



**AUDIT REPORT
ON
THE ACCOUNTS OF
CENTRAL ZAKAT FUND
NATIONAL LEVEL HEALTH
INSTITUTIONS AND
ZAKAT DEDUCTING AGENCIES
AUDIT YEAR 2010-11**

AUDITOR – GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AIR	Audit & Inspection Report
CAZ	Chief Administrator Zakat
CZA	Central Zakat Administration
CZC	Central Zakat Council
CZF	Central Zakat Fund
DAC	Departmental Accounts Committee
DHQ	District Headquarter
DZA	Directorate of Zakat Audit
DZF	District Zakat Fund
HMC	Hayatabad Medical Complex
HWC	Heath Welfare Committee
ICP	Investment Corporation of Pakistan
ICT	Islamabad Capital Territory
IPSAS	International Public Sector Accounting Standards
KTH	Khyber Teaching Hospital
LINAR	Larkana Institute of Nuclear Medicine & Radiotherapy
LMCH	Larkana Medical College Hospital
LRH	Lady Reading Hospital
MFDAC	Memorandum for Departmental Accounts Committee
MINAR	Multan Institute of Nuclear Medicine & Radiotherapy
MORA	Ministry of Religious Affairs
NIT	National Investment Trust
NA	Northern Area
NAM	New Accounting Model
NAZF	Northern Area Zakat Fund
NIRM	National Institute of Rehabilitation Medicines
NLHI	National Level Health Institution
NLHIF	National Level Health Institution Fund
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PZC	Provincial Zakat Council
PZF	Provincial Zakat Fund
REDO	Rawalpindi Eye Donor Hospital Organization
ZDO	Zakat Deductions Offices
ZCCA	Zakat Collection Controlling Agencies

Preface

Articles 169 & 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with sections 8 and 12 of the Auditor General (Functions, Powers and Terms and Conditions of Service) Ordinance 2001 and Clause (7) of Section 11 of Zakat and Ushr Ordinance, 1980, require the Auditor General of Pakistan to conduct audit of the Central Zakat Fund, Provincial Zakat Funds, District Zakat Funds and Local Zakat Funds.

This report is based on regularity (compliance) audit of Central Zakat Fund, Zakat Deducting Agencies and Zakat funded National Level Health Institutions for the financial year 2009-10. The Directorate of Zakat Audit conducted audit during year 2010-11 on test check basis with a view to reporting significant findings to the relevant stakeholders.

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

Most of the observations included in this report have been finalized in the light of discussions in the DAC meetings.

The Audit Report is submitted to the President in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973, for causing it to be laid before the houses of Majlis-e-Shoora [Parliament].

Dated: 28 February 2011

(TANWIR ALI AGHA)
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorate of Zakat Audit (DZA) carries out the audit of Central Zakat Fund (CZF), Provincial Zakat Funds (PZFs), District Zakat Funds (DZFs) and collection of Zakat by Zakat Deducting / Collecting Agencies. Directorate of Zakat Audit has a human resource of 28 officers and staff resulting in 7812 man days. The annual budget amounted to Rs.16 million. A total number of 83 formations were planned for audit during the year 2010-11. Out of these, 73 formations were audited which, in terms of percentage, are 88% of total formations planned.

The office is mandated to conduct regularity (compliance with authority audit) and performance audit of formations under its jurisdiction to evaluate transparency in collection and distribution of Zakat. The procedures performed during this process consist of interaction with employees during field work, interviewing beneficiaries to evaluate their satisfaction on Zakat system, examining selected documents and records, filling internal control questionnaires to assess the weaknesses in internal control system and reviewing applicable laws and regulations.

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 CZF, which is managed by the Central Zakat Council (CZC). Moneys in the CZF are released to the PZFs including Northern Areas Zakat Fund, National Level Health Institutions (NLHIs), Islamabad Capital Territory and emergency relief. Provincial Zakat Councils (PZCs) release funds from PZFs to DZFs for assistance to the *Mustahiqeen*.

a. Expenditure audited

The total amount released by Ministry of Zakat and Ushr during the financial year 2009-10 was Rs 5,136.274 million covering 265 formations. The DZA audited 73 formations involving expenditure of Rs 1,339.6 million which, in terms of percentage, is 26 % of total expenditure. In addition, DZA conducted performance audit of 3 hospitals. Reports of these audits are being published separately.

b. Recoveries at the instance of audit

Recovery of Rs 140.5 million (which was not in the notice of the executive) was pointed out by audit of which recovery of Rs 818,798 was effected until the time of compilation of report.

c. Desk Audit

This office started the practice of desk audit during the audit year 2009-10 following FAM. This was facilitated by the use of ACL, CAATs, internet facilities and availability of permanent, planning files etc. Desk review helped auditors in understanding the systems, procedures, environment, and the audited entity before starting field activity. This greatly helped in the identification of high risk areas for substantive testing in the field.

d. The key audit findings of the report;

- i. There were two cases pertaining to non-production of record.¹
- ii. Un-authorized expenditure on advertising campaign out of Zakat Fund - Rs 69.212 million.²
- iii. Loss to Zakat Fund due to Investment -Rs 137.185 million.³
- iv. Purchase of medicines without open competitive bidding / tenders - Rs 8.624 million.⁴
- v. Irregular expenditure of Rs 12.129 million on patients without *istehqaq* or *istehqaq* determined by other than Chairman LZC concerned.⁵
- vi. Less-deduction of Income Tax at source – Rs 2.72 million.⁶
- vii. Un-authorized transfer of Rs 1.083 million from HWC account to Hospital account.⁷
- viii. Irregular exemption granted on submission of declarations less than one month preceding the valuation date - Rs 4.118 million.⁸
- ix. Non Reconciliation of Zakat Collection- Rs 10.6 million.⁹

Audit paras for the audit year 2010-2011 involving procedural violations including internal control weaknesses and irregularities not considered significant for reporting to the PAC, were included in Annex 1(MFDAC).

¹Para 2.2.1.1 and 3.2.1.1

² Para 1.2.2.1

³ Para 1.2.1.2

⁴ Para 2.2.2.1

⁵ Para 2.2.2.3

⁶ Para 2.2.2.4

⁷ Para 2.2.2.6

⁸ Para 3.2.2.3

⁹ Para 1.2.1.5

Internal Audit Department of Zakat was non-existent at CZA level. However, at PZAs levels, the Internal Audit Department was not functioning effectively mainly due to inefficiency of internal auditors, shortage of staff and lack of job security being contract employees. Therefore, Internal Audit department needs to be strengthened. The irregularities pointed out in the report lead to general conclusion that internal controls were very weak and ineffective.

e. Recommendations

- i. Internal controls need to be strengthened to prevent unauthorized practices and improper utilization of Zakat Fund;
- ii. Arrangements need to be made for prompt refund of Zakat unspent balances and ensure its credit to the Central Zakat Fund;
- iii. Istehqaq needs to be determined before issuance of medicines to beneficiaries;
- iv. Reconciliation of Zakat Collection needs to be carried out regularly;
- v. Formations need to comply with the Public Procurement Rules 2004 for procurement of medicines; and
- vi. Relevant record needs to be produced for audit and strict action taken against persons held responsible for non-production under section 14(2) & (3) of the Auditor-General's Ordinance No. XXIII of 2001 read with section 21(3A) of Zakat & Ushr Ordinance, 1980.

SUMMARY TABLES & CHARTS

Table I: Audit Work Statistics

Sr.No.	Description	No.	Budget (Rs. in million)
1	Total Entities (PAO's) in Audit Jurisdiction	5	5,136.274
2	Total Formations in Audit Jurisdiction	265	5,136.274
3	Total Entities(PAO's) Audited	5	5,136.274
4	Total Formations Audited	73	1,339.6
5	Audit & Inspection Reports	73	240.938
6	Special Audit Reports	-	-
7	Performance Audit Reports	03	13.35
8	Other Reports	01	109.70

Table II: Audit Observations classified by Categories

Sr.No.	Description	Amount Placed under Audit Observation (Rs. in Million)
1	Unsound asset management	-
2	Weak financial management	69.212
3	Weak Internal controls relating to financial management	135.047
4	Non-Collection of Zakat	36.679
	Total	240.938

Table III: Outcome Statistics

Sr. No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts (Non-collection of Zakat (Rs in million))	Others (Utilization of Zakat Fund) Rs in million	Total current year (Rs in million)	Total last year (Rs in million)
1	Outlays Audited	NA	NA	NA	1,339.6	1,339.6	3,033.189
2	Amount Placed under Audit Observation /Irregularities of Audit	NA	NA	36.679	204.259	240.938	711.524
3	Recoveries Pointed Out at the instance of Audit	NA	NA	36.679	103.821	140.5	153.565
4	Recoveries Accepted /Established at the instance of Audit	NA	NA	4.12	16.234	20.354	109.734
5	Recoveries Realized at the instance of Audit	NA	NA	0	0.819	0.819	23.007

Table IV: Irregularities pointed out

Sr. No.	Description	Amount Placed under Audit Observation (Rs. in million)
1	Violation of Rules and regulations and violation of principal of propriety and probity in public operations.	148.921
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM ¹⁰ , misclassification, over or understatement of account balances) that are significant but are not material enough to result in the qualification of audit opinions on the financial statements.	-
4	If possible quantify weaknesses of internal control systems.	-
5	Recoveries and overpayments, representing cases of establishment overpayment or misappropriations of public monies	20.354
6	Non-production of record.	6.571
7	Others, including cases of accidents, negligence etc.	69.212

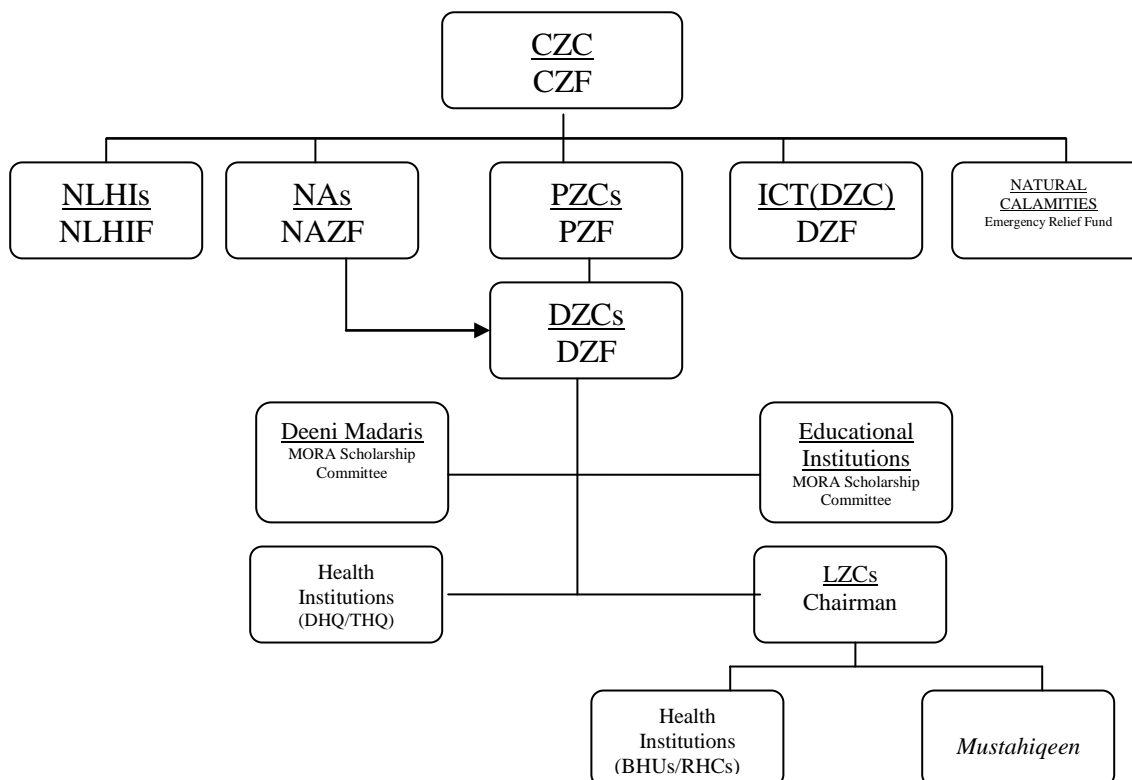
¹⁰ The Accounting Policies and Procedures prescribed by the Auditor-General of Pakistan which are IPSAS(Cash) compliant.

CHAPTER – 1

1.1 CENTRAL ZAKAT COUNCIL

1.1.1 Introduction

Central Zakat Council determines the size of the annual Zakat budget and its distribution on territorial and programme-wise basis. 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, after making direct lump sum releases to NAs, ICT, NLHIs, natural calamities/emergency relief and others (administrative/non-administrative, special Eid grants) out of total budget. In addition to regular Zakat disbursement programmes, the amount is also allocated on account of Educational Stipends (Technical). The funds flow management chart of CZC/CZF is as follows:



1.1.2 Comments on Budget & Accounts

Statement of Accounts of the Central Zakat Fund for the years 2008-10 was as under:

Particulars	<i>(Rs in million)</i>	
	FY 2008-09	FY 2009-10
Opening Balance	13,475.361	14,969.650
*Total Receipts	5,266.942	4,817.376
Total available	18,742.303	19,787.026
Total releases	3,772.653	5,136.274
Closing balance	14,969.650	14,650.752

*includes refund of un-spent balances

Source: State Bank of Pakistan

The receipt figures of current year show a decrease of 8.5 % as compared to last year. The total budget allocation for the year 2009-10 was Rs 7,914.536 million but only Rs 5,136.274 million were released during the year 2009-10. However, still the releases figure of current year shows an increase of 36% as compared to last year.

1.1.3 Brief comments on the status of compliance with PAC Directives

The status of compliance with PAC directives for the years 2000-01 to 2008-09 is as under:

Audit Year	No. of Paras referred to PAC	No. of Paras settled	Outstanding Paras	Compliance of Paras shown	% of compliance shown
2008-09	10	3	7	Nil	--
2006-07	8	5	3	1	33
2000-01	47	24	23	22	96

1.2 AUDIT PARAS

1.2.1 Irregularity and non compliance

1.2.1.1 Un-authorized expenditure on advertising campaign out of Zakat Fund – Rs 69.212 million

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”.

Audit observed that an expenditure of Rs 69.212 million was incurred by Ministry of Zakat and Ushr on advertisement campaign which was not permissible in Zakat and Ushr Ordinance 1980.

This not only resulted in wasteful expenditure but also deprived a number of *Mustahiqeen* from its due benefits.

Management replied that advertising campaign was approved by CZC and laid down procedures were followed in selection of advertising agencies and that media campaign was designed for long term impact.

DAC on 31-01-2011 directed to refer the matter to PAC.

Audit recommends that inquiry may be conducted and responsibility may be fixed besides recovery from person(s) at fault.

1.2.1.2 Loss to Zakat Fund due to un-authorized investment - Rs 137.185 million

The Holy Quran says that:

"...but pay the due thereof (their Zakat) on the day of their harvest..." (6:141)

In the light of above verse of Holy Quran the payment/ disbursement of zakat to the deserving people should be paid in time. Similarly Section 8 of Zakat and Ushr Ordinance provides 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;
- e. Any other purpose permitted by Shariah.

Audit observed that despite availability of a number of *Mustahiqeen*, an investment of Rs 466.417 million was made in NIT & ICP units during the year 1994. However later on CZC realized in its 73rd & 74th meeting that investment was not according to shariah. Therefore, a policy was formulated in 84th meeting (January 2002) of CZC to encash the shares / units. However these shares / units have not still been encashed. If shares of ICP are dis-invested now, the loss of zakat funds would be Rs 137,185,563/- as worked out below:

Purchased (Face) Value of ICP Shares (23,858,411x Rs 10)	238,584,110
Current selling price/ trading price (23,858,411xRs 4.25*)	<u>101,398,247</u>
Loss to Zakat fund	Rs <u>137,185,863</u>

*Source: Selling rate quoted at Stock exchange's website 'www.secp.gov.pk' dated 26-11-2010

This not only deprived a number of *Mustahiqeen* from benefits of Zakat but also resulted in loss to Zakat Exchequer.

Management replied that the Ministry had earned more amount than original investment (when combined both investments i.e., NIT units and ICP shares), so no loss has been incurred.

Audit holds that Zakat was required to be distributed among the *Mustahiqeen* immediately as a first priority. Had there been any Zakat left after distribution to *Mustahiqeen*, then investment could be justified. Moreover loss was incurred due to investment in ICP shares, which was being traded at the rate of Rs 4.25 per share during course of audit.

DAC on 31-01- 2011 directed to dis-invest the shares and deposit the cash proceeds into CZF-08.

Audit recommends that responsibility for investment instead of distribution among the *Mustahiqeen* be fixed.

1.2.1.3 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 same irregularity was pointed out last year but no action has yet been taken.

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

Management replied that collection of Ushr was the responsibility of Provincial Governments.

DAC on 31-01-2011 directed to pursue the matter with provincial administration.

No progress was intimated till the finalization of this report.

Audit recommends that the Administrator-General should first notify the value of the yield for assessment of Ushr as required under section 5(3) of Zakat and Ushr Ordinance and convey the same to the Provincial Governments.

1.2.1.4 Release of Administrative Expenses to non-functional Zakat Committees - Rs 286.071 million

Section 8 (C) (iii) of Zakat & Ushr Ordinance 1980 provides that “The funds not exceeding ten percent approved in the budget shall be retained in the Provincial Zakat Fund to meet such additional expenditure of a Local Committee as may be approved by the Central Zakat Council”.

Audit observed that an amount of Rs 286.071 million was released to Punjab on account of administrative expenses during the year 2009-10, whereas Zakat

committees were not functional during that period. So release of administrative expenses to such committees was un-justified.

Allocation of funds to non-functional committees resulted in wastage of Zakat fund.

Management replied that such expenditure was meant for pay and allowances of internal audit, Zakat paid staff, Stationery and Printing charges and allowances for chairmen LZCs.

The reply of management was not tenable as payment of salaries to Zakat paid staff was only required to be released.

DAC on 31-01-2011 directed to recover the amount released under the head printing, stationery and Allowances meant for chairmen LZCs.

No progress was intimated till the finalization of this report.

1.2.1.5 Non Reconciliation of Zakat Collection – Rs 10.60 million

According to Para-64 of Accounting Procedure for the Central Zakat Fund states that “At the close of each month, the entries recorded in the registers maintained in the Central Zakat Administration 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 ZDCAs and those available in the record of the CZA. If any discrepancy persists, 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 an amount of Rs 10,600,148 collected by the SBP on voluntarily basis during the FY 2009-10, was not accounted for in reconciliation statement.

In the absence of proper reconciliation, the accuracy of accounts could not be ascertained.

Management replied that matter of reconciliation of voluntarily Zakat would be taken up with State Bank of Pakistan.

DAC on 31-01-2011 directed to reconcile accounts within 15 days under intimation to audit.

No progress was intimated till the finalization of this report.

Audit recommends that reconciliation should be made on monthly basis to ensure accuracy of accounts.

CHAPTER – 2

2.1 NATIONAL LEVEL HEALTH INSTITUTIONS

2.1.1 Introduction

Central Zakat Council (CZC) issues lump sum amount directly to 98 National Level Health Hospitals (NLHIs) throughout the country for the provision of health assistance to poor and needy people. The Health Welfare Committee (HWC) of each hospital has been authorized to utilize Zakat funds. The composition of Health Welfare Committee is as under:

i. Medical Superintendent/Head of the Health Institution	Chairman
ii. A senior doctor of the Health Institution	Member
iii. Chairman, District Zakat Committee (DZC)	Member
iv. Social Welfare Officer	Secretary

2.1.2 Comments on Budget

The total allocation for the year 2009-10 was Rs 932.142 million out of which Rs 523.700 million was released, which is 56% of budget allocation.

2.2 AUDIT PARAS

2.2.1 Non-production of record

2.2.1.1 Non production of record – Rs 5.840 million

According to Section 14 sub section 2 of the Auditor General’s Ordinance, 2001 “The officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with all reasonable expedition and sub section 3 provides “Any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person”.

In contravention of above provision, 02 HWCs did not produce record of the expenditure amounting to Rs 5,840,127.

Detail and management reply are given in **Annex 2**.

DAC on 31-02-2010 directed to produce requisite record and fix responsibility against person(s) at fault.

No progress was intimated till the finalization of this report.

Audit recommends that inquiry may be conducted and disciplinary action may be taken against the person(s) responsible for non-production of record.

2.2.2 Irregularity and non compliance

2.2.2.1 Purchase of medicines without open competitive bidding / tenders - Rs. 8.624 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 04 hospitals purchased medicines worth Rs 8,623,632 from various suppliers without adopting open tenders / fulfilling codal formalities in violation of Public Procurement Regulatory Authority Rules 2004 during the years 2007-10.

In the absence of open tender, the principal of economy could be compromised.

Detail and management replies are given in **Annex 3**.

DAC on 31-01-2011 directed to refer the matter to PAC.

Audit recommends to investigate the matter and appropriate action should be taken against the person(s) at fault. PPRA rules should be strictly followed.

2.2.2.2 Purchase of medicines through defective tender system - Rs 77.475 million

Rule 12(2) of PPRA rules 2004 provides that “All procurement opportunities over two million rupees should be advertised on the Authority’s website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu. Similarly Rule 13 further adds that under no circumstances the response time shall be less than fifteen days for national competitive bidding.

Audit observed that 08 hospitals purchased medicines worth Rs 77.475 million from various suppliers without observing various procurement rules during the years 2007-10.

The audit holds that due to violation of PPRA rules, the principal of economy could be compromised.

Detail and management replies are given at **Annex-4**.

DAC on 31-01-2011 directed to refer the matter to PAC.

Audit recommends to investigate the matter and appropriate action should be taken against the person(s) at fault. PPRA rules should be strictly followed.

2.2.2.3 Irregular expenditure of Rs 12.129 million on patients without *istehqaq* / *istehqaq* determined by other than Chairman 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.

In contravention of above provision, Audit observed that 14 HWCs incurred an expenditure of Rs 12,128,679 on treatment of such patients whose *istehqaq* were either not determined or determined by other than the chairman LZC of mustahiq patient's area of permanent/temporary residence.

In the absence of proper *istehqaq*, the possibility of treatment of non-*Mustahiqeen* could not be ruled out.

Detail and management replies are given in **Annex-5**.

DAC on 31-01-2011 directed to get the requisite record verified from audit within 15 days.

No progress was intimated till the finalization of this report.

Audit recommends that patients should be given treatment from Zakat only after determination of *Istehqaq*.

2.2.2.4 Less-deduction of Income Tax at source – Rs 2.72 million

153(1)(a) of the Income Tax Ordinance, 2001 read with first schedule, provides that every person making a payment in full or part to a person for the sale of goods shall at the time of making payment, deduct tax @ 3.5% from the gross *amount*. Similarly Clause (24A) of Part-II (Reduction in Tax rates) of Income Tax Ordinance 2001 (amended by Finance Act 2009 published by competent Authority on June 30th, 2009) stipulates that the rate of tax, under clause (a) of sub-section (1) of section 153, from *distributors of cigarette and pharmaceutical products shall be 1% of the gross amount of payments*.

Audit observed that rate of tax deducted by different HWCs from their respective medicines retailer / wholesaler was 1% instead of 3.5%, which resulted in less deduction of income tax at source amounting to Rs. 2,719,882.

Detail and management replies are given at **Annex-6**.

This has resulted into loss to the public exchequer.

DAC on 31-01-2011 directed to deposit the income tax payable and get verified from audit.

No progress was intimated till the finalization of this report.

Audit recommends that deduction of income tax at source should be ensured at the prescribed rate.

2.2.2.5 Non-refund of unspent balances - Rs 14.53 million

In terms of Para 62 of minutes of 92nd meeting of CZC held on 28th June, 2004, unspent balances as on 30th June will be refunded to CZF.

In violation of laid down procedure, 07 HWCs did not refund the unspent balances of Rs 14,531,391 on 30th June, 2010 and was carried to the next year for utilization.

Such a violation creates hindrance in preparation of budgetary estimates for the next year.

Detail and management replies are given in **Annex 7**.

DAC on 31-01-2011 directed to refund the amount into CZF-08 within 15 days.

No progress was intimated till the finalization of report.

Audit recommends that Zakat Fund should be utilized within the financial year, so that maximum number of mustahiq patients could be accommodated.

2.2.2.6 Un-authorized transfer of Rs 1.083 million from HWC account to hospital 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 Ghurki Teaching Hospital Lahore transferred Rs 1.083 million from HWC account to the account of hospital during year 2009-10. 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 Rs 1.083 million was irregular and therefore, recoverable. Further the accounts were merged instead of maintaining separate account for Zakat. Therefore actual amount utilized could not be ascertained.

Management replied that approval of Ministry was obtained in that regard but Ministry stated that it did not allow for non-maintaining of separate account for Zakat Fund.

DAC on 31-01-2011 directed to refer the matter to PAC for decision.

Audit recommends that Zakat Funds should be kept in a separate account.

2.2.2.7 Incurring of liability without availability of Funds - Rs 1,274,409

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.

In contravention of above provision, 07 hospitals incurred liabilities of Rs 1,274,409 during FY 2008-09 without availability of sufficient funds. These liabilities were later on adjusted against Zakat Fund released for FY 2009-10.

Such a violation creates hindrance in preparation of budgetary estimates for the next year.

Detail and management replies are given in **Annex 8**.

DAC on 31-01-2011 directed to get it regularized from competent authority and observe strict compliance in future.

No progress was intimated till the finalization of this report.

Audit recommends that expenditure should be kept within the allocated budget for the respective year.

2.2.2.8 Suspected mis-appropriation in supply of medicines

Para 8 of Disbursement procedure of Zakat Programmes approved by Central Zakat Council in its 95th meeting held on 31-05-2008 stipulates that “All the facilities of treatment, medicines, laboratory / diagnostic tests etc. available in the institution shall be provided to the *Mustahiqeen* free of cost”.

Audit observed that a number of bills greater than Rs 3,000 were rounded off to Rs 3,000 by medicine supplier, which shows that either the amount of bills exceeding Rs 3,000 was charged from *Mustahiqeen* or fewer medicines were given to them than actually prescribed by doctor. Detail of some of the bills is at **Annex-9**.

In such cases, the element of mis-appropriation could not be ruled out.

Management replied that the contractor looked into the demand and issued medicines within the prescribed limit but wrote the whole demand of medicines on cash memo. However the practice would not be repeated in future.

DAC on 31-01-2011 directed to probe the matter and fix responsibility under intimation to audit.

No progress was intimated till the finalization of this report.

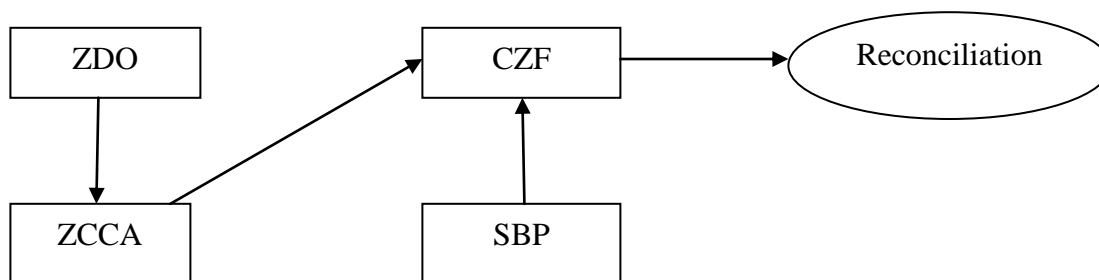
Audit recommends detailed inquiry into the matter including all other relevant cases.

Chapter-3

3.1 ZAKAT DEDUCTING AGENCIES

3.1.1 *Introduction*

Zakat collection and refund rules, 1981 prescribe procedures to be followed by Zakat Deducting Agencies for the collection/deduction of Zakat fund. The flow of accounting information for collection is from the zakat deduction offices to zakat collection and controlling agencies to State Bank of Pakistan to Central Zakat Fund Account No.8. The flow of information regarding collection and disbursement is shown in the following diagram:



The Directorate of Zakat Audit conducted audit of 15 Zakat Collection and Controlling Agencies (ZCCAs) / ZDOs during the Audit Year 2009-10 out of 47 ZCCAs, 13,000 Post Offices (ZDOs) and 367 National Saving Centers (ZDOs) working under 12 Regional Directorates.

3.2 **AUDIT PARAS**

3.2.1 *Non-production of record*

3.2.1.1 **Non-production of Record**

According to Section 14 sub section 2 of the Auditor General's Ordinance, 2001 "The officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with request for information in as complete a form as possible and with all reasonable expedition and sub section 3 provides "Any person or authority hindering the auditorial functions of the Auditor

General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person”.

In contravention of above provision, 03 banks did not produce record pertaining to the FY 2009-10. Detail and management replies are given in **Annex 10**.

DAC on 31-01-2011 directed to produce requisite record to audit within 10 days.

No progress was intimated till the finalization of this report.

Audit recommends that inquiry may be conducted and disciplinary action may be taken against the person(s) responsible for non-production of record.

3.2.2 Irregularity and non compliance

3.2.2.1 Exemption granted to companies on the grounds of ‘non-resident’ without giving any proof / affirmation - Rs 40.77 million

Para 19 Zakat Collection and Refund Rules 1981 provides that the Zakat shall not be deducted in respect of the assets of a company or other association of persons or body of individuals, if not less than fifty percent of the value of its shares is owned by or the beneficial ownership thereof is held in the names of individuals who are not Muslim citizens of Pakistan: the fact to be established through a solemn affirmation in writing, together with the requisite details, to be given by its principal Executive in Pakistan.

Audit observed that three banks granted exemption from Zakat deduction during the period 2008-10 to different companies amounting to Rs 40,769,878 without providing any evidence of their status as non-resident.

Detail and management replies are given at **Annex 11**.

The non-deduction of Zakat from companies resulted into less collection of Zakat Fund.

DAC on 31-01-2011 directed to get the requisite record verified from audit within 07 days.

No progress was intimated till the finalization of this report.

Audit recommends that exemptions to non-resident companies should only be given after production of proper evidence as given in the rule.

3.2.2.2 Exemption granted to individuals on the grounds of ‘non-resident / non muslims / Non-sahib-e-Nisab’ without providing any proof / affirmation - Rs 5.748 million

Rule 17 of Chapter III of Zakat collection and refund rules 1981 provides that Zakat shall not be deducted in respect of assets of non-muslims: the fact of a person being non-muslim to be established through the record available with the ZCO or a solemn affirmation in writing of the person concerned. Similarly rule 18 provides that Zakat shall not be deducted in respect of assets of a person who is not a citizen of Pakistan, the fact that an individual is not a citizen of Pakistan to be established through the an attested true copy of the passport or equivalent documents establishing his nationality accompanied by a solemn affirmation in writing that he is not a citizen of Pakistan.

Audit observed that an amount of Rs 5,747,777 was not deducted by different banks from individual accounts during the FY 2009-10 on the grounds of their status as Non-Pakistani / Non-Muslim / Non Sahib-e-Nisab, without providing any proof thereof. Detail and management replies are given in **Annex 12**.

The non-deduction of Zakat from individuals resulted into less collection of Zakat Fund.

DAC on 31-01-2011 directed to get the requisite record verified from audit within 15 days.

No progress was intimated till the finalization of this report.

Audit recommends that exemptions to non-resident individuals should only be given after production of proper evidence as given in the rule.

3.2.2.3 Irregular exemption granted on submission of declarations less than one month preceding the valuation date - Rs 4.118 million

Para 20 of Chapter III of Zakat collection and refund rules 1981 provides that zakat shall not to be deducted in respect of the assets of a person claiming exemption on the ground of faith and fiqh under the first proviso to sub section (3) of section 1 of the ordinance, provided he files with the ZDO an attested true copy of the declaration, on form CZ50 within one month preceding the valuation date.

In contravention of above provision, 02 banks granted exemption of Rs 4,118,239 to individuals who had submitted declaration CZ-50 less than one month before the valuation date. Detail and management replies are given in **Annex 13**.

The non-deduction of Zakat from individuals resulted into less collection of Zakat Fund.

DAC on 31-01-2011 directed to recover the amount within 30 days under intimation to audit.

No progress was intimated till the finalization of this report.

Audit recommends that exemptions to individuals should only be given after production of declaration 30 days before 1st of Ramazan.

ANNEXES

Annex 1

MFDAC Paras

1. Central Zakat fund (CZF)

Para No.	Subject/Brief of Para	DAC Decision
7	Non-production of auditable record	Provide record within 30 days
9	Non-listing of (ZCCA)	PZAs to device a mechanism
11	Delay in dis-investing	Dis-invest and deposit into CZF-08
12	Releases without utilization reports of NLHIs -Rs.3,750,000	Provide record to audit within 30 days

2. HWC Armed Forces Institute of Cardiology (AFIC)

Para No.	Subject/Brief of Para	DAC Decision
1	Internal Audit reports not provided	Internal audit report be provided
2	Change in contract without approval of HWC	Approval of HWC may be provided within 15 days

3. HWC Rawalpindi Eye Donor Organization (REDO)

Para No.	Subject/Brief of Para	DAC Decision
2	Un-authorized bank charges- Rs 300	Amount may be recovered
3	Internal Audit not conducted	Internal audit report be provided

4. HWC National Institute of Rehabilitation Medicine (NIRM) Islamabad

Para No.	Subject/Brief of Para	DAC Decision
1	Non-conduct of internal audit	Internal audit report be provided

5. HWC B.B. Shaheed Hospital Rawalpindi

Para No.	Subject/Brief of Para	DAC Decision
2	Internal Audit not conducted	Copy of report may be provided
3	Overpayment of Rs.17,200	Record may be got verified from audit

6. HWC Lady Aitcheson Hospital Lahore

Para No.	Subject/Brief of Para	DAC Decision
1	Non-refund of unspent balance-Rs.21,696	Amount be refunded within 15 days
3	Improper maintenance of Resolution Register	Record be verified within 15 days
4	Improper maintenance of Cash Book	Cash book duly completed may be got verified within 15 days
5	Open tenders not floated on Authority's web site - Rs 3,000,0000	Responsibility may be fixed
6	Non-obtaining of Prequalification Certificate from Medicine Supplier	Record may be got verified within 15 days
8	Non-conduct of internal audit	Internal audit report be provided

7. HWC Shaukat Khanum Hospital Lahore

Para No.	Subject/Brief of Para	DAC Decision
1	Purchase of medicines without passing resolution- Rs.18,000,000	Resolution of HWC may be got verified within 15 days
3	Non-conduct of internal audit	Copy of report may be provided
4	Non-maintenance of separate Zakat Drug Store as well as Stock Register	Registers duly completed may be got verified from audit within 15 days
6	Non-conducting random checking of Quality of treatment	Medical Supdt. to provide certificate regarding quality of treatment

8. HWC Lady Willington Hospital Lahore

Para No.	Subject/Brief of Para	DAC Decision
2	Internal Audit not conducted	Copy of report may be provided
4	Improper maintenance of Cash Book	Cash book duly completed may be got verified within 15 days
5	Excess expenditure than prescribed limit Rs.70,171 without approval of HWC	Approval of HWC may be provided within 15 days
7	Non-deposit of income tax-Rs.38,502	Income tax may be deposited
9	Un-justified bank charges-Rs.4,450	Amount may be recovered
10	Non-maintenance of Security Deposit Register-Rs.62,500	Register duly completed may be got verified within 15 days
11	Non-obtaining of Pre-qualification Certificate from bidders	Record may be got verified within 15 days

12	Overpayment of Rs.19,987	-do-
13	Doubtful payment of Rs.19,482	-do-

9. HWC Ghurki Trust Teaching Hospital Lahore

Para No.	Subject/Brief of Para	DAC Decision
1	Internal Audit not conducted	Internal audit report be provided
2	Payment without passing/defective resolution - Rs.3000,000	Record may be got verified within 15 days
5	Awarding of tender without approval of HWC	Record may be got verified within 15 days

10. HWC Children Hospital Lahore

Para No.	Subject/Brief of Para	DAC Decision
2	Irregular deduction of bank charges by bank-Rs.3,376	Amount may be recovered
5	Non-conduct of internal audit	Copy of report may be provided
6	Non-conducting random checking of Quality of treatment	Medical Supdt. to provide certificate regarding quality of treatment
7	Non-Accountal of security deposits in security deposit register-Rs.100,000	Register complete in all respects may be produced within 15 days
8	In-complete production of record-Rs.278,831	Record may be got verified within 15 days

11. HWC Allied Hospital Faisalabad

Para No.	Subject/Brief of Para	DAC Decision
1	Excess payment of Rs.50,144	Record be got verified within 15 days
5	Non-conduct of Internal Audit	Copy of report may be provided
6	Deduction of bank charges-Rs.1867	Amount may be recovered
8	Non/defective maintenance of patients register for indoor and outdoor patients	Registers completed in all respects may be produced within 15 days
9	Irregular extension of Tender-Rs.1,084,298	Record may be got verified within 15 days
10	Improper linkage of Istehqaq certificate with hospital registration	-do-

12. DHQ Hospital Faisalabad

Para No.	Subject/Brief of Para	DAC Decision
2	Unjustified issuance of medicine on doubtful doctor's prescription-Rs 70,149	Record may be got verified within 15 days
3	Incurring of liability without availability of funds – Rs 8,454	May be got regularized from competent authority
4	Non-production of approved lists of medicines and stock register	Record may be got verified within 15 days
5	Non-refund of unspent balance-Rs.1,678	Refund within 15 days
6	Unauthorized bank charges-Rs.687	Recover from bank
7	Quantity/Quality of medicine not verified	Medical Supdt. to provide certificate regarding quality of treatment
8	Award of contract on invalid drug license	Record be got verified within 15 days
9	Non-conduct of internal audit	Copy of report may be provided
11	Non-provision of confirmation of income tax - Rs.176,096	Record may be got verified within 15 days

13. HWC Multan Institute of Nuclear Medicine & Radiotherapy, Multan

Para No.	Subject/Brief of Para	DAC Decision
2	Payment of Rs.5,089,342 under defective resolution	Record may be got verified within 15 days
3	Improper maintenance of Cash Book	Cash book duly completed may be got verified within 15 days
4	Issuance of medicines without verification by Pharmacist-Rs.6,775,000	Medical Supdt. to provide certificate regarding verification
6	Irregular award of contract-Rs.6,775,000	Record be got verified within 15 days
7	Non-obtaining of Prequalification Certificates from medicine supplier	-do-
9	Irregular bank charges-Rs.385	Recover the amount
10	Non- return of unspent balance-Rs.6,699	Record be got verified within 15 days
11	Irregular payment on account of advertisement - Rs.15,782	-do-
12	Non-conduct of Internal Audit	Internal audit report be provided
13	Non-compliance of Previous AIR	Record be got verified within 15 days
14	Excess payment by unauthorized increase in quantity of medicine-Rs.43,283	-do-

Para No.	Subject/Brief of Para	DAC Decision
15	Overpayment due to supply of medicine other than prescribed-Rs.7,392	-do-

14. HWC Nishtar Hospital, Multan

Para No.	Subject/Brief of Para	DAC Decision
2	Payment of Rs.15,429,000 under defective resolution	Record may be got verified within 15 days
3	Improper maintenance of Cash Book	Cash book duly completed may be got verified within 15 days
4	Open tender not floated on Authority's website-Rs.41,526,000	Responsibility may be fixed
5	Non-obtaining of prequalification from medicine supplier	Record may be got verified within 15 days
6	Improper maintenance of Resolution Register	Register duly completed be got verified from audit within 15 days
7	Improper maintenance of separate register for indoor/outdoor patients	-do-
8	Issue of medicine without being defaced / checked by dispenser- Rs.10,111,000	Medical Supdt. to provide certificate regarding physical verification
9	Payment without approval of HWC-Rs.43,200	Record may be got verified from audit within 15 days
10	Unjustified double payment of Rs.14,826 to medicine supplier	Amount may be deposited
11	Excess payment by unauthorized increase in quantity of medicine-Rs.89,193	-do-
13	Non-conducting random checking of quality of treatment	Provide record within 15 days
14	Irregular use of old istehqaq forms	-do-
15	Non-production of stock register	-do-

15. HWC Children Rehydration Centre Peshawar

Para No.	Subject/Brief of Para	DAC Decision
3	Treatment of patients on defective Istehqaq - Rs.1,243,000	Provide record within 15 days
4	Non-cancellation of paid vouchers	-do-
5	Non conduct of internal audit	Report may be provided
6	Payment without passing resolutions-Rs.566,560	Provide record within 15 days
7	Quantity/Quality of medicines not verified	Medical Supdt. to provide certificate regarding physical verification
8	Issuance of medicines without Doctor's signature/stamp	Provide record duly countersigned by Medical Supdt. within 15 days

16. HWC Khyber Teaching Hospital (KTH) Peshawar

Para No.	Subject/Brief of Para	DAC Decision
2	Irregular bank charges-Rs.11,600	Recover the amount
3	Overpayment due to charging of medicine at excess rate-Rs.29,694	-do-
4	Overpayment due to charging of same bill twice/clerical mistakes-Rs.12,635	-do-
6	Un-justified issue of medicine twice on one doctor's prescription	-do-
8	Un-justified change of medicine on original doctor's prescription	Probe the matter
10	Utilization of Zakat fund on PCR tests performed within hospital-Rs.166,500	Break up of expenditure may be provided to audit

17. HWC Hayatabad Medical Complex (HMC) Peshawar

Para No.	Subject/Brief of Para	DAC Decision
2	Unjustified charging of fee (MRI & CT Scan) out of Zakat fund-Rs.298,300	Break up of expenditure may be provided to audit
3	Non-maintenance of stock register	Register duly completed may be got verified within 15 days
4	Payment without acknowledgement-Rs.5,356,000	Provide record within 15 days

5	Non-provision of confirmation income tax credited to Public fund-Rs.119,967	-do-
6	Improper maintenance of Cash Book	Cash Book duly completed may be got verified within 15 days
7	Difference of Rs.51,193 due to non-reconciliation	Reconciliation statement may be provided to audit within 15 days
10	Treatment on incomplete istehqaq	Provide record within 15 days

18. HWC Lady Reading Hospital, Peshawar

Para No.	Subject/Brief of Para	DAC Decision
1	Non-conduct of internal Audit	Report may be provided
3	Overpayment to supplier- Rs.17,606	Record may be got verified
4	Overrate charged by supplier-Rs.4,883	-do-
6	Non-refund of unspent balance Rs.17,495 (Cardiology department)	Amount may be refunded

19. HWC Karachi Institute of Radiotherapy & Nuclear Medicine

Para No.	Subject/Brief of Para	DAC Decision
1	Un-acknowledge receipt-Rs.6,096,734	Provide record within 15 days
2	Internal Audit not conducted	Internal audit report be provided
3	Cash Book was not maintained properly	Cash Book duly completed may be got verified within 15 days
4	Non-deduction of income tax-Rs.37,483	Amount may be deposited
5	Non-production of Bank Statement	Provide record within 15 days
6	Non-conducting random Checking of Quality Treatment	Medical Supdt. to provide certificate regarding quality treatment

20. HWC People Medical College/Hospital Nawabshah

Para No.	Subject/Brief of Para	DAC Decision
1	Improper maintenance of Cash Book	Cash Book duly completed may be got verified within 15 days
2	Mis-procurement-Rs.17 million	Provide record within 15 days
4	Irregular award of contract to super medical store-Rs.10 million	-do-
5	Non-obtaining of prequalification certificate from medicine supplier	-do-

Para No.	Subject/Brief of Para	DAC Decision
6	Internal audit not conducted	Report may be provided
7	Open tender not advertised on authority as well as procuring agency website	Responsibility may be fixed
9	Non-conducting random checking of quality treatment	Medical Supdt. to provide certificate regarding quality treatment
10	Un-acknowledged issue of medicines	Provide record within 15 days
11	Non-maintenance of medicine's stock register	Stock register duly completed may be got verified within 15 days
12	Improper maintenance of resolution register	Resolution register duly completed may be got verified within 15 days
13	Payment to supplier without proper written agreement - Rs.17 million	Provide record within 15 days
14	Contract awarded without drug license	-do-

21. HWC Civil Hospital, Karachi

Para No.	Subject/Brief of Para	DAC Decision
1	Improper maintenance of Cash Book	Cash Book duly completed may be got verified within 15 days
3	Irregular payment to contractors without approval of HWC-Rs.1,957,820	Provide record within 15 days
5	Difference of Rs.1,283,156 due to non-reconciliation of Zakat fund	Reconciliation statement may be provided within 15 days
7	Procured medicines not verified by pharmacist-Rs.30,000,000	Provide record within 15 days
8	Issue of medicine to doubtful <i>Mustahiqeen</i> -Rs.116,400	-do-
9	Un-justified bank charges-Rs.385	Recover the amount
10	Non-obtaining of blacklisting certificate from medicine supplier	Provide record within 15 days
12	No physical verification of stock	-do-
13	Non-obtaining of security/fidelity bond	-do-
16	Un-utilized medicine at year end not returned to medicine supplier	-do-
18	Excessive monthly proportionate expenditure -Rs.3,791,131	-do-
19	Open tender not advertised on authority website as well as procuring agency	Responsibility may be fixed

Para No.	Subject/Brief of Para	DAC Decision
20	Internal audit not conducted	Report may be provided
21	Non-conduct of random checking of quality of treatment	Medical Supdt. to provide certificate regarding quality treatment
22	Improper maintenance of resolution register by the HWC	Provide record within 15 days
23	Non-maintenance of tender register	-do-
25	Non-production of treatment charts	-do-

22. HWC Chandka Medical College Karachi

Para No.	Subject/Brief of Para	DAC Decision
1	Improper maintenance of Cash Book	Cash Book duly completed may be got verified within 15 days
2	Purchase of medicines of Rs.13.5 million without passing resolution	Provide record within 15 days
4	Non-obtaining of prequalification certificate from Medicine supplier	-do-
5	Non-refund of unspent balance of Rs.709 by HWC	Amount may be refunded
6	Internal Audit not conducted	Copy of report may be provided
7	Un-authorized Bank deductions - Rs.13,294	Amount may be recovered
8	Non-conduct of random checking of quality of treatment	Medical Supdt. to provide certificate regarding quality treatment
9	Non-maintenance of separate register for indoor/outdoor mustahiq patients	Stock register duly completed may be got verified within 15 days
11	Non-conduct of physical verification of stock of medicines	Medical Supdt. to provide certificate regarding physical verification
12	Non-obtaining of Security/fidelity Bond from person dealing with stores	Provide record within 15 days
13	Irregular excess expenditure than prescribed limit Rs.3,497,188	-do-
14	Irregular expenditure on dialysis instead of Hepatitis patients-Rs.3,469,630	-do-
15	Non-production of details of Zakat drug store	-do-

23. HWC Abbasi Shaheed Hospital Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Irregular payment to contractors without approval of HWC-Rs.1,957,820	Provide record within 15 days
4	Difference of Rs.11,475 due to non-reconciliation of Zakat fund accounts	Reconciliation statement may be provided to audit within 15 days
5	Improper maintenance of cash book	Cash Book duly completed may be got verified within 15 days
6	Income tax not deducted-Rs.116,904	Income tax may be recovered
7	Non-obtaining of black listing certificate from medicine supplier	Requisite record may be got verified from audit within 15 days
9	Irregular issuance of medicine directly from supplier/Naveed Medical Store	-do-
12	Open tender not advertised on web site as well as procuring agency website	Responsibility may be fixed
13	Internal audit not conducted	Copy of report may be provided
14	Non-conducting Random checking of quality of treatment	Medical Supdt. to provide certificate regarding quality of treatment
15	Improper maintenance of resolution register by the HWC	Requisite register duly completed may be got verified within 15 days
16	Non-maintenance of tender register	-do-
18	Excess expenditure than the prescribed limit-Rs.740,101	Provide record within 15 days

24. HWC Larkana Institute of Nuclear Medicine and Radiotherapy

Para No.	Subject/Brief of Para	DAC Decision
1	Improper maintenance of Cash Book	Cash Book duly completed may be got verified within 15 days
3	Non-refund of unspent balance Rs.8,477	Amount may be refunded
5	Irregular deduction of bank charges by bank Rs.4,720	Amount may be recovered
6	Non-obtaining of Black listing certificate from medicine supplier	Provide record within 15 days
7	Procured medicines not verified by Pharmacist-Rs.2 million	Medical Supdt. to provide certificate regarding quality of treatment
8	Treatment of patients on irregular istehqaq certificates	Provide record within 15 days

Para No.	Subject/Brief of Para	DAC Decision
9	Excess expenditure than monthly proportion of annual Zakat grant	-do-
10	Open tender not advertised on authority as well as procuring agency website	Responsibility may be fixed
11	Non-conduct of internal audit	Copy of report may be provided
12	Non-conducting Random checking of quality of treatment	Medical Supdt. to provide certificate regarding quality of treatment
13	Improper maintenance of resolution register by HWC	Requisite register duly completed may be got verified within 15 days
14	Non-maintenance of tender register	-do-
15	Non-maintenance of register for indoor / outdoor mustahiq patients	-do-

25. HWC Jinnah Post Graduate Medical Centre (JPMC) Karachi

Para No.	Subject/Brief of Para	DAC Decision
1	Internal Audit not conducted	Report may be provided
2	Cash Book was not maintained properly	Cash Book duly completed may be got verified within 15 days
3	Un-acknowledged Receipt-Rs.7,597,093	Provide record within 15 days
4	Non-deduction of income tax-Rs.4,418	Income tax may be deposited

26. HWC Liaquat Medical College Hospital, Hyderabad

Para No.	Subject/Brief of Para	DAC Decision
1	Improper maintenance of Cash Book	Cash Book duly completed may be got verified within 15 days
4	Issue of medicine without verification by the Pharmacist-Rs.14 million	Medical Supdt. to provide certificate regarding quality of treatment
5	Un-justified bank charges	Amount may be recovered
6	Non-obtaining of black listing certificate from medicine suppliers	Provide record within 15 days
7	Non-conducting Physical Verification of stock of medicines	Medical Supdt. to provide certificate regarding verification of stock
8	Medicines not acknowledged-Rs.57,256	Provide record within 15 days
9	Non-obtaining of Security/fidelity bond	-do-
11	Procured medicines not taken on charge	-do-

Para No.	Subject/Brief of Para	DAC Decision
	/ stock-Rs 214,100	
14	Excess expenditure than the monthly proportion of annual Zakat grant	-do-
15	Open tender not advertised on authority as well as procuring agency website	Responsibility may be fixed
16	Non-conduct of internal audit	Report may be provided
17	Non-conducting random checking of quality of treatment	Medical Supdt. to provide certificate regarding quality of treatment
18	Improper maintenance of resolution register by the HWC	Requisite Register duly completed may be got verified within 15 days
19	Non-maintenance of tender register	-do-
20	Non-maintenance/accountal of security deposit in security deposit register	-do-
21	Non-maintenance of register for indoor and outdoor mustahiq patients	-do-
23	Incomplete production of record	Provide record within 15 days

27. HWC Institute for Special Children Killi Shabo, Quetta

Para No.	Subject/Brief of Para	DAC Decision
1	Non-existence of committee for disbursement of Zakat fund	Provide record within 15 days
2	Disbursement of fund without passing resolution	-do-
4	Distribution of material among the students without istehqaq certificate	-do-
5	Non-maintenance of stock register by the Institute of Special Children	Register duly completed may be got verified from audit within 15 days
6	Un-authorized bank charges-Rs.4,724	Recover from bank
7	Non-production of acknowledgement and bank statement-Rs.125,000	Requisite acknowledgement may be provided to audit within 15 days

28. Fatima Jinnah T.B. Sanatorium, Quetta

Para No.	Subject/Brief of Para	DAC Decision
2	Non-deduction of income tax-Rs.6,839	Income Tax may be deposited

6	Non-maintenance of register of indoor/outdoor patients	Registers duly completed may be got verified from audit within 15 days
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29. HWC Lady Dufferin Hospital Quetta

Para No.	Subject/Brief of Para	DAC Decision
1	Irregular realization of charges from patients	HWC may provide details of collection within 15 days
3	Non verification of quality, quantity, rate and calculation of bills of medicine	Medical Supdt. to provide certificate in this regard
4	Improper maintenance of outdoor and indoor patient register	Complete record may be got verified from Audit within 15 days

30. HWC Bolan Medical complex Quetta

Para No.	Subject/Brief of Para	DAC Decision
4	Non verification of quality, quantity, rate and calculation of bills of medicine	Medical Supdt. to provide certificate in this regard
5	Non production of Bank Statement	Bank Statement may be produced within 15 days

31. HWC Sandeman provincial Hospital, Quetta

Para No.	Subject/Brief of Para	DAC Decision
1	Failure of HWC Sandeman provincial Hospital Quetta for proper use of fund and save the amount	Complete record may be got verified from Audit within 15 days.
2	Non-Payment to Ali Samand Lab despite availability of funds-Rs.39,000	HWC may provide detail of liability created within 15 days.
4	Non transfer and un-authorized expenditure of unspent balance of Rs. One million	Un-spent balance may be refunded to CZF Account No. 08 within 15 days.
5	Non-maintenance of out door and indoor register of patients.	Complete record may be got verified from Audit within 15 days.
6	Irregular cash payment-Rs.5,000	-do-
7	Non verification of quality, quantity, rate and calculation of bills of medicine	Medical Supdt. to provide certificate in this regard

32. HWC Services Hospital Lahore

Para No.	Subject/Brief of Para	DAC Decision
2	Un-necessary retention of Rs 42,500 on account of forfeited security deposit	Provide record within 15 days
3	Payment of Rs 2.003 million under defective resolution	-do-
4	Improper maintenance of cash book	Cash Book duly completed may be got verified within 15 days
5	Open tender not floated under the authority web site-Rs 6.60 million	Responsibility may be fixed
6	Non-obtaining of pre-qualification certificate from medicine supplier	Provide record within 15 days
7	Non-conducting random checking of quality of treatment	Medical Supdt. to provide certificate regarding quality of treatment
10	Non-maintenance of separate registers for both indoor and out door	Registers duly completed may be got verified within 15 days
11	Un-authorized bank charges-Rs.400	Amount may be recovered
13	Irregular issuance of medicine without copy of CNIC-Rs.7,749	Provide record within 15 days
14	Unjustified payment Rs 212,454 without medicine bills	-do-
15	Medicine issued to patients without acknowledgement-Rs.20,156	-do-
16	Excess payment due to un-authorized enhancement in medicines-Rs.73,869	Recover the amount

Zakat Deducting Agencies (ZDA)

1. Habib Bank Limited (HBL) , Aabpara Branch Islamabad

Para No.	Subject/Brief of Para	DAC Decision
1	Non-maintenance of Zakat Deduction/Refund Register (CZ-02)	Zakat Forms CZ02-08 may be shown to audit
2	Non-deduction of Zakat Rs.9,907	Amount may be recovered and got verified from Audit
3	Non-production of record	Produce the record within 10 days

2. Bank Al-Habib, G-9 Branch, Islamabad

Para No.	Subject/Brief of Para	DAC Decision
1	Non-production of record	Produce the record within 10 days

3. Mezan Bank Ravi Road Branch, Lahore

Para No.	Subject/Brief of Para	DAC Decision
1	Acceptance of photocopy of declaration instead of original	Case may be referred to Ministry of Law for clarification
2	Detail of Assets/Account No. not mentioned in CZ-50	Amount may be recovered and got verified from Audit
4	Non-maintenance of CZ-02 Register	Requisite register may be produced

4. UBL, Industrial Area Korangi, Karachi

Para No.	Subject/Brief of Para	DAC Decision
3	Acceptance of photocopy of declaration instead of original	Case may be referred to Ministry of Law for clarification
4	Non-production of record	Produce the record within 10 days
5	Non-maintenance of form CZ-02 (Zakat Deduction/Refund Register	Complete Forms CZ02-08 be shown to Audit
6	Non-maintenance of various registers	The deficiency may be completed and shown to Audit within 10 days.
8	Internal Audit not conducted	Report be provided within 10 days.

5. MCB Main Branch, I.I. Chundrigar Road Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Acceptance of photocopy of declaration instead of original	Case may be referred to Ministry of Law for clarification
3	Improper maintenance of form CZ-02 (Zakat deduction/refund Register	Complete Forms CZ02-08 be shown to Audit
5	Internal Audit not conducted	Report be provided within 10 days.

6. ABL, Gulistan-e-Johar Branch, Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Acceptance of photocopy of declaration instead of original	Case may be referred to Ministry of Law
3	Improper maintenance of form CZ-02 (Zakat deduction/refund register)	Complete Forms CZ02-08 be shown to Audit
5	Internal Audit not conducted	Report be provided within 10 days.

7. Bank Al-Falah, Islamic Branch, Block 13-A Gulshan-e-Iqbal Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Non-production of record during audit	Produce the record within 10 days
3	Non-maintenance of various form of register	The deficiency pointed out may be completed within 10 days.
5	Internal Audit not conducted	Report be provided within 10 days

8. Barclays Bank, Mall Road Branch, Lahore

Para No.	Subject/Brief of Para	DAC Decision
1	Acceptance of photocopy of declaration instead of original	Case may be referred to Ministry of Law for clarification
2	Detail of Assets/Account No. not mentioned in Declaration CZ-50	Amount may be recovered and got verified from Audit
4	Non-maintenance of Register on form CZ-02 (Zakat deduction/refund register)	Complete Zakat Forms CZ02-08 may be shown to Audit
7	Exemption allowed from deduction of Zakat without specification of fiqah	Amount may be recovered and got verified from Audit

9. First Women Bank, Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Improper maintenance of form CZ-02 (Zakat deduction/refund register)	Complete Zakat Forms CZ02-08 shown to Audit for verification

10. National Bank of Pakistan, Defense society Phase-I Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Acceptance of photocopy of declaration	Case may be referred to Ministry of

Para No.	Subject/Brief of Para	DAC Decision
	instead of original	Law for clarification
3	Irregular refund of Zakat-Rs.291,829	Refund of Zakat may be justified
5	Non-production of record	Produce the record within 10 days
6	Improper maintenance of form CZ-02 (Zakat deduction/refund register)	Complete Zakat Forms CZ02-08 shown to Audit for verification
7	Non-maintenance of various form register	Registers duly completed may be got verified within 15 days
9	Internal audit not conducted	Report may be provided
10	Non-compliance to audit memos	Compliance shown to Audit

11. National Saving Centre, Sadar Karachi

Para No.	Subject/Brief of Para	DAC Decision
2	Non-production of record	Produce the record within 10 days
3	Improper maintenance of form CZ-02 (Zakat Deduction/Refund register)	Complete Zakat Forms CZ02-08 shown to Audit for verification
5	Non-submission of quarterly summery report	Record may be produced within 15 days
6	Internal audit not conducted	Report be provided within 10 days.
7	Non-compliance to the audit memos	Produce the record within 10 days

12. RBS Bank Upper Mall Branch, Lahore

Para No.	Subject/Brief of Para	DAC Decision
4	Non production of record	Produce the record within 10 days

13. Standard Chartered Bank Lahore (Gulberg Branch)

Para No.	Subject/Brief of Para	DAC Decision
2	Non maintenance of Register on form CZ-02 (Zakat deduction /refund register)	Complete Zakat Forms CZ02-08 may shown for verification
5	Non deduction of Zakat from the individual account	Complete list may be produced to Audit for verification
6	Companies Accounts exempted from Zakat without any proof	Documentary evidences may be provided within 15 days.
7	Verification of CZ-50 for exemption	Produce the record for verification

14. Standard Chartered Bank Lahore (Tufail Road Branch)

Para No.	Subject/Brief of Para	DAC Decision
2	Non maintenance of Register on form CZ-02(Zakat deduction /refund register)	Complete Zakat Forms CZ02-08 may shown for verification
4	Exemption of Zakat to individual declaring “Non sahib-e- Nisab”	Produce the record for verification
5	Non recovery of Zakat from companies accounts	Recovery of Zakat may be made for cases having foreign ownership less or equal to 50%
6	Non deduction of Zakat from accounts declared as non-Pakistani/non-Muslim	Produce relevant record for verification within 15 days
8	Non deduction of Zakat from the individual accounts	-do-
9	Non-provision of CZ-50 (exemption from Zakat)	Produce relevant record for verification
11	Companies accounts treated as individual account for exemption	Recovery may be made for cases where foreign shares are 50% or less.

15. National Saving Centre Sitara Market Islamabad

Para No.	Subject/Brief of Para	DAC Decision
1	Internal Audit report not provided	Internal Audit Reports to Statutory Audit for verification within 10 days.
2	Non maintenance of Zakat deduction /refund register CZ-02	Produce relevant record for verification

Annex 2

Non-production of record

Sr. No.	Name of formation	Para No.	Title of record not produced	Year	Amount of record (Rs)	Reply of management
1.	HWC Abbasi Shaheed Hospital Karachi	8	Complete record	2006-09	3,340,127	The record has been kept ready for verification
2.	LRH Cardiology department Peshawar	7	cash book, bank statement and stock register	2009-10	2,500,000	The para has already been submitted to cardiology department but their reply is awaited
				Total	5,840,127	

Annex-3**Purchase of medicines without open competitive bidding / tenders**

Sr. No.	Name of Hospital	Para No. of AIR	Amount (Rs)	Year	Remarks	Reply of management
1.	Civil Hospital Karachi	2	1,379,457	2007-10	Without calling open tenders for lab tests	These tests were specific ones and only performed by Agha Khan university lab.
2.	Institute for Special Children killa Shabo Quetta	3	3,691,480	2008-09	Without calling open tenders	No tender was required to be floated for amount less than two million
3.	Children Rehydration Centre Peshawar	9	52,695	2009-10	Some medicines were purchased from supplier who offered lowest discount rate	The medicines were purchased from retailer in the best interest of mustahiq patients
4.	Chandka Medical College Larkana	3	3,500,000	2009-10	-do-	The amount was utilized in piece meal
		Total	8,623,632			

Annex-4

Purchase of medicines through defective tender system

Sr. No.	Name of Hospital	Para No.	Rs in million	Year	Irregularities occurred	Reply of management
1.	PMC Nawab Shah	4	10	2010-11	Contract was awarded to Super Medical Store in 2009-10 at discount rate of 28% and again awarded for the period of 2010-11 at discount rate of only 5%, whereas contract on Non-Judicial Stamp Paper shown that he agreed at 14.5% discount rate	The maximum discount offered was 5% by Super Medical Store but the HWC agreed the supplier on 10 % discount. In that regard an affidavit was signed, which may be got verified.
2.	Civil Hospital Karachi	4	30	2007-10	Tender not advertised on the Authority's website. Also advertised in only one National daily Urdu newspaper, without prequalification certificates and tender was accepted without obtaining earnest money	Tender was advertised through information deptt. Govt. of Sindh, clearly requesting to advertise in both English and urdu newspaper. Record relating to other shortcomings had been ready for verification
3.	Abbasi Shaheed Hospital Karachi	3	7.2	2005-09	-do-	All purchases have been made according to the prescribed procedure.
3.	Allied hospital Faisalabad	3	6	2008-09	Tender advertised only in one newspaper Express and only 5 days response time was given for submission of	To avoid suffering of Patients, less time was given

Sr. No.	Name of Hospital	Para No.	Rs in million	Year	Irregularities occurred	Reply of management
					tender instead of at least 15 days	
4.	T.B Sanatorium Quetta	1	3	2009-10	Re-tendering without recording any clear reasons thereof	No reply received
5.	MINAR Hospital	6	6.775	2006-10	Not advertised on authority web site, but only in two urdu newspapers instead of one urdu and one english, w/o signature of convener MINAR, licence was time barred etc.,	The instructions contained in para have not been received before.
6.	LINAR Larkana	2	6	2008-10	Not advertised on PPRA web site, no earnest money was obtained, without prequalification certificate etc.,	No reply received
7.	HMC Peshawar	1	6	2009-10	No separate tender for Zakat was called, approval of HWC not obtained and tender @ 11% discount rate was accepted whereas discount rate of 13.5 % was rejected	To avoid heavy expenses separate tender was not called and the contractor with 13.5% discount was not in possession of valid drug license
8.	Children Rehydration Centre Peshawar	1	2.5	2009-10	Advertised in one newspaper, not published on PPRA website, no earnest money, no drug license, GST number etc.,	Record may be got verified now
		Total	77.475			

Annex-5

Without *istehqaq* / irregular *istehqaq*

Sr. No.	Name of Hospital	Para No. of AIR	Year	Amount (Rs)	Remarks	Reply of management
1.	DHQ Faisalabad	1	2009-10	33,962	w/o signatures of LZC and DZC	No LZCs were in existence, so it was done in public interest
2.	Children Hospital Lahore	1	2009-10	465,257	<i>Istehqaq</i> certificate no. / date of issue of certificate was missing	Record had been completed and ready for verification
	-do-	3	2009-10	2,129,144	Irregular <i>istehqaq</i> , no entry found in emergency department	<i>Istehqaq</i> was determined by HWC in emergency
3.	LMCH Hyderabad	10	2009-10	334,342	<i>Istehqaq</i> certificate no. / date of issue of certificate was missing	No reply received
	-do-	13	2009-10	435,279	Emergency treatment without entry in emergency patients register	-do-
4.	PMC Nawab Shah	8	2008-10	496,657	w/o <i>istehqaq</i> certificates	No reply received
5.	Civil hospital Karachi	8,17	2009-10	178,560	<i>Istehqaq</i> determined other than the Chairman LZC of mustahiq permanent/present address	No convincing reply was given
	-do-	11 and 14	2009-10	429,897	<i>Istehqaq</i> certificate no. / date of issue of certificate was missing	The <i>istehqaqs</i> has been sent to Chairman for rectification
	-do-	15	2009-10	32,940	Treatment of Govt. Servants and their families	Letter has been sent to Ministry for regularization
6.	Services Hospital Lahore	12	2009-10	173,660	-do-	No reply received
7.	Lady willington Lahore	1	2009-10	258,118	w/o determination of <i>istehqaq</i>	The <i>istehqaqs</i> were determined by HWC under prevailing rules

8.	Benazir Bhutto Hospital Rawalpindi	1	2009-10	1,181,675	<i>Istehqaq</i> determined other than the Chairman LZC of mustahiq permanent/present address	No reply received
9.	REDO Rawalpindi	1	2009-10	27,840	-do-	The LZCs were not functional, so <i>istehqaq</i> was determined by convener / secretary which was countersigned by DZO
	-do-	3	2009-10	11,136	Treatment of non-Muslims	Chairman LZC had determined the <i>istehqaq</i>
10.	Allied Hospital Faisalabad	4	2009-10	5,000,000	w/o determining <i>istehqaq</i>	The LZCs were not functional, so <i>istehqaq</i> was determined by convener / secretary which was countersigned by DZO
11.	Nishtar Hospital Multan	16	2009-10	16,648	w/o determining <i>istehqaq</i>	-do-
12.	Ghurki Teaching Hospital, Lahore	4	2009-10	333,418	w/o <i>istehqaq</i> or <i>istehqaq</i> determined by ex-chairman LZCs	After the dissolution of old LZCs, no new LZCs were constituted, so <i>istehqaq</i> was determined by ex-chairmen
13.	Abbasi Shaheed Hospital Karachi	1	2009-10	231,717	Irregular <i>intehqaq</i>	Patients were treated in emergency
		10	2009-10	165,639	<i>Istehqaq</i> determined by other than chairmen LZC of beneficiaries present/permanent address	-do-
14.	SKMCH & RC Lahore	2	2008-10	192,790	w/o determining <i>istehqaq</i>	Record now collected which may be got verified
			Total	12,128,679		

Annex-6

Less deduction of income tax

Sr. No.	Name of formation	Year	Para No.	Amount less deducted (Rs)	Remarks	Reply of management
1.	LRH Peshawar		2	300,802	I.T less deducted	The office of RTO Peshawar waived off tax to be paid by Lady Reading Hospital
2.	LMCH Hyderabad	2008-10	3	504,199	No tax deducted	No reply received
3.	Civil Hospital Karachi	2007-10	6	1,274,496	Tax not deducted @ 6 % on services (Lab tests)	The laboratories were directed to deposit income tax, no they did not comply
4.	KTH Peshawar	2009-10	11	91,746	1% from 2/4/10 to 30/6/2010	The tax rate of 1% has been fixed by Govt.
5.	Abbassi Shaheed Hospital karachi	2006-09	6	116,904	I. T not deducted	challan showing payment of I.T will be shown to audit
6.	Allied hospital Faislabad	2009-10	2	150,256	I.T less deducted	The tax is paid to I.T department. Record may be got verified
7.	Children Rehydration Centre, Peshawar	2009-10	2	131,479	I.T less deducted	I.T of Rs 31,470 @ 1% has been deposited.
8.	HMC Peshawar	2009-10	9	150,000	Tax deducted @ 1 % instead of 3.5 %	The rule 153 (1) PROVIDES DEDUCTION OF TAX @ 1 %
			Total	2,719,882		

Annex-7

Non-refund of un-spent balance

S. No.	Name of HWC	Para No. of AIR	Closing Balance (Rs)	Reply of Management
1.	Kyber Teaching Hospital Peshawar	1	10,150,763	The amount has been utilized after 30 th June 2010 with the approval of CZC.
2.	MINAR Multan	1	268,342	Medicines were issued before 30 th June but payment was made after 30 th June
3.	Nishtar Hospital Multan	1	2,112,000	-do-
4.	Lady Willington Hospital Lahore	8	155,160	The un-spent balance had been utilized on needy poor patients due to late release of new installment
5.	Lady Deffurin Hospital Quetta	2	667,617	No reply received
6.	Services Hospital Lahore	1	177,509	-do-
7.	Sandeman Provisional Hospital Quetta	4	1,000,000	-do-
		Total	14,531,391	

Annex-8**Incurring of liability without availability of Funds**

Sr. no.	Name of HWC	Para No.	Amount (Rs)	Reply of management
1.	Lady Aitchison Hospital Lahore	2	431,656	The liability was created to save lives of Zakat patients
2.	Lady Willington hospital Lahore	6	73,494	The liability was created on the treatment of needy poor patients
3.	Institute of Child Health Lahore	4	152,409	Serious patients were treated in emergency
4.	MINAR Hospital Multan	5	45,235	It was utilized with the approval of HWC
5.	LINAR Larkana	4	23,345	No reply received
6.	KTH peshawar	7	158,084	-do-
7.	*Allied Hospital Faisalabad	7	390,186	The medicines were given through out the month and bills were submitted at the end of month. At the end bills submitted were more than the cash in hand
		Total	1,274,409	

*Liability of Rs 328,909 during FY 2007-08 was cleared in FY 2008-09 and Rs 61,277 during FY 2008-09 cleared in FY 2009-10

Annex –9

Suspected mis-appropriation in supply of medicines

Sr. No.	Bill No	Date	Actual Amount of Bill (Rs)	Bill rounded off to (Rs)	Difference (Rs)
1.	1727	18/10/09	3,510	3,000	510
2.	814	10/7/09	4,509	3,000	1,509
3.	938	11/8/09	3,683	3,000	683
4.	784	6/10/09	4,042	3,000	1,042
5.	939	11/8/09	4,362	3,000	1,362
6.	721	15/10/09	3,855	3,000	855
7.	964	13/8/09	3,857	3,000	857
8.	725	15/10/09	3,812	3,000	812
9.	965	13/8/09	5,799	3,000	2,799
10.	1726	16/10/09	4,905	3,000	1,905
11.	966	13/8/09	6,180	3,000	3,180
12.	725	16/10/09	4,567	3,000	1,567
13.	991	15/8/09	3,935	3,000	935
14.	970	15/8/09	5,960	3,000	2,960
15.	979	17/8/09	3,615	3,000	615
16.	425	3/8/09	3,378	3,000	378
17.	520	8/8/09	3,685	3,000	685
18.	455	6/8/09	3,968	3,000	968
19.	780	6/10/09	3,603	3,000	603
20.	153	18/8/08	5,575	3,000	2,575
21.	207	22/8/09	5,586	3,000	2,586
22.	1120	25/5/10	4,398	3,000	1,398
23.	128	30/1/10	7,377	3,000	4,377
24.	152	22/2/10	7,412	3,000	4,412
25.	400	18/2/10	4,103	3,000	1,103
26.	1156	28/5/10	4,712	3,000	1,712
27.	852	5/5/10	4,000	3,000	1,000
28.	865	7/5/10	5,909	3,000	2,909
29.	878	8/5/10	4,500	3,000	1,500
30.	801		3,832	3,000	832
31.	501		5,428	3,000	2,428
32.	502		5,187	3,000	2,187
33.	505		5,040	3,000	2,040
34.	511		5,410	3,000	2,410
35.	506		5,040	3,000	2,040
36.	925	11/5/10	4,000	3,000	1,000
37.	998	10/5/10	4,000	3,000	1,000
38.	935	12/5/10	4,000	3,000	1,000
39.	949	13/5/10	4,000	3,000	1,000
40.	852	5/5/10	4,000	3,000	1,000

Annex-10

Non-production of record

Sr. No.	Name of formation	Para No. of AIR	Detail of record not produced	Date of requisition	Reply of Management
1	Royal bank of Scotland The Mall branch Lahore	4	Demand Draft and Pay Orders	23-08-2010	The bank has statutory obligation to maintain confidentiality
2	Standard Chartered Bank Tufail Road Branch Lahore	10	Detail of 6080 Accounts below Nisab on valuation date	25-10-2010	The transaction record is available which can be shown to designated staff
3	Standard Chartered Bank Gulberg Branch Lahore	8	Detail of 3122 Accounts below Nisab on valuation date	08-11-2010	-do-

Annex-11

Exemption granted to companies on the grounds of 'non-resident' without any proof

S#	Name of Bank	No. of companies exempted	Para No. of AIR	Year	Zakat not Deducted (Rs)	Reply of Management
1.	Royal Bank of Scotland main branch upper mall Lahore	15	1	1429-30	26,883,483	All the companies are exempted from zakat as per our record
2.	Standard Chartered Bank Gulberg Branch Lahore	9	4	-do-	291,138	The documents of such companies are in process for retrieval from centralized operations
3.	Standard Chartered Bank Tufail Road Branch Lahore	14	3	-do-	13,595,257	Documents ready for vetting
				Total	40,769,878	

Annex 12

Exemption granted on the grounds of 'non-resident / non muslims / Non-sahib-e-Nisab'

Sr. No.	Name of Bank	Para No. of AIR	Amount of Zakat not deducted (Rs)	Reply of Management
1.	Standard Chartered Bank, Gulberg Branch Lahore	3	607,906	We have received most of the documents which are ready for vetting
2.	Standard Chartered Bank, Tufail Road Branch Lahore Cantt	6	5,114,530	Documents ready for vetting
3.	HBL Aabpara Branch Islamabad	3	25,341	No reply received
		Total	5,747,777	

Annex 13

Submission of declaration less than one month preceding the valuation date

Sr. No.	Name of Zakat Deducting Agency	Para No. of AIR	Amount of Zakat exempted (Rs)	Remarks	Reply of the Management
1.	HBL Aabpara Branch Islamabad	2	9,907	CZ-50 submitted less than 1 month preceding the valuation date	No reply received
2.	Barclays bank Mall road Branch Lahore	8	170,942	-do-	Due to unawareness of rules the said omission occurred.
	-do-	5	3,727,600	CZ-50 submitted without mentioning date	Needful has been done which may be got verified
	-do-	6	209,790	Acceptance of CZ-50 w/o attestation of oath commissioner	-do-
		Total	4,118,239		