistan. The DAC in its meeting held on 13th January, 2010 asked for early reconciliation but no progress was reported till the finalization of report.

1.2 Non-Release of Zakat funds (Regular Budget) to Punjab Province due to non-constitution of LZCs

Clause (1) of Section 9 of The Zakat and Ushr Ordinance, 1980 clearly laid down that the Central Zakat Council shall prepare budget for each financial year and may make disbursement and transfer to PZF in such form and manner as may be prescribed. Moreover Central Zakat Council in its 97th meeting dated 20-12-08 (Clause 6.7) directed the Provincial Zakat Administration to constitute LZCs in Punjab province within one month.

It was observed that CZA did not release the regular budget for the year 2008-09 to any district in the province of Punjab due to non-constitution of LZCs by PZA. Hence, the *mustahiqeen* were deprived of Zakat assistance.

Audit pointed out the irregularity in December, 2009. It was replied that matter has already been discussed in the 96th and subsequent meetings of CZC and was decided that funds would only be released after constitution of LZCs in Punjab province. The PZA informed that the constitution of LZCs was in progress. Audit held that CZC should make all out efforts for establishment of LZCs in Punjab. The DAC in its meeting held on 13th January, 2010 decided that matter might be placed before CZC to avoid recurrence of such lapses in future. Audit stressed that the responsibility might also be fixed for non-constitution of LZCs besides referring the matter to CZC.

1.3 Non Collection of Ushr

According to the provisions contained in Chapter-III, “Ushr” of Zakat and Ushr Ordinance, 1980, the Provincial Revenue Departments were responsible to assess and collect Ushr from every land-owner, guarantee, lessee, lease-holder or land holder in the prescribed manner, and maintain the record containing such information for a crop season under intimation to Zakat authorities.

Audit noticed that no Ushr had been assessed/collected by the quarters concerned since 1990 which was a violation of provisions of Zakat and Ushr Ordinance as well as decisions taken by CZC from time to time.

The non-assessment, collection and deposit of Ushr impacted a great loss to the Zakat exchequer.

Audit pointed out the irregularity in March, 2009 and again in December, 2009. It was replied that the matter would be taken up with respective Provincial Chief Administrators. The DAC in its meeting held on 13th January, 2010 decided to obtain views from quarters concerned. No progress was reported till the finalization of this report.

1.4 Non Up-dation of Zakat Manual

Zakat Manual was issued in 1983 by the Zakat Administration Islamabad with the assurance that it will be up-dated according to the changes made in Zakat system from time to time. Despite lapse of more than 25 years it has never been amended and most of the parts of the manual have been out dated which need up-dation.

Audit pointed out the irregularity in December, 2009. It was replied that revamping of Zakat & Ushr system was under way and outcome as and when received will be communicated to audit. The DAC in its meeting held on 13th January, 2010 decided that Zakat Manual would be up-dated at appropriate time with proper funding.

Chapter - 2

National Level Health Institutions

Zakat Distribution & Releases to NLHIs made during FY 2008-09 (Rs in million)

| Province/Area | Total Allocation for the year | Total Released during the year Rs. In million | Less Released |
|--------------------------------------|-------------------------------|---|---------------|
| Punjab | 200.6 | 200.1 | 0.5 |
| Sindh | 91.1 | 88.1 | 3.0 |
| Balochistan | 34.7 | 32.35 | 2.35 |
| NWFP | 65.5 | 64.25 | 1.25 |
| ICT | 24.55 | 24.55 | 0 |
| Funds reserved for enhancement cases | 183.55 | 62.29 | 121.26 |
| Total | 600 | 471.64 | 128.36 |

2.1 Purchase of medicines without open competitive bidding/tenders - Rs 1.723 million

Para 144 of GFR, read with Rule 21 of Public Procurement Rules 2004 issued vide S.R.O. 432(1)/2004 dated 8th June, 2004, provides that procurements over rupees one lac shall be advertised on the authority's website in the manner and format specified by regulation by the authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Moreover, Rule 40 of Public Procurement Rules 2004 states that save as otherwise provided there shall be no negotiation with the bidder having submitted the lowest evaluated bid or with any other bidder provided that the extent of negotiation permissible shall be subject to regulations issued by the authority.

Audit observed that HWC Jinnah Hospital, Lahore purchased medicines worth Rs 1,723,282 from various suppliers without adopting open tenders / fulfilling codal formalities in violation of Public Procurement Regulatory Authority Rules 2004 during the year 2008-09.

Audit pointed out the irregularity in July, 2009. It was replied that the original supplier M/S CSH Pharmacy was ordered by the Govt. to leave the hospital. The reply was not tenable as the responsibility for the

irregularity needed to be fixed. The DAC in its meeting held on 13th January, 2010 directed that HWC should be asked to give justification. No progress was reported till the finalization of this report.

2.2 Loss of Rs 2.774 million due to acceptance of Higher bid

Rule 38 of PPRA Rules-2004 provides that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulations or policy of the Federal Government, shall be awarded the procurement contract, within the original or extended period of bid validity.

Audit observed that HWC INMOL Hospital Lahore had sustained loss of Rs 2,773,730 during the years 2007-08 & 2008-09 due to acceptance of the next higher offer than the lowest one and contracts were awarded, as per detail given below, without recording any reasons on Comparative Statement. It may be pertinent to mention that the Comparative Statement was prepared with lead pencil and there was no signature of any member of HWC. The mis-procurement resulted in a loss of Rs. 2,773,730 to the Zakat Exchequer as given below:

| S. No. | Year of Contract | Loss (Rs) | Contractor wise Detail |
|---------------|-------------------------|------------------|--|
| 1 | 2007-08 | 2,062,780 | Please see further details in Annexure-A |
| 2 | 2008-09 | 710,950 | Please see further details in Annexure-B |
| Total | | 2,773,730 | |

Audit pointed out the irregularity in July, 2009. It was replied that purchase from higher bidder was made keeping in view the efficacy and standard of medicines. Audit still holds that procurement should be made from the lowest bidder as per PPRA rules. The DAC in its meeting held on 13th January, 2010 directed that HWC should be asked to explain as to why the PPRA Rules were violated. No progress was reported till finalization of this report.

2.3 Un-utilized Medicines of Rs 1.371 million not returned to suppliers

According to Paras 91 & 92 of minutes of 91st meeting of CZC held on 13-12-2003, NLHI can make bulk purchases up to 60% of total Zakat Fund for six months only with the condition that un-utilized medicines at the year end shall be returned to the medicine supplier and amount so received refunded to CZF.

From the Stock Register of Medicines of HWC, Mayo Hospital it was observed that medicines worth Rs 1,370,581 were lying un-utilized as on 30th June, 2009 with the store in-charge which should have been returned to the concerned medicine supplier and their cost refunded to CZF.

Audit pointed out the irregularity in August, 2009. It was replied that medicines were retained for treatment of chronic patients. The reply was not acceptable as the directives of CZC could not be violated. The DAC in its meeting held on 13th January, 2009 decided to refer the matter to CZC for decision/action. Audit held that responsibility may also be fixed besides referring the matter to CZC to avoid recurring of such activity in future. No progress was reported till finalization of this report.

2.4 Payment of Rs 739,860 through open cheque

Sub-Clause (iv) Clause (b) Para 3 of instructions circulated by the Ministry of Religious Affairs (Zakat and Ushr Wing) vide No.30-CG-77(12) dated 16th February, 1998, provides that no amount shall be drawn by issuing open cheques, or in favour of self or in favour of bank. Moreover, Rule 157 of FTR Volume-I provides that payment shall be made through crossed cheques.

The scrutiny of record of HWC, Al-Mustafa Eye Trust, Rawalpindi revealed that Cheque No.53312602 dated 4-05-2009 amounting to Rs 739,860 was drawn in favour of self (open Cheque) by HWC. Hence the correct utilization of said amount is doubtful.

Audit pointed out the irregularity in July, 2009. It was replied that the point is noted for future compliance. Reply was not tenable as the responsibility for committing the irregularity needed to be fixed. The DAC in its meeting held on 13th January, 2010 directed that matter should be referred to CZC for decision/action. No progress was reported till finalization of this report.

2.5 Recovery of un-authorized transfer of Rs 11.173 million from hospital account to HWC account

Para 7 of Zakat Disbursement Procedure regarding Health Care (National Level) provides that Zakat Fund shall be utilized only by the Health Welfare Committee (HWC) on following items, where such facilities are not available.

- a. Medicines (including blood)
- b. Medical treatment (including operation)

- c. Laboratory tests
- d. Beds in general ward
- e. Artificial limbs
- f. Expenditure on transportation of patient from one institution to another
- g. Any other item (excluding cash grant) approved by the committee.

Audit observed that HWC Sh. Zayed Hospital, Lahore transferred Rs 11,172,954 (Rs 10,886,550 on account of 1533 in-door patients and Rs 286,404 on account of 1434 out-door patients) from HWC account to the account of hospital during years 2007-09. There was no provision in the Zakat Disbursement Procedure to transfer the amount from HWC Zakat Fund to hospital account. Zakat Fund was required to be utilized by HWC directly on the above-mentioned specified purposes/services rendered to Zakat Mustahqeen only when such services / medicines are not available with the hospital concerned. Thus, transfer of Zakat Fund of Rs 11.173 million to hospital account was irregular and therefore, recoverable.

Audit pointed out the irregularity in August, 2009. It was replied that funds were transferred after the approval of HWC. The reply was not tenable as HWC was not authorized to do so. The DAC in its meeting held on 13th January, 2010 decided to refer the matter to CZC for decision/action. No progress was reported till the finalization of report.

2.6 Irregular expenditure of Rs 610,896 on patients whose *istehqaq* was not determined by LZC concerned

Para 1 of Zakat Disbursement Procedure regarding Health Care (National Level) provides that the *istehqaq* will be determined by the LZC of a mustahiq patient's area of permanent/temporary residence. Moreover, according to Para 2 of the procedure, in emergency cases any member of the HWC of the hospital may determine *istehqaq* of such patient on guarantee of some relative, friend or other reliable person, known to mustahiq as well as to the hospital administration. After emergency treatment, the mustahiq patient shall have to produce the *istehqaq* certificate, failing which all expenditure on the emergency treatment shall be borne by him.

Audit observed that six HWCs incurred an expenditure of Rs 610,896 on treatment of such patients whose *istehqaq* was not determined by LZCs concerned as detailed in **Annexure C**. Thus, treatment/issue of medicines of Rs. 610,896 by HWCs without determination of *Istehqaq* was irregular and therefore, recoverable.

Audit pointed out the irregularity in August, 2009. It was replied that temporary *istehqaq* was determined by HWC. The reply was not tenable as *istehqaq* should only be determined by the chairman LZC concerned. The DAC in its meeting held on 13th January, 2010 decided that record might be produced to audit for verification within 15 days. No further progress was reported till the finalization of report.

2.7 Irregular Incurring of Liability of Rs 367,827 without availability of Funds

According to Ministry of Religious Affairs, Zakat and Ushr letter No. DH/45/ZD/1, dated 19-06-2003, any expenditure incurred will not be treated as a liability for carrying to the next budget. Hence, adjustment of bills from one financial year to next financial year is not permissible. Moreover, Para 12 of General Financial Rules Volume-I provides that a controlling officer must see not only that the total expenditure is kept within the limits of authorized appropriation but also that the funds allocated are expended in the public interest. In order to maintain a proper control, he should arrange to be kept informed not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.

Audit observed that 02 HWCs incurred a liability of Rs 367,827 during FY 2007-08 (detail given below) without availability of sufficient funds, which was adjusted against Zakat Fund released for FY 2008-09:

| S. No. | Name of Hospital / HWC | Amount (Rs) |
|---------------|-------------------------------|-------------------------|
| 1 | Mayo Hospital, Lahore | 78,252 |
| 2 | Sheikh Zayed Hospital, Lahore | 289,575 |
| Total | | 367,827 |

Audit pointed out the irregularity in August, 2009. It was replied that treatment of chronic patients was unavoidable. Plea of management was not acceptable, as there is no such provision in rules. The DAC in its meeting held on 13th January, 2010 decided to refer the matter to CZC for decision/action. No further progress was reported till the finalization of report.

2.8 (A) Wasteful Expenditure of Rs 4.129 million incurred on purchase of Hepatitis C Virus injections
(B) Recovery of Rs 1.814 million due to purchase of HCV injections at higher rate

As a principle every Hepatitis C Virus (HCV) patient requires a course of 72 injections for his complete treatment (12 injections per month).

A: Audit noticed that HWC, Lady Reading Hospital, Peshawar issued maximum of 4 to 6 injections to the HCV patients in a month, while his requirement could not be less than 12 injections during a month. Moreover no proper record of issuance of injections was available rather every time injections were issued to some other person than the previous recipient. No registration of cured HCV Patients in HWC, LRH Peshawar was available. The expenditure incurred on the injections was not justified as not a single patient was cured. Accordingly the expenditure for injections issued HCV patients was burden on Zakat exchequer. The whole expenditure to the tune of Rs.4,128,897 incurred on purchase of HCV injections without any result was wasteful. Besides the Polymers Chain Reaction (PCR) Reports were also two to three years old as detailed in **Annexure D**.

B: During FY 2008-09 HWC issued 8247 injections (@ Rs 560 per injection) to 1413 patients. Whereas the same injections were available @ 340/injection in the market. Hence a loss of Rs 1,814,340 ($8247 \times (560 - 340)$) was suffered by Zakat Fund which is recoverable from the concerned.

Audit pointed out the irregularity in October, 2009. In case of **A**, it was replied that medicines were issued after approval of HWC. Moreover complete treatment of a patient was not possible due to shortage of funds. The reply was not acceptable as a full course of 72 injections is mandatory for complete treatment of HCV patient. Therefore provision of few injections to HCV patient was quite useless and hence a wastage of Zakat funds. HWC should have provided full package of 72 injections to limited number of patients keeping in view its budget position and physical condition of the patients. Remaining patients should have been given treatment in the next FY. However in case of **B**, it was replied that the maximum available discount was accepted but audit maintained that the injections are being purchased at the rate of 340/injection by other hospitals and also available in the market at the same rate. The DAC in its meeting held on 13th January, 2010 decided to refer the matter to CZC for decision/action. Audit would stress for recovery of objected amount in case of **B**. No further progress was reported till the finalization of report.

2.9 Recovery of Rs 3.333 million due to charging of higher price of medicines/ injections on the treatment of Zakat patients

Para 10 (i) of GFR Vol.1 stipulates that “Every Public Officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money”.

Scrutiny of vouchers and pharmacy/ OT records of HWC, Alshifa Trust Eye Hospital Rawalpindi revealed that the management charged retail price on the medicines purchased for *mustahiqeen* instead of the discounted price already agreed with the supplier thereby causing a loss of Rs 3.333 million to the Zakat Exchequer. Details are given in **Annexure-E**.

Audit pointed out the irregularity in October, 2009. It was replied that the discount factor in the procurement was erroneously omitted. The DAC in its meeting held on 13th January, 2010 decided that the amount as pointed out by audit should be deposited into CZF. No further progress was reported till the finalization of report.

2.10 Irregular release of Zakat Fund of Rs 700,000 by DZC to National Level Hospitals directly funded by CZC

According to Para 228 of minutes of 41st meeting of CZC held on 18th May, 1989, it was decided that health institutions could get assistance for *mustahiqeen* only from one Zakat Council (either from Central Zakat Council or Provincial Zakat Council). A similar decision was also made by CZC, as per Para 223 of minutes of 42nd meeting held on 24th August, 1989.

The DZC, Karachi released Zakat amounting to Rs 700,000 to Lyari General Hospital, Karachi (a National Level Health Institution) during 2008-09 which was also funded directly by Central Zakat Council in the same year. Thus release of fund from both Central Zakat Council and Provincial Zakat Council was held as irregular.

Audit pointed out the irregularity in September, 2009. It was replied that funds were released by DZC as a special case and due to shortage of funds. Reply was not tenable as DZC had no authority to do so. The DAC in its meeting held on 13th January, 2010 decided that the matter should be referred to CZC for decision/action. No progress was reported till the finalization of report.

Chapter-3

Zakat Deducting Agencies

3.1 Irregular exemption from Zakat amounting to-Rs 243,282

Under the provision to sub-section (3) of section 1 of the Zakat and Ushr Ordinance, 1980, and rule 20 of the Zakat (Collection and Refund) Rules, 1981 a person claiming exemption from deduction of Zakat on grounds of Faith and Fiqa, shall submit a declaration (CZ-50) on stamp paper.

Audit of Meezan Bank, Main Branch Gulberg, Lahore revealed that Affidavits/Solemn affirmations in the shape of Declaration CZ-50 from account holders claiming exemption from deduction of Zakat were not obtained on stamp paper. The same was accepted on plain paper instead. This violated the Zakat & Ushr Law as well the Stamp Law and is an invalid evidence for the processing of any case. Accordingly the exemption allowed of Rs 243,282 was irregular.

Audit pointed out the irregularity in September, 2009. It was replied that declarations were printed on white paper carrying revenue stamps of Rs 20. Reply was not acceptable as such a paper had no legal standing. The DAC in its meeting held on 14th January, 2010 directed to explain the position failing which the amount of the Zakat should to be recovered. No progress was reported till the finalization of this report.

3.2 Non Deduction of Zakat from the Account Holders amounting to Rs 97.263 million

Section 3 of Zakat and Ushr Ordinance, 1980 read with the First Schedule to the Ordinance, provides that Zakat shall be charged and collected on compulsory basis for each Zakat year at the rates and manner specified therein from every person (who is on the valuation date and has for the preceding Zakat year been “Sahib-e-Nisab”). The First Schedule provides that the Bank shall deduct @2.5% of the credit amount of a saving bank account on valuation date if credit exceeds the amount notified by the Administrator General Zakat.

Audit of Muslim Commercial Bank, Main Branch, Karachi revealed that Zakat @ 2.5% was not deducted from the account holders maintaining their accounts with the bank without specifying any reason. The detail is given in **Annexure-F**.

Audit pointed out the irregularity in August, 2009 for which no reply was given. The DAC in its meeting held on 14th January, 2010 directed to ask for a reply from the concerned bank. No further progress was reported to audit till the finalization of this report.

3.3 Acceptance of photocopy of declaration instead of original

Under the provision to Sub-section (3) of section 1 of the Zakat and Ushr Ordinance, 1980 and rule 20 of the Zakat (Collection and Refund) Rules, 1981 a person claiming exemption from deduction of Zakat on grounds of faith and Fiqah, shall submit an Affidavits/Solemn affirmations in the shape of Declaration CZ-50 on Rs 20 Stamp paper.

During scrutiny of record of account holders claiming exemptions from deduction of Zakat it was observed that in most of the cases the declarations were not obtained. However photo copies of the said document were accepted and exemption from deduction of Zakat was allowed which is against the Zakat rules. List of banks which accept photocopies of declaration instead of original, is given in **Annexure G**.

Audit pointed out the irregularity during August/September, 2009 for which no satisfactory reply was given. In the DAC meeting held on 14th January, 2010, PAO and the management side stressed for settlement of the para while the Audit raised the applicability of The Stamp Act, 1899 vis-a-vis submission of attested copies of the CZ-50 as provided in the Zakat Ordinance. Audit had to refer to the case of para 3.1 above where the declarations were on plain paper and Audit stressed that these should be on Stamp paper, while the DAC decision was: “to explain the position failing which the amount of the Zakat would have to be recovered”. Hence Audit emphasis upon the recovery of the amount involved.

3.4 Exemption allowed on incomplete declarations CZ-50

Rule 20(1A) of Zakat (Collection and Refund) Rules, 1981 provides that the declaration (CZ-50) may specify the detailed particulars of assets in respect of which exemption is being claimed or specify the asset in the manner described in the First Schedule to the Ordinance. In the latter case, the true copy of the declaration should be accompanied by a letter in which the detailed particulars of the assets shall be specified.

Under the provision of Clause (3) of Section 1 of the Zakat & Ushr Ordinance, 1980 as amended from time to time read with Rule 20 of the Zakat Collection & Refund Rules, 1981, a declaration should be submitted on form CZ-50 for the person who want to take exemption from deduction

of Zakat from bank accounts on specific Performa (CZ-50) consisted of the following information:-

1. Oath should be sworn before the person who is authorized to administer the oath under rules.
2. CZ-50 should be signed by the deponent.
3. Fiqah should be indicated on declaration.
4. Name of the oath administering authority should be written with his designation at the place provided for attestation purpose.

During test check of Declaration (CZ-50) submitted by the account holders of National Saving Center, Allama Iqbal Town, Lahore (23 Accounts) and Royal Bank of Scotland DHA Branch, Lahore (12 Accounts involving Rs 342,430 as Zakat) for the financial year 2008-09 (Zakat year 1429-30 AH) for claiming exemption from compulsory deduction of Zakat on the ground of faith or fiqah, it was noticed that original contents of the declaration (CZ-50) in respect of 23 account holders (**Annex-H**) neither specify the particulars of assets i.e. Account No. and Bank Branch neither were they accompanied by a letter specifying the detailed particulars of assets nor the assets were specified in the manner described in the First Schedule.

The following short comings were also noticed:-

- That there was no swearing on oath before.....on declaration form.
- Some declarations were found un-signed by the deponents.
- Some declarations contained blank space in religious (fiqah) column.
- Some declarations had no attestation (Name & Designation) of designated authority.

Audit pointed out the irregularity in November, 2009 for which no reply was given. The DAC in its meeting held on 14th January, 2010 decided to probe the matter. No further progress was reported to audit till the finalization of this report.

3.5 Non Production of record of accounts holders- Rs 104.556 million

Section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a

form as possible and with all reasonable expedition read with Section 11(7) of Zakat and Ushr Ordinance, 1980.

Habib Bank Limited, Melody Branch, Islamabad did not produce the record of 13019 account holders (accumulated balance of Rs 104.556 million on valuation date) claiming exemption from deduction of Zakat.

Audit pointed out the irregularity in November, 2009 for which no reply was given. The DAC in its meeting held on 14th January, 2010 directed the bank to provide the requisite record asked by Audit immediately but no progress was reported till the finalization of audit report.

Chapter – 4

SYSTEMIC ISSUES

The procedure of disbursement of Zakat is different from the traditional fiscal system practiced in Pakistan. This section highlights the following systemic issues:

1. Non - disbursement of Zakat Fund Rs 14.103 billion

Rs 14.103 billion being accumulated balance on Jun 30, 2009 in A/c No.8 Central Zakat Fund (CZF) maintained by State Bank of Pakistan indicates that institutions responsible for disbursement of Zakat are not working optimally despite requirements of Zakat and Ushr Ordinance, 1980 that Zakat should be disbursed according to Shariah for prompt distribution of Zakat money, and for decreasing poverty level and development of the morals of the poor citizens in the country. Measures, therefore, need to be taken to ensure full and meritorious disbursement of Zakat, so that it could bring benefits to poor/indigent people and help to reduce the poverty level.

2. Payment through open Cheques

Payment through crossed cheque is a secure mode to ascertain that the actual payee has received the payment. It has been observed that in a large number of cases, the Health Welfare Committees disbursed Zakat Fund to suppliers of medicines in cash or through open cheques instead of crossed cheques in violation of Rule 157 of FTR Volume-I and sub-clause (iv), clause (b) of Para 3 of circular No.30-CG-77(12) dated 16th February, 1998 issued by the Ministry of Religious Affairs, Zakat and Ushr.

3. Non-Surrender of Unspent Balances

Health Welfare Committees (HWCs) of National Level Health Institution (NLHIs) do not surrender unspent balance at the year-end, despite instructions of CZC. This action tantamounts to parallel budgeting and utilization of funds by carrying forward the balances to the next financial year, which is violation of rule as indicated in letter No. DH/45/ZD/1, dated 19-06-2003 of Ministry of Religious Affairs, Zakat and Ushr. In response to audit observations, the management has stated that instructions are ambiguous and in some cases they contend that no such instructions have been provided to them so far. This indicates the need to make the existing procedure regarding transfer of unspent balance to CZF by all tiers of Zakat administration more comprehensive and wide circulation at all levels. This will ensure prompt surrender of un-spent Zakat funds and

achievement of desired objectives. Moreover, the procedure should also clearly indicate a threshold of minimum balance to be retained for keeping the bank account operative.

4. Improper Documentation

Record like CZ-50 on stamp paper in original containing information about particulars of assets in respect of which exemption is claimed, is not properly maintained by Zakat deducting agencies as required under Rule 20 (1A) of Zakat Collection and refund rules, 1981. Very often request on plain paper as well as photocopies of affidavit are accepted by the banks for the purpose of exemption from Zakat in violation of provisions of stamp act 1899. Also record like Register of Mustahiq Patients, Cash Books, etc., are not properly maintained by LZCs as required under Para-5 (iv) Chapter-5 of Zakat Disbursement Programmes. Full particulars, copies of NICs etc., are not placed on record. To ensure identity of right persons, there is a need to computerize the record of *mustahiqeen* at district level / HWC level, in a manner that their signatures/thumb impressions could be compared electronically to ascertain the authenticity on the basis of CNIC.

5. Internal Audit

The Central Zakat Administration (CZA) has established internal audit within their organization. However, the strength of the internal audit staff, their experience and qualification are not commensurate with the scope of internal audit. No internal audit plans, reporting channels and follow up mechanism have so far been devised. Therefore, internal audit needs to be strengthened and a proper procedure be adopted in consultation with the Controller General of Accounts (CGA).

6. Non-reconciliation of Accounts

Reconciliation of accounts is a control instrument to ensure the accuracy of transactions. The CZA is not carrying out reconciliation of Zakat Collecting Agencies and transfer thereof into the CZF. Besides the CZA also did not reconcile their funds transferred to various provinces / districts on regular basis. During test check, Audit observed variations in departmental and bank figures. In the absence of regular reconciliations, the risk of leakage of funds cannot be ruled out. There is a need to adopt measures to ensure timely/regular reconciliation.

7. Non Collection of Ushr

During examination of record at DZC's level it was seriously noticed that no Ushr had been assessed/collected by the quarters concerned since 1990 which was a violation of provisions contained in Chapter-III, "Ushr" of Zakat and Ushr Ordinance, 1980. The Provincial Revenue Departments were responsible to assess and collect Ushr from every land-owner, guarantee, lessee, lease-holder or land holder in the prescribed manner, and maintain the record containing such information for a crop season under intimation to Zakat authorities.

8. Non-production of Record

There are certain cases in which record is not produced by HWCs to audit. Therefore Audit is not in a position to express an opinion on the proper realization and disbursement of Zakat funds. Moreover, response to audit is slow and executive often does not arrange DAC meetings timely which renders audit exercise ineffective. Therefore, appropriate steps need to be taken to ensure that complete record is produced to audit by the management, and prompt response is furnished to audit besides timely holding of DAC meeting as required under section 14(2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.

Annexure-A

Para 4.2

Detail of Loss due to Acceptance of the next higher than the Lowest One Bidder during 2007-08

| S. No | Particulars of Medicine | Rate offered by M/s For-madic (local) i-e Lowest One (Rs) | Rate offered by M/s Bioph -arma (Rs) | Umer Trading Co. (Rs) | Al-Habib Pharmaceuticals (Rs) | S.Ejaz-ud-din & Co. (Rs) | B H Distributer (Rs) | Diff-erence (Rs) | Quantity Purchased (Nos) | Loss incurred (Rs) |
|-------|-------------------------|---|--------------------------------------|-----------------------|-------------------------------|--------------------------|----------------------|------------------|--------------------------|--------------------|
| 1. | Inj Doxorubicin 50mg | 674 | 1000 | - | - | - | - | 326 | 2,025 | 660,150 |
| 2. | Inj Doxorubicin 10mg | 165 | 250 | - | - | - | - | 85 | 2,850 | 242,250 |
| 3. | Inj Cisplatin 500mg | 219 | 525 | - | - | - | - | 306 | 1,850 | 558,450 |
| 4. | Inj Methotrexate 50mg | 74 | 150 | - | - | - | - | 76 | 800 | 60,800 |
| 5. | Inj 5Flouracil 500mg | 33 | 120 | - | - | - | - | 87 | 4,350 | 378,450 |
| 6. | Inj 5Flouracil 250mg | 18.50 | 70 | - | - | - | - | 51.50 | 1,000 | 51,500 |
| 7. | Inj Daunorubicin 20mg | 240 | - | 488 | - | - | - | 248 | 180 | 44,640 |
| 8. | Inj Cytarabine 500mg | 390 | 420 | - | - | - | - | 30 | 280 | 8,400 |
| 9. | Inj Cytarabine 100mg | 110 | 125 | - | - | - | - | 15 | 150 | 2,250 |
| 10. | Inj Vincristine 2mg | 157 | - | - | 250 | - | - | 93 | 330 | 30,690 |

| S. No | Particulars of Medicine | Rate offered by M/s For-madic (local) i-e Lowest One (Rs) | Rate offered by M/s Bioph -arma (Rs) | Umer Trading Co. (Rs) | Al-Habib Pharmaceuticals (Rs) | S.Ejaz-ud-din & Co. (Rs) | B H Distributor (Rs) | Difference (Rs) | Quantity Purchased (Nos) | Loss incurred (Rs) |
|---------------------|-------------------------|---|--------------------------------------|-----------------------|-------------------------------|--------------------------|----------------------|-----------------|--------------------------|--------------------|
| 11. | Inj Vincristine 1mg | 810 | - | - | - | 870 | - | 60 | 240 | 14,400 |
| 12. | Inj Etoposide 100mg | 255 | - | - | - | - | 335 | 80 | 1,350 | 10,800 |
| 13. | Inj Vinblastin 10mg | 255 | - | - | 485 | - | - | 230 | - | - |
| 14. | Inj carboplatin 150mg | 690 | 1250 | - | - | - | - | 560 | - | - |
| Grand Total: | | | | | | | | | | 2,062,780 |

Annexure-B

Para 4.2

Detail of Loss due to Acceptance of the next higher than the Lowest One Bidder during 2008-09

| S. No | Particulars of Medicine | Rate offered by M/s Formadic (local) i-e Lowest One (Rs) | Rate offered by M/s Bio-pharma (Rs) | A.J.M Pharma (India) (Rs) | Al-Habib Pharmaceuticals (Korean) (Rs) | ONCO LINK Pharma (Rs) | ONko Care (Rs) | Difference (Rs) | Quantity Purchased (Nos) | Loss incurred (Rs) |
|---------------------|----------------------------|--|-------------------------------------|---------------------------|--|-----------------------|----------------|-----------------|--------------------------|--------------------|
| 1. | Inj-cyclophosphomide 1g | 140 | - | - | 175 | - | - | 35 | 1,300 | 45,500 |
| 2. | Inj-cyclophosphomide 500mg | 75 | - | - | 90 | - | - | 15 | 600 | 9,000 |
| 3. | Actinomycind 0.5mg | 190 | - | - | 215 | - | - | 25 | 100 | 2,500 |
| 4. | Folinic Acid 50mg | 270 | - | - | - | - | 400 | 130 | 400 | 52,000 |
| 5. | Inj Doxorubicin 50mg | 670 | 700 | - | - | - | - | 30 | 1,790 | 53,700 |
| 6. | Inj Doxorubicin 10mg | 160 | - | 195 | - | - | - | 35 | 4,000 | 140,000 |
| 7. | Inj Cisplatin 500mg | 340 | - | 390 | - | - | - | 50 | 970 | 48,500 |
| 8. | Inj Methotrexate 50mg | 85 | 150 | - | - | - | - | 65 | 1,000 | 65,000 |
| 9. | Inj 5Flouracil 500mg | 47 | - | - | - | 65 | - | 18 | 3,900 | 70,200 |
| 10. | Inj 5Flouracil 250mg | 24 | - | - | - | 40 | - | 16 | 2,290 | 36,640 |
| Grand Total: | | | | | | | | | | 523,040 |

| S. No | Particulars of Medicine | Rate offered by M/s Formadic (local) i-e Lowest One (Rs) | Rate offered by M/s Bio-pharma (Rs) | A.J.M Pharma (India) (Rs) | Al-Habib Pharmaceuticals (Korean) (Rs) | ONCO LINK Pharma (Rs) | ONko Care (Rs) | Difference (Rs) | Quantity Purchased (Nos) | Loss incurred (Rs) |
|---------------------|-------------------------|--|-------------------------------------|---------------------------|--|-----------------------|----------------|-----------------|--------------------------|--------------------|
| 11. | Inj Daunorubicin 20mg | 340 | - | 400 | - | - | - | 60 | 60 | 3,600 |
| 12. | Dacarbazine 200mg | 340 | - | - | 350 | - | - | 10 | 700 | 7,000 |
| 13. | Inj Cytarabine 100mg | 110 | - | - | | 120 | - | 10 | 261 | 2,610 |
| 14. | Inj Vincristine 2mg | 160 | - | - | 250 | - | - | 90 | 500 | 45,000 |
| 15. | Inj Blumicin 15mg | 95 | - | - | 150 | - | - | 55 | 150 | 8,250 |
| 16. | Inj Etoposide 100mg | 260 | - | 340 | - | - | - | 80 | 1,070 | 85,600 |
| 17. | Inj Vinblastin 10mg | 260 | - | - | - | 430 | - | 170 | 145 | 24,650 |
| 18. | Inj Carboplatin 150mg | 690 | | 850 | - | - | - | 160 | 70 | 11,200 |
| Grand Total: | | | | | | | | | | 710,950 |

Annexure-“C”

Para 2.6

Expenditure without determining *istehqaq* by LZC concerned

| S. No. | Name of Hospital / HWC | Amount (Rs) |
|---------------|---|------------------------|
| 1 | Mayo Hospital, Lahore | 42,384 |
| 2 | Cant General Hospital, Peshawar | 9,838 |
| 3 | KTH, Peshawar | 489,627 |
| 4 | Ali Mustafa Trust, Rawalpindi | 29,885 |
| 5 | Federal Government Services Hospital (Poly Clinic), Islamabad | 33,860 |
| 6 | PIMS, Islamabad | 5,302 |
| Total | | 610,896 |

Annexure-D

Para 2.8

Detail of Wasteful on purchase of Hepatitis C Virus injections

| S. No. | Name Expenditure | Date of PCR | Medicine Issue date |
|---------------|-------------------------|--------------------|----------------------------|
| 1 | D/o Sahib Shah | 15-5-07 | 15-7-08 |
| 2 | Gul Ahmad Khan | 26-1-07 | 31-10-08 |
| 3 | Muhammad Altaf | 26-04-07 | 15-7-08 |
| 4 | Waheed ullah | 9-5-06 | 16-7-08 |
| 5 | Abida | 30-6-07 | 15-7-08 |
| 6 | Parveen bibi | 10-10-07 | 15-7-08 |
| 7 | Tasleem | 15-8-07 | 15-9-08 |
| 8 | Saidrukh | 6-11-06 | 27-10-08 |
| 9 | Roshan bibi | 30-8-07 | 27-10-08 |
| 10 | Samina bibi | 01-04-06 | 31-10-08 |
| 11 | Rohan bibi | 22-10-04 | 25-10-08 |
| 12 | Waheed ullal | 20-6-07 | 25-10-08 |

Annexure-E

Para 2.9

Excess Claim by Charging Higher Price of Medicine/Injections on the Treatment of Zakat Patients

| S # | Name of items | Purchase Price (Rs) | Claimed Price from Zakat | Difference | Total No of Patients | Over-payment (Rs) | Remarks |
|--------------|-----------------|---------------------|--------------------------|------------|-----------------------------------|-------------------|-------------------|
| 1 | Inj Vancomycine | 550 | 743 | 193 | 5603 | 1,081,379 | Indoor Patients |
| 2. | Inj Bupicain | 15 | 20 | 5 | 5603 | 28,015 | |
| 3. | BES Solution | 301.07 | 500 | 198.93 | 5603 | 1,111,243 | |
| 4. | Viscojel snate | 177 | 188 | 10 | 5603 | 56,030 | |
| 5. | E/D Co-Darzol | 424 | 600 | 176 | T.P 21000-15000=6000 25 v (20) | 1,056,000 | Out door Patients |
| Total | | | | | | 3,332,667 | |

Annexure -F

Para 3.2

Detail of Non Deduction of Zakat from the Account Holders

| S. No | No. of Account holders of MCB | Value (Rs) | Zakat deductible @2.5% (Rs). |
|--------------|--------------------------------------|----------------------|-------------------------------------|
| 1. | 14820 saving | 3,632,533,946 | 90,813,348 |
| 2. | 28 SSC | 30,000,000 | 750,000 |
| 3. | 65 DSC | 16,000,000 | 400,000 |
| 4. | 09 SSC | 30,000,000 | 750,000 |
| 5. | 55 SSC | 2,000,000 | 50,000 |
| 6. | 08 DSC | 34,000,000 | 850,000 |
| 7. | 88 SSC | 50,000,000 | 1,250,000 |
| 8. | 35 SSC | 6,000,000 | 150,000 |
| 9. | 96 SSC | 60,000,000 | 1,500,000 |
| 10. | 03 DSC | 30,000,000 | 750,000 |
| Total | | 3,890,533,946 | 97,263,348 |

Annexure -G

Para 3.3

List of banks which accept photocopies of declarations instead of original

| S. No. | Name of Bank |
|---------------|--|
| 1 | Habib Metropolitan Bank, Karachi |
| 2 | Muslim Commercial Bank, Karachi |
| 3 | National Saving Centre, Liaqatabad, Karachi |
| 4 | United Bank Limited, City Branch, Karachi |
| 5 | Royal Bank of Scotland, Gulberg Branch, Lahore |
| 6 | United Bank Limited, Civic Centre, Islamabad |

Annexure -H

Para 3.4

Detail of Exemption allowed on acceptance of defective declaration
CZ-50

| S. No. | Title of Account | Entry No. In NSC Register | Date |
|---------------|-------------------------|----------------------------------|-------------|
| 1 | Fatima Butt | 200 | 16.03.2009 |
| 2 | Tabassum Idress | 199 | 16.03.2009 |
| 3 | Anwar-ul-Haq | 189 | 07.03.2009 |
| 4 | Kiran Tariq | 183 | 06.03.2009 |
| 5 | Muhammad Saleem | 180 | 05.03.2009 |
| 6 | Azhar Shabbir | 173 | 28.02.2009 |
| 7 | Khalid Mehmood | 165 | 19.02.2009 |
| 8 | Begum Munawar Raja | 157 | 14.02.2009 |
| 9 | Kausar Sultana | 153 | 13.02.2009 |
| 10 | Syed Muhammad Jaffar | 145 | 07.02.2009 |
| 11 | Nusheen Zaib | 139 | 04.02.2009 |
| 12 | Raheela Humayun | 221 | 04.06.2009 |
| 13 | Dil Nawaz Arif | 138 | 31.01.2009 |
| 14 | Fehmeeda | 102 | 31.01.2009 |
| 15 | Fansur Nazir | 91 | 26.02.2008 |
| 16 | Shazia Asad | 87 | 19.12.2008 |
| 17 | Muhammad Asad Ali | 86 | 19.12.2008 |
| 18 | Kiran Jawwad | 85 | 19.12.2008 |
| 19 | Rukhsana Saleem | 59 | 18.11.2008 |
| 20 | Syed Tahir Hussein | 57 | 17.11.2008 |
| 21 | Shabnam Saleem | 21 | 30.09.2009 |
| 22 | Mumtaz Begum Khan | 18 | 27.09.2009 |
| 23 | Abdul Hameed | 184 | 06.03.2009 |

Annexure-I**Executive Summary (D)****Paras included in MFDAC****CENTRAL ZAKAT FUND M/O ZAKAT & USHR, ISLAMABAD**

| S. No. | Para No. of AIR | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|---------------|------------------------|---|--|
| 1 | 5 | Un-justified release of Administrative expenditure for LZCs of Punjab Province Rs.96.691 million. | Matter may placed before CZC for issuing instructions that PZA may ensure performance before release of such payment. |
| 2 | 6 | Non-release of 2 nd Installment to 9 National Level Health Institutions Rs.10.6 million. | Settled subject to verification of compliance at the time of next audit. |
| 3 | 7 | Non conduct of Internal-audit | PAO informed that internal audit will be carried out in near future and report provided to audit. |
| 4 | 8 | No mechanism regarding allotment of codes to newly registered companies. | DAC suggested for providing a mechanism in Zakat & Ushr Ordinance-1980 that companies may provide their dividend and detail to Ministry of Zakat & Ushr, Islamabad |
| 5 | 9 | Improper maintenance of record. | DAC directed to verify the record and agreed to ensure the proper maintenance of record in future. |

NATIONAL LEVEL HEALTH INSTITUTIONS**BALUCHISTAN****CANTONMENT GENERAL HOSPITAL (CGH) QUETTA**

| S. No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------------|--|---|
| 1 | Non-Availability of certification from bank for lost Cheque No.002464 Rs.750000 dated 03.07.08 | Settled Subject to verification of record by audit. |
| 2 | Quality, Quantity and rates of medicines not verified. | Responsibility may be fixed and devise a system to avoid recurrence of such irregularity in future. |
| 3 | Non-Availability of record. | Settled subject to verification of record at the time of next audit. |

MISS FATIMA JINNAH (T.B) SANETORIUM HOSPITAL QUETTA

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|---------------|--|---|
| 1 | Irregular Re-tendering for diet costing Rs 1,656,377/- | Pending till production of proper explanation by the Hospital to audit. |
| 2 | Verification of <i>Istehqaq</i> by H.W.C | Compliance may be shown to audit. |
| 3 | Non-availability & Deficiency | Settled subject to verification of record at the time of next audit. |

HELPER EYE HOSPITAL QUETTA

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|---------------|---|---|
| 1 | Irregular receipt of cash fee from Zakat patients @ 230/- per head. | The DAC advised the Hospital to inform about the types of charges they are demanding from the Zakat patient. After receipt of the reply matter will be placed before CZC. |
| 2 | Non-availability and deficiency | Settled subject to verification of record at the time of next audit. |

ORTHOPEDIC, PROSTHETIC & PHYSIOTHERAPY CENTRE (OPPC) QUETTA

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|---------------|---|---|
| 1 | Irregular purchase on credit with out calling tender. | Settled subject to production of evidence to audit. |
| 2 | Payment to the contractor for the year 2006-09 without agreement Rs 1,258,327 | Probe into the case and fix the responsibility. |
| 3 | In action for lost Cheque Rs 250,000 | Settled subject to verification of record by audit. |
| 4 | Irregular payment of arrear bill/ unpaid bill Rs 15000 to the contractor | Refer to CZC for necessary action |
| 5 | Non-deduction of Income Tax Rs 17039 | Amount may be deposited into Government Treasury and deposit slip/Challan may be provided to audit. |

SANDEMAN CIVIL HOSPITAL QUETTA

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|---------------|--|---|
| 1 | Huge expenditure on kidney patient Rs.8,354,501/- | Detail of both kind of expenditure may be provided to audit within fifteen days. |
| 2 | In competency of H.W.C and non coordination of kidney department | Responsibility may be fixed. |
| 3 | Verification of <i>Istehqaq</i> other than Local Zakat Chairman. | <i>Istehqaq</i> duly authenticated by concerned Local Zakat Chairmen may be verified. |

SINDH

AL-IBRAHIM EYE HOSPITAL KARACHI

| S.No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|---|--|
| 1 | Internal audit not conducted | Settled subject to production of internal audit reports. |
| 2 | Irregular deduction of Bank Charges Rs.1550/- | DAC decided to get the refund from concerned bank. |
| 3 | Irregular Title of Bank Account H.W.C | Settled subject to compliance. |
| 4 | Irregular payment of Rs 497,258 to suppliers of medicines without obtaining the surety bonds/ written agreement on non judicial bond paper. | Settled subject to make up of deficiency and verification thereof. |

JINNAH POST GRADUATE MEDICAL CENTRE (JPMC) KARACHI

| S.No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|---|--|
| 1 | Un-acknowledged receipt Rs 1,888,806 | Original record may be verified. |
| 2 | Non-conducting of internal audit. | Settled subject to production of internal audit reports. |
| 3 | Improper maintenance of stock register. | Settled with the advice to HWC that in future all the deficiency pointed out by audit will not repeat. |
| 4 | Un-acknowledge medicines/ consumable items by the patients. | Settled subject to production of certificate by HWC that those medicines were given to actual <i>mustahiqeen</i> . |

LAYTON REHMATULLAH BENEVOLENT TRUST (LRBT) KARACHI

| S.No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|------|--|--|
| 1 | Non-accountal of Income Tax Amounting to Rs.480,000 | Amount may be deposited into Government Treasury and deposit slip/Challan may be provided to audit. |
| 2 | Issue of Medicines to Non- <i>Mustahiqeen</i> on irregular <i>Istehqaq</i> certificate amounting to Rs 358,000 | Settled subject to certificate by the HWC that the deficiency in <i>Istehqaq</i> certificate, pointed out by audit will not be repeated in future. |
| 3 | Irregular Payment through defective tendering system. | Probe into the case and fix the responsibility. |
| 4 | Internal Audit not conducted. | Settled subject to production of internal audit reports. |
| 5 | Non-maintenance of register for indoor and out door <i>Mustahiq</i> patients. | Settled subject to the verification of record. |

LYARI GENERAL HOSPITAL KARACHI

| S.No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|------|--|---|
| 1 | Without approval of disbursements amounting to Rs 1.400 million. | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 2 | Payment of cost of medicines without verification of pharmacist /senior Doctor Rs 2.784 | Settled subject to production of certificate by MS/Convener of HWC that verification of pharmacist carried out properly. |
| 3 | Internal Audit not conducted | Settled subject to production of internal audit reports. |
| 4 | Resolution register was not maintained by the H.W.C Lyari General Hospital, Karachi | Settled subject to verification of record. |
| 5 | Irregular Payment of Rs 498,975 as <i>Istehqaq</i> not determined by the chairman of mustahiq's proper Residential area. | Settled subject to verification of record after making up of deficiency. |
| 6 | Un-acknowledged payment of Rs.165,720 | Settled subject to production of receipt to audit. |

NATIONAL INSTITUTE OF CARDIOVASCULAR DISEASES (NICVD) KARACHI

| S.No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|---|---|
| 1 | Internal Audit not conducted. | Settled subject to production of internal audit reports. |
| 2 | Without Approval of Disbursement amounting to Rs.11.999 million. | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 3 | Non-regularization of excess expenditure from C.Z.C Rs 1.742 million. | Settled subject to production of copy of resolution of HWC's regarding regularization of expenditure to audit. |
| 4 | Payment of cost of surgical Item/ Medicine without verification of pharmacist/ senior Doctor Rs. 7.410 million. | Settled subject to production of certificate by MS/Convener of HWC that verification of pharmacist carried out properly. |
| 5 | Irregular payment of Rs 941,172 million <i>Istehqaq</i> Certificate not received from the Mustahiq proper Residential Area. | Settled subject to certificate by the HWC that the deficiency in <i>Istehqaq</i> certificate, pointed out by audit will not be repeated in future. |
| 6 | Un-acknowledged payment of Rs 6.913 million | Settled subject to production of receipt to audit. |

**SINDH INSTITUTE OF UROLOGY & TRANSPLANTATION (SIUT)
KARACHI**

| S.No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------------|---|---|
| 1 | Treatment on incomplete <i>Istehqaq</i> Certificates for Rs.454,850 | Settled subject to verification of record after making up of deficiency. |
| 2 | Non-deduction of Income tax Rs 206.886 | Amount may be deposited into Government Treasury and deposit slip/Challan may be provided to audit. |
| 3 | Un-acknowledged receipt Rs.18,750 | Settled subject to production of receipt to audit. |
| 4 | Irregular chaques paid/ cash payment. | Settled subject to production of certificate by the bank that Cheque paid in account payee only. |
| 5 | Irregular purchases by avoiding lowest rates by the supplier. | Settled subject to verification of record by audit |

SUKKUR BLOOD & DRUG DONATING SOCIETY (SBDDS) SUKKUR

| S.No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------------|---|---|
| 1 | Irregular award of contract for supply of medicine Rs 5.011 million. | Probe into the case and fix the responsibility. |
| 2 | Non-obtaining of Prequalification certificate from medicine supplier. | Settled subject to obtaining the proper certificate from concerned agency in future. |
| 3 | Issue of medicines without verification by the pharmacist Rs.5.011 million. | Settled subject to production of certificate by MS/Convener of HWC that verification of pharmacist carried out properly. |
| 4 | Irregular deduction of bank charges of Rs 1,422 by the bank. | DAC decided to get the refund from concerned bank. |
| 5 | Non conducting of random checking of quality of treatment coupled with the satisfaction of beneficiaries | Settled subject to verification of record after making up of the deficiency. |
| 6 | Improper maintenance of cash book | Settled subject to verification of record after making up of the deficiency. |
| 7 | Irregular expenditure of Rs 1.503 million by the Hospital without passing resolution /without approval of H.W.C | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 8 | Irregular expenditure of Rs 30,316 on treatment of patients without determination of <i>Istehqaq</i> by Chairman LZCs concerned | Settled subject to verification of record after making up of the deficiency. |
| 9 | Irregular expenditure of Rs 4.997 million on 100% bulk purchase of medicine from medicine | The irregularity may be justified. |

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| | supplier M/s Medi Sales & Marketing services. | |
| 10 | Submission of Un-authentic utilization report to the Ministry of Zakat & Ushr | Settled subject to verification of authentic record. |

PUNJAB

BAHAWALPUR VICTORIA HOSPITAL BAHAWALPUR

| S. No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------------|--|---|
| 1 | Irregular Award of contract for supply of medicines amounting to Rs 4.212 million | Probe into the case and fix the responsibility. |
| 2 | Non-obtaining of prequalification certificate from medicine supplier | The irregularity may be justified to audit. |
| 3 | Non-conducting of random checking of quality of treatment coupled with the satisfaction of beneficiaries | Settled subject to production of certificate by MS/Convener of HWC that all the beneficiaries were given quality treatment. |
| 4 | Irregular excess expenditure than prescribed limits Rs 462,475 | Settled subject to production of copy of resolution of Health Welfare Committee's regarding regularization of expenditure to audit. |
| 5 | Irregular payment to medicine supplier by accepting accumulative patients bills instead of individual bills of <i>mustahiqeen-e-Zakat</i> Rs 4.212 million | Settled subject to verification of record by audit. |

FATIMA MEMORIAL HOSPITAL LAHORE

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|---------------|--|--|
| 1 | Payment to contractor Rs 1.090 million without passing resolution | Pending till obtaining ex-post facto approval of Health Welfare Committee where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 2 | Non-Refund of un-spent balance of Rs 329,735 by the H.W.C. | Settled subject to verification of record by audit. |
| 3 | Un-authorized bank deductions Rs 14,350 | DAC decided to get the refund from concerned bank |
| 4 | Non-conducting of random checking of quality of treatment coupled with the satisfaction of beneficiaries | Settled subject to production of certificate by MS/Convener of HWC that all the beneficiaries were given quality treatment. |

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| 5 | Irregular incurring of liability without availability of funds Rs 2.275million | Settled subject to verification of payment from their own fund by audit. |
| 6 | Open tender not advertised on authority website as well as procuring agency website. | DAC decided to call for explanation as to why PPRA rules regarding advertisement of tender on website were violated. |
| 7 | Modifications made by the supplier after opening the tender without permission of the procuring agency. | DAC decided to call for explanation, how to violate the PPRA rules regarding negotiation and contract avoided to a firm which was not quoted lowest rates. |
| 8 | Non-obtaining of prequalification certificate from Medicine supplier | The irregularity may be justified to audit. |
| 9 | Non-conduct of physical verification of stock of medicines | Settled subject to production of certificate by MS to audit that physical verification of stock has been carried out. |
| 10 | Irregular excess expenditure than prescribed limits of Rs 3.9 million | Settled subject to production of copy of resolution of Health Welfare Committee's regarding regularization of expenditure to audit. |

INMOL HOSPITAL LAHORE

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------|--|---|
| 1 | Irregular excess expenditure than prescribed limits of Rs 1,995,346 | Settled subject to production of copy of resolution of Health Welfare Committee's regarding regularization of expenditure to audit. |
| 2 | Non conducting of random checking of quality of treatment coupled with the satisfaction of beneficiaries | Settled subject to production of certificate by MS/Convener of HWC that all the beneficiaries were given quality treatment. |
| 3 | Open tender not advertised on authority website as well as procuring agency website | DAC decided to call for explanation as to why PPRA rules regarding advertisement of tender on website were violated. |
| 4 | Un-Authorized deduction by bank Rs 50 | DAC decided to recover the amount from concerned bank. |

JINNAH HOSPITAL LAHORE

| S.No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|------|--|--|
| 1 | Un-Authorised bank deductions Rs 1,280 | DAC decided to recover the amount from concerned bank. |
| 2 | Improper maintenance of cash book | Settled subject to verification of record after making up of the deficiency. |

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| 3 | Open tender not advertised on authority website as well as procuring agency website. | DAC decided to call for explanation as to why PPRA rules regarding advertisement of tender on website were violated. |
| 4 | Non-obtaining of prequalification certificate from Medicine supplier | The irregularity may be justified. |

MAYO HOSPITAL LAHORE

| S.No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|------|--|---|
| 1 | Improper maintenance of cash book | Settled subject to verification of record after making up of the deficiency. |
| 2 | Non conducting of random checking of quality of treatment coupled with the satisfaction of beneficiaries | Settled subject to production of certificate by MS/Convener of HWC that all the beneficiaries were given quality treatment. |
| 3 | Irregular award of contract to M/S Prince Medical Stores during 2008-09 | Probe into the matter and responsibility may be fixed. |
| 4 | Purchase of medicines through defective tender system | Probe into the case and fix the responsibility. |

SHIEKH ZAYED HOSPITAL LAHORE

| S.No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|------|--|---|
| 1 | Non conducting of random checking of quality of treatment coupled with the satisfaction of beneficiaries | Settled subject to production of certificate by MS/Convener of HWC that all the beneficiaries were given quality treatment. |
| 2 | Irregular collection of Rs 37,125 from Mustahiq -e -Zakat patients | The DAC advised the Hospital to inform about the types of charges they are demanding from the Zakat patient. After receipt of the reply matter will be placed before CZC. |

N.W.F.P

CANTONMENT GENERAL HOSPITAL (CGH) PESHAWAR

| S.No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|--|--|
| 1 | Payment without passing resolution of H.W.C. | Pending till obtaining ex-post facto approval of Health Welfare Committee where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 2 | Quantity and quality of medicines not verified | Responsibility may be fixed and devise a system to avoid recurrence of such irregularity in future. |

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| 3 | Un-authorized expenditure on medical treatment to non-mustahiq patients Rs.9,838 | Pending till verification of <i>Istehqaq</i> by audit. |
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HAYATABAD MEDICAL COMPLEX PESHAWAR

| S. No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|--|---|
| 1 | Unjustified charging of Rs 0.562 million to Zakat Fund for facilities which were required to be provided free to <i>Mustahiqeen</i> by the hospital. | Summary of detail account may be asked from Hospital and then the case may be submitted to CZC for decision. However such practice may not repeated in future. |
| 2 | Cash payment of Rs 0.478 million to medicine suppliers | Settled subject to certificate from supplier that amount has been received by him. |
| 3 | Payment of Rs 3,000,000 out of Zakat fund without passing resolution | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 4 | Un-authorized expenditure on medical treatment of patients on defective <i>Istehqaq</i> /outdated NICs Rs 22,746 | Settled subject to verification of record after making up of the deficiency. |
| 5 | Awarding of tender for the year 2008-09 without approval of HWC Rs.6,000,000 | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 6 | Non production of record | Settled subject to verification of record at the time of next audit. |
| 7 | Issuance of medicines out of Zakat fund to <i>Mustahiqeen-e-Zakat</i> without any acknowledgement | Settled subject to production of certificate by HWC that those medicines were given to actual <i>mustahiqeen</i> . |
| 8 | Awarding of tender without competition/fair bidding and without proper scrutiny of documents Rs 6,000,000 | Pending till production of proper justification/ issue raised by audit. |

KHYBER TEACHING HOSPITAL (KTH) PESHAWAR

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------|---|---|
| 1 | Payment of Rs 10,000,000 out of Zakat Fund without passing resolution | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |

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|---|---|---|
| 2 | Awarding of tender for the year 2008-09 without approval of HWC Rs 10,000,000 | Pending till obtaining ex-post facto approval of HWC where all members including Chairman DZC or his nominee must be present and in future strict compliance may also ensure. |
| 3 | Non-Production of Record | Settled subject to verification of record at the time of next audit. |
| 4 | Excess expenditure than prescribed limit Rs 1,018,454 without approval of HWC KTH Peshawar. | Settled subject to production of copy of resolution of HWC's regarding regularization of expenditure to audit. |

LADY READING HOSPITAL (LRH) PESHAWAR

| S.No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|------|---|--|
| 1 | Awarding of tender without competition/ fair bidding of Rs 11.00 million. | Probe into the case and fix the responsibility. |
| 2 | Un-acknowledged medicines Rs 125,440 | Settled subject to production of certificate by HWC that those medicines were given to actual <i>mustahiqeen</i> . |
| 3 | Irregular collection of Rs 159,100 from <i>mustahiqeen-e-Zakat</i> patients on name of admission charges. | The DAC advised the Hospital to inform about the types of charges they are demanding form the Zakat patient. After receipt of the reply matter will placed before CZC. |

RAWALPINDI / ISLAMABAD

AL-MUSTUFA TRUST RAWALPINDI

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------|--|---|
| 1 | Purchases of medicines without open tender and formal contract amounting to Rs.1 million | Probe into the case and fix the responsibility. |
| 2 | Un-justified charging of fee for diagnostic tests/ X-rays Rs 69,450 | Settled subject to verification of accounts by audit. |
| 3 | Payment through open Cheque Rs 739,860 | Refer to CZC |

AL-SHIFA TRUST EYE HOSPITAL RAWALPINDI

| S. No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|--|--|
| 1 | Defective tendering system | Probe into the case and fix the responsibility. |
| 2 | Irregular treatment without <i>Istehqaq</i> certificates | Pending till verification of <i>Istehqaq</i> by audit. |

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| 3 | Medicines purchased out of Zakat fund amounting to Rs 1,076,880 which were not used for the treatment of Zakat patients | Pending till production of record of unused items to audit. |
| 4 | Undue collection of Rs 1,509,000 on account of food charges from Zakat patients | Food charging may be stopped in future. |
| 5 | Undue collections of Rs 680,850 on account of consultation fee from Zakat patients | The DAC advised the Hospital to inform about the types of charges they are demanding from the Zakat patient. After receipt of the reply matter will be placed before CZC. |
| 6 | Un-due collection of ultrasound charges/ x-rays charges/lab test charges etc from Zakat patients. | Relevant record may be got verified from audit within 15 days |

FAUJI FOUNDATION HOSPITAL RAWALPINDI

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------|--|--|
| 1 | Articles/Items issued to patients without obtaining acknowledgement | Settled subject to production of certificate by HWC that those medicines were given to actual <i>mustahiqeen</i> . |
| 2 | Bills/ vouchers and <i>Istehqaq</i> forms not produced. (Non production of record) | Settled subject to verification of record at the time of next audit. |

FEDERAL GOVERNMENT SERVICES HOSPITAL (Poly Clinic) ISLAMABAD

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------|---|--|
| 1 | Issue of medicines without acknowledgement Rs.22,487 | Settled subject to production of certificate by HWC that those medicines were given to actual <i>mustahiqeen</i> . |
| 2 | Issue of medicines without Doctor's prescription Rs.7894. | Settled subject to verification of record. |

NUCLEAR MEDICINE, ONCOLOGY AND RADIOTHERAPY INSTITUTE (NORI) ISLAMABAD

| S. No. | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|--------|--|--|
| 1 | Treated of patients on un-dated <i>Istehqaq</i> certificates | Settled subject to verification of record after making up of deficiency. |

PAKISTAN INSTITUTE OF MEDICAL SCIENCES (PIMS) ISLAMABAD

| S. No | SUBJECT OF AUDIT PARA | DAC RECOMMENDATION |
|-------|---|--|
| 1 | Un-authorized payment to Akram brothers of Rs.5302 on account of medicines issued to unregistered patients. | Pending till verification of <i>Istehqaq</i> by audit. |

Zakat Deducting Agencies

| S. No | Para No. | Title | DAC decision |
|--|----------|---|---|
| Habib Metropolitan Bank, Karachi | | | |
| 1. | 1 | Un-Acknowledge Receipt Rs 594736 | Discussed and Settled subject to verification of original record |
| 2. | 2 | Improper Maintenance of Form CZ-02 (Zakat Deduction/Refund Register) | Discussed and Settled subject to Maintenance of Record on Approval Format |
| 3. | 3 | Non-Submission of the Quarterly Summery Report to the Zakat Deduction Controlling Officer/Head Office | Discussed and Settled subject to submission of Quarterly Report (Form CZ-07) AS Provided in Law |
| 4. | 4 | Internal Audit Conducted | Settled subject to verification of Internal Audit Report at the time of next Audit |
| Muslim Commercial Bank (Main Branch) Karachi | | | |
| 5. | 2 | Un-Acknowledge Receipt Rs 4047041 | Discussed and Settled subject to verification of original record |
| 6. | 3 | Improper Maintenance of Form CZ-02 (Zakat Deduction/Refund Register) | Discussed and Settled subject to Maintenance of Record on Approval Format |
| 7. | 4 | Non-Submission of the Quarterly Summery Report to the Zakat Deduction Controlling Officer/Head Office | Discussed and Settled subject to submission of Quarterly Report (Form CZ-07) AS Provided in Law |
| 8. | 5 | Internal Audit Conducted | Settled subject to verification of Internal Audit Report at the time of next Audit |

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| 9. | 7 | Non-Compliance of Audit Memos during Audit | Settled subject to Compliance of Audit in future |
| National Saving Centre, Liaqabad, Karachi | | | |
| 10. | 1 | Un-Acknowledge Receipt Rs 1067174 | Discussed and Settled subject to verification of original record |
| 11. | 3 | Improper Maintenance of Form CZ-02 (Zakat Deduction/Refund Register) | Discussed and Settled subject to Maintenance of Record on Approval Format |
| 12. | 4 | Internal Audit Conducted | Settled subject to verification of Internal Audit Report at the time of next Audit |
| United Bank Limited (City Branch) Karachi | | | |
| 13. | 1 | Un-Acknowledge Receipt Rs 28685262 | Discussed and Settled subject to verification of original record |
| 14. | 2 | Internal Audit Conducted | Settled subject to verification of Internal Audit Report at the time of next Audit |
| Meezan Bank, Main Branch Gulberg, Lahore | | | |
| | 2 | Exemption Allowed on Declaration CZ-50 not Accompanied by the letter Specifying Detailed Particulars of Assets/Account No. | Discussed and Settled. Audit raised the issue of applicability of The Stamp Duty Act, 1899. Vis-a-Vis the submission of attested copy of declaration (CZ-50) as provided in Zakat & Ushr Ordinance |
| 15. | 3 | Non-Submission of Register of Exemption other than due to Faith and Fiqah | Discussed and Settled subject to verification of original record |
| 16. | 4 | Un-justified exemption from Zakat of Rs 29,705 without Obtaining CTC of Passport | DAC decided to ask the Bank to explain the deficiency pointed out by audit |
| 17. | 5 | Exemption from Zakat without declaration (CZ-50) Rs 22,738 | DAC decided to ask the Bank to explain the deficiency pointed out by audit |

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| National Saving Centre, Allama Iqbal Town, Lahore | | | |
| 18. | 2 | Non Production of Record | Settled subject to produce the requisite record to Audit within a month |
| 19. | 3 | Refund of Zakat amounting to Rs 63,779 without requests of the account holders | Pending till verification of record |
| 20. | 4 | Record of Exempted Accounts Maintained Improperly | Discussed and Settled subject to verification of original record |
| Royal Bank of Scotland, DHA Branch, Lahore | | | |
| 21. | 2 | Exemption of Asset Allowed Rs 342,430 on Acceptance of Discrepant Declaration (CZ-50) | DAC decided to probe this matter further because of its importance, a two member team comprising of an officer from Ministry and Audit each will under take the investigation in the matter and to submit the record |
| Askari Bank Limited, AWT Plaza Branch, Rawalpindi | | | |
| 22. | 1 | Evidence not provided against deceased accounts chargeable for Zakat amounting to Rs 103,664 | Pending till the production of evidence |
| Habib Bank, Civic Centre Melody Branch, Islamabad | | | |
| 23. | 1 | Non-Availability of Record of Account Holders | DAC decided to ask the bank to provide the requisite information asked by Audit immediately |
| National Saving Centre I-9, Islamabad | | | |
| 24. | 1 | Internal Audit Report Provided | Settled subject to verification of Internal Audit report at the time of next Audit |

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| 25. | 2 | Non-Deduction of Zakat on Saving Account Accounting Rs 3851 | Settled subject to verification of deposit |
| United Bank Limited, Civic Centre, Islamabad | | | |
| 26. | 2 | Non Conduct of Internal Audit | Settled subject to verification of Internal Audit report at the time of next Audit |

FUND FLOW MANAGEMENT CHART

During 2008-09

