

**AUDIT REPORT
ON
THE ACCOUNTS OF
CENTRAL ZAKAT FUND,
NATIONAL LEVEL HEALTH
INSTITUTIONS AND
ZAKAT DEDUCTING AGENCIES
AUDIT YEAR 2011-12**

AUDITOR – GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

AFIC	Armed Forces Institute of Cardiology
AIR	Audit & Inspection Report
ACL	Audit Command Language
CAZ	Chief Administrator Zakat
CGH	Cantonment General Hospital
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
FDRs	Fixed Deposits Receipts
GBZF	Gilgit Baltistan Zakat Fund
HMC	Hayatabad Medical Complex
HWC	Heath Welfare Committee
ICT	Islamabad Capital Territory
IPSAS	International Public Sector Accounting Standards
JPMC	Jinnah Post Graduate Medical College
KTH	Khyber Teaching Hospital
LRH	Lady Reading Hospital
LZC	Local Zakat Committee
MFDAC	Memorandum for Departmental Accounts Committee
MORA	Ministry of Religious Affairs
NAM	New Accounting Model
NAZF	Northern Area Zakat Fund
NICH	National Institute of Child Health
NICVD	National Institute of Cardiovascular Diseases
NLHI	National Level Health Institution
NLHIF	National Level Health Institution Fund
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PIC	Punjab Institute of Cardiology
PZC	Provincial Zakat Council
PZF	Provincial Zakat Fund
TDRs	Terms Deposit Receipts
ZCO	Zakat Collection Offices
ZCCA	Zakat Collection Controlling Agency

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General (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 with Authority) Audit of Central Zakat Fund, Zakat Deducting Agencies and Zakat Funded National Level Health Institutions for the financial year 2010-11. The Directorate of Zakat Audit conducted audit during year 2011-12 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 both houses of Majlis-e-Shoora [Parliament].

Dated: 21 FEB 2012

(MUHAMMAD AKHTAR BULAND RANA)
Auditor-General of Pakistan

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 CZF, which is managed by the Central Zakat Council (CZC). Moneys in the CZF are released to the PZFs including FATA, Gilgit-Baltistan Zakat Fund (GBZF), 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*.

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 (DZA) has a human resource of 28 officers and staff resulting in 7812 man days. The budget of the Directorate for the year 2011-12 is Rs 16 million. A total number of 82 formations were planned for audit during the year 2011-12 however 79 formations were audited which becomes 96% of total formations planned.

The office is mandated to conduct regularity (compliance with authority audit) and performance audit of formations under its jurisdiction to assess transparency in collection and distribution of Zakat. The procedures followed 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 internal control system and reviewing applicable laws and regulations.

a. Scope of Audit

The total amount released by Ministry of Religious Affairs during the financial year 2010-11 was Rs 10,584.587 million providing to 265 formations. The DZA audited expenditure of Rs 2,024.921 million which is 19 % of total expenditure. In addition, DZA conducted performance audit of 3 hospitals and the Report is being published separately.

b. Recoveries at the Instance of Audit

Recoverables of Rs 94.349 million were pointed out, out of which recovery of Rs 2.951 million was affected during year 2011-12 till the time of compilation of Report. Out of the total recoveries, Rs 1.427 million was not in the notice of the executive before audit.

c. Audit Methodology

The audit year 2011-12 followed intensive application of desk audit techniques in DZA. This was facilitated by the use of ACL, internet facility and permanent files. Desk review helped auditors in understanding the systems, procedures, environment, and the auditee entity before starting field activity. This greatly facilitated in the identification of high risk areas for substantive testing in the field.

d. Comments on Internal Control and Internal Audit Department

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 inexperienced 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. Audit Impact

On the recommendation of Audit, the Ministry of Religious Affairs is updating manual for disbursement of Zakat Fund for District Zakat Committees. Annexure-2 (Audit Impact Summary) provides additional information on improvement of rules, systems and procedures that occurred because of audit.

f. The Key Audit Findings of the Report;

- i. There were two cases pertaining to non-production of record.¹
- ii. Unauthorized transfer of Rs 35 million was noted in one case.²
- iii. There were 05 cases of irregular expenditure / payments and violation of rules amounting to Rs 114.391 million.³

¹Para 2.3.1 and 3.3.1

² Para 2.3.4

³ Para 2.3.2, 2.3.6, 2.3.9, 3.3.2 & 3.3.4

- iv. Recoverable pointed out in 07 paras amounting to Rs 97.349 million.⁴
- v. Reconciliation of collection of Zakat was not carried out in one case.⁵
- vi. Loss of Rs 1.057 million pointed out in one case.⁶
- vii. Wasteful expenditure of Rs 202,500 was noted in one case.⁷

Audit paras for the audit year 2011-2012 involving procedural violations including internal control weaknesses and irregularities not considered significant for reporting to the PAC, were included in **Annexure-1** (MFDAC).

g. Recommendations

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

⁴ Para 2.3.5, 2.3.7, 2.3.8, 2.3.11 3.3.3, 3.3.5 & 3.3.6

⁵ Para 1.4.1

⁶ Para 2.3.10

⁷ Para 1.4.2

SUMMARY OF TABLES AND CHARTS

Table I: Audit Work Statistics

Sr.No.	Description	No. of Entities	Budget (Rs. in million)
1	Total Entities (PAO's) in Audit Jurisdiction	1	10,584.587
2	Total Formations in Audit Jurisdiction	265	10,584.587
3	Total Entities (PAO's) Audited	1	10,584.587
4	Total Formations Audited	79	2,024.921
5	Audit And Inspection Reports	79	2,024.921
6	Special Audit Reports	-	-
7	Performance Audit Reports	01	93.5
8	Other Reports	-	-

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	1.26
3	Weak Internal controls relating to financial management	216.071
4	Non-collection of Zakat	92.404
	Total	309.735

Table III: Outcome Statistics*(Rs. in million)*

Sr.No.	Description	Expenditure on Acquiring Physical Assets (Procurement)	Civil Works	Receipts (Non-collection of Zakat)	Others (Utilization of Zakat Fund)	Total current year	Total last year
1	Outlays audited	NA	NA	NA	1,339.6	*763.8	1,339.6
2	Amount placed under Audit observation /irregularities	NA	NA	92.404	217.331	309.735	240.938
3	Recoveries pointed out at the instance of Audit	NA	NA	46.819	47.53	97.349	140.5
4	Recoveries accepted /established at the instance of Audit	NA	NA	0.768	18.496	19.264	20.354
5	Recoveries realized at the instance of Audit	NA	NA	0	2.951	2.951	6.082

*This amount indicates funds released directly to NLHIs by Federal Ministry and does not include the funds released to provinces

Table IV: Irregularities Pointed out

Sr. No.	Description	Amount Placed under Audit Observations (Rs. in million)
1	Violation of Rules and regulations and violation of principal of propriety and probity in public operations.	224.476
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	-
3	Accounting Errors (accounting policy departure from NAM ⁸ , 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	19.264
6	Non-production of record.	64.735
7	Others, including cases of accidents, negligence etc.	1.26

Table V: Cost-Benefit

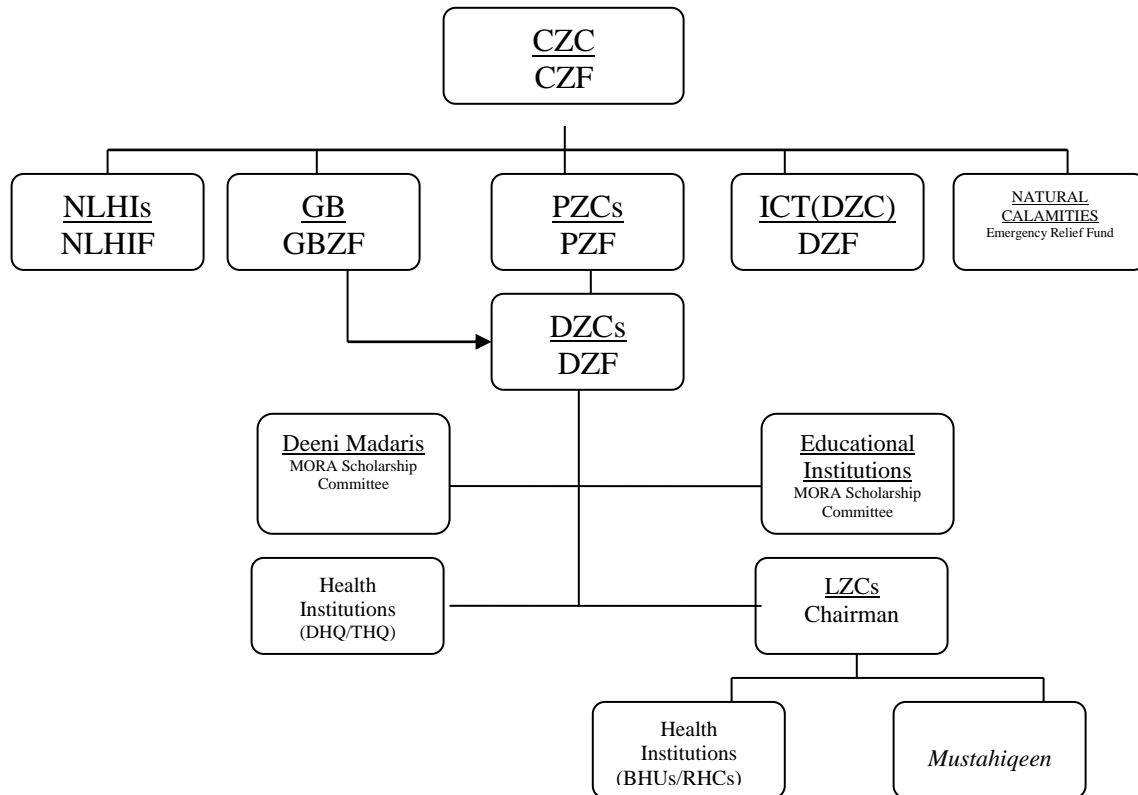
Sr. No.	Description	Amount (Rs. in million)
1	Outlays audited (Items 1 of Table 3)	763.8
2	Expenditure on Audit	16
3	Recoveries realized at the instance of Audit	2.951
	Cost-Benefit ratio	0.18 : 1

⁸ The Accounting Policies and Procedures prescribed by the Auditor-General of Pakistan which are IPSAS(Cash) compliant.

CHAPTER – 1 CENTRAL ZAKAT COUNCIL

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 on population basis, after making direct lump sum releases to GBZF, 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, funds are also allocated on account of Educational Stipends (Technical). The funds flow management chart of CZC/CZF is as follows:



1.2 Comments on Budget & Accounts

Statement of Accounts of the Central Zakat Fund for the years 2009-11 was as under:

<i>(Rs in million)</i>		
Particulars	FY 2009-10	FY 2010-11
Opening Balance	14,969.650	14,650.752
* Receipts	4,817.376	3667.217
Funds available	19,787.026	18,317.969
Disbursements	5,136.274	10,514.913
Closing balance	14,650.752	7,803.056

*Include refund of unspent balances.

Source: State Bank of Pakistan

The receipt figures of current year show a decrease of 23.8 % as compared to last year due to flawed system of Zakat deduction and non confidence on its utilization. The total budget allocation for the year 2010-11 was Rs 10,584.587 million but only Rs 10,514.913 million were disbursed during the year 2010-11. However, still the disbursement figure of current year shows an increase of 105% as compared to last year, mainly due to release of extra fund for flood affectees of Rs 4,170 million .

1.3 Brief Comments on the Status of Compliance with PAC Directives

No Report of the Audit Year 2009-10 & 2010-11 has been discussed in PAC. 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

1.4 AUDIT PARAS

Irregularity and non compliance

1.4.1 Non Reconciliation of Zakat Collection

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 Zakat Collection and Controlling Agencies (ZCCAs) 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 ZCCAs concerned or other relevant agency/office. The accounts of Central Zakat Fund shall be reconciled on monthly basis”.

Audit observed that there is no system of regular reconciliation on monthly basis. The department was only depending upon the figures intimated by the State Bank of Pakistan on monthly basis without verification. In the absence of proper reconciliation, the accuracy of amounts could not be ascertained.

Audit recommends that reconciliation of Zakat collection should be made on monthly basis to ensure accuracy of amounts and Zakat collection.

Management replied on 18-01-12 that the monthly reconciliation is being done regularly.

The reply is not correct because no reconciliation is carried out on monthly basis and no reconciliation statement was available on record and provided.

DAC on 06-02-2012 directed to get the reconciled figures verified from Audit within a week.

No progress was intimated till the finalization of this Report.

1.4.2 Wasteful expenditure on advertising campaign out of Zakat Fund – Rs 202,500

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”.

An expenditure of Rs 202,500 was incurred by Ministry of Religious Affairs on advertisement campaign paid vide cheque No. 002858 dated 09-09-2010 in favour of M/s Time and Space Media (Pvt.) Limited, which was not permissible under Zakat and Ushr Ordinance 1980. Moreover, the record including payment detail, tender file etc was not provided to audit.

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

Audit recommends that inquiry may be conducted into the wastage of funds and responsibility fixed.

Management replied on 18-01-12 that similar issue had already been referred to PAC. Decision of PAC as and when arrived would be implemented accordingly.

The reply is not correct because this expenditure is in violation of Zakat and Ushr Ordinance.

In DAC meeting on 06-02-2012, management stressed that the expenditure was authorized by Competent Authority, incurred after fulfilling codal formalities. Audit did not agree with the management’s plea and therefore refer the matter for the decision of PAC.

CHAPTER – 2 NATIONAL LEVEL HEALTH INSTITUTIONS

2.1 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 |

2.2 Comments on Budget and Accounts

The total allocation for the National Level Health Institutions for the financial year 2010-11 was Rs 658.45 million out of which Rs 630.169 million were released to 92 hospitals, which is 96% of budget allocation.

2.3 AUDIT PARAS

Non-production of record

2.3.1 Non production of record – Rs 64.735 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, 08 Health Welfare Committees (HWCs) did not produce record of the expenditure amounting to Rs 64.735 million incurred on

purchase of medicines and other record including tender documents, payment vouchers, istehqaq certificates, vouchers and stock registers etc. In the absence of record, the authenticity and validity of expenditure was not ascertained. Detail is given in **Annexure-3**.

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

The management of Fatimid Foundation, Karachi on 16-01-2012 replied that some record relating to previous management was not available and FIR was registered against previous management while other hospitals replied that record was available and produced for verification.

The reply is not tenable as no record was produced for verification.

DAC on 18-01-2012 directed in case of Sr. no. 1 to conduct an inquiry and in remaining cases, to produce requisite record to audit within 15 days.

No progress was intimated till the finalization of this report.

Irregularity and non compliance

2.3.2 Purchase of medicines without open competitive bidding / tenders - Rs 51.32 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.

Three hospitals purchased medicines worth Rs 51.32 million from various suppliers during the years 2008-11 without adopting open tenders / fulfilling codal formalities in violation of Public Procurement Regulatory Authority Rules 2004. In the absence of open tender, the principal of economy could be compromised. Details are given in **Annexure-4**.

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

The management replied on 16-01-2012 that Fatimid Foundation Karachi is exempted from PPRA rules, in NICH Karachi medicines were purchased in past on quotations which is according to PPRA rules and medicines in Kidney Centre were imported.

The reply was not correct because procurement must be made according to PPRA rules and no organization is exempted.

DAC on 18-01-12 directed, in case of Sr. No. 1 and 3 to get the record verified from Audit within 15 days and in case of Sr. no. 2 to fix responsibility.

No progress was reported till the compilation of Audit report.

2.3.3 Purchase of medicines through defective tender system - Rs 115.7 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.

Eleven hospitals purchased medicines worth Rs 115.7 million from various suppliers during the years 2009-11 without observing various procurement rules. The audit

holds that due to violation of PPRA rules, the principal of economy could be compromised. Details are given at **Annexure-5**.

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

Management of 03 hospitals replied on 05-01-2012 that point was noted for compliance while one hospital did not reply whereas in other cases replies were irrelevant. Details are at **Annexure-5**.

The replies were either not correct or irrelevant.

DAC on 18-01-12 directed, in case of Sr. no.1,3,6,7 and 11 to refer the matter to PAC, in case of Sr. No. 2,5 and 8 to get the record verified from Audit otherwise to take necessary action and in case of Sr. No.10 to fix the responsibility.

No progress was reported till the compilation of Audit report.

2.3.4 Unauthorized transfer of Rs 35 million from HWC account to hospital account

Para 8 of Zakat Disbursement Procedure regarding Health Care (National Level) provides that “All the facilities of treatment, medicines, laboratory/diagnostic tests etc. available in the Institutions shall be provided to the mustahiqeen free of cost”. Similarly Para 9 of same chapter provide that The Health Welfare Committee shall be authorized to utilize Zakat Funds in an Institution on the followings, if not available in the Institution:

- a) Expenditure incurred on purchase of medicines including blood from the market.
- b) Expenditure incurred on medical treatment, operation / bed charges of a beneficiary in other Health Institution(s).
- c) Expenditure incurred on Laboratory tests including Diagnostic tests of a beneficiary from other Laboratory(ies).
- d) Artificial limbs

- e) Expenditure on the transportation of the patient from the Institution to other Health Institution(s) and back.
- f) Any other item approved by the Health Welfare Committee excluding cash grant.

HWC Kidney Centre Karachi and HWC Sheikh Zayed Hospital Lahore transferred Rs 21 million and 14 million respectively (Rs 13,748,389 on account of 1,654 in-door patients and Rs 251,600 on account of 1,258 out-door patients) from HWC Zakat Fund account to the account of hospital during years 2009-11. Under the Zakat disbursement procedure the transfer of amount from HWC Zakat Fund to hospital account is not allowed. Zakat Fund is 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 hospitals concerned.

Therefore transfer of Rs 35 million is held unauthorized, irregular and amount recoverable from the hospital account. Further in case of Kidney Centre Karachi, the record did not show from where the medicines/consumables were purchased, cost/brand of the dialysis kits and origin of country. Similarly in case of Sheikh Zayed Hospital Lahore, the hospital charged from Zakat Fund, diet charges, investigation charges, operation theatre charges, operation charges, ECG, biopsy test charges, file charges, etc. on such rates as prescribed by the hospital administration and charged Rs 200 as OPD charges from every outdoor patient.

Audit recommends that Zakat Funds should be kept in a separate account. Moreover services available at hospitals should be provided to Zakat patients free of cost. The amount of Rs 35 million unauthorizedly transferred to hospital account should be immediately recovered and deposited into HWC account.

Management in case of Kidney Centre Karachi replied on 27-09-2011 that the amount charged was actually the cost incurred by the hospital on the dialysis session of Zakat patients and the consumables were procured through import under L/C arrangement. The description, brand, sources and country of origin are available on L/C documents which may be verified. In case of Shaikh Zayed Hospital, Lahore it was replied on 16-01-2012 that only nominal cost of chemicals used in laboratory tests and special diet provided to patients were charged from the Zakat Funds.

Reply of the management is not correct as the expenditure from Zakat Fund can only be incurred on purchase of medicines and not allowed on the other activities as stated by management.

DAC on 18-01-12 directed, in case of Shaikh Zayed hospital, Lahore to provide details of actual amount charged from Zakat Fund and deposit the amount in CZF and in case of Kidney Centre Karachi, to get the record verified from Audit and in future proper tender procedure must be followed.

No progress was reported till the compilation of Audit report.

2.3.5 Recovery of Rs 30 million due to non-allocation of 25 % of items / medicines purchased out of hospital's own resources

CZC in its 101st meeting held on 13-03-2010 (Para 8.7) unanimously approved the following recommendations made by a committee constituted to examine the Fatimid Foundation:

- i. Approval is sought for expenditure to be made by Fatimid Foundation Karachi on following six items/medicines out of Zakat Fund during Blood Transfusion of Mustahiq Patients.
 1. Butterfly Infusion Pump
 2. Iron Removing Medicines
 3. Saline drip with Transfusion
 4. Transmaine Injection
 5. Dry Factor Injection
 6. Analgesic Injection
- ii. These items/medicines will only be used for Mustahiq Zakat Patients of the Hospital.
- iii. *Apart from Zakat Fund, Fatimid Foundation will allocate 25% of the items/medicines purchased out of its own other sources for treatment of Mustahiqeen.*
- iv. The hospital will maintain separate register and account for items/medicines purchased out of Zakat Fund.

HWC, Fatimid Foundation, Karachi did not spend any amount for treatment of Mustahiq patients out of its own resources during the year 2008-11 in contravention of clause three (iii) of the above decision. The approval granted by CZC for expenditure to be made on six item as mentioned in clause (i) was conditional and based on the other clauses (ii to iv). The Hospital incurred an expenditure of approximately Rs 40 million annually. Therefore, an amount of Rs 30 million (Rs 10 million each during FYs 2008-09, 2009-10 & 2010-11) was required to be spent on the treatment of mustahiq Zakat patients, which was not done.

Audit recommends that the amount of Rs 30 million on account of share of Fatimid Foundation should be recovered and deposited into Zakat Funds Account of HWC. The matter may be investigated and non utilization of the amount justified.

Management replied on 16-01-2012 that Fatimid Foundation had spent more than 25% of medicines/items purchased from its own sources on the treatment of the mustahiq patients.

Reply is not correct because no amount was allocated and utilized by Fatimid Foundation for treatment of mustahiqeen from its own resources.

DAC on 18-01-12 directed to get the record verified from audit.

No progress was reported till the compilation of Audit report.

2.3.6 Irregular expenditure of Rs 15.442 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, 05 HWCs incurred an expenditure of Rs 15,441,638 on treatment of such patients whose *istehqaq* were either not determined or determined by irrelevant persons 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.

Audit recommends that the acceptance of determination of *istehqaq* of patients by unauthorized persons should be investigated and amount recovered from persons responsible. It should be ensured to give treatment from Zakat Funds only after determination of *Istehqaq* by the authorized persons. Details are given in **Annexure-6**.

The Management replies were the excuses of the unauthorized expenditure and therefore were not correct. Details of management replies are also given at **Annexure-6**.

DAC on 18-01-12 directed to refer the matter to concerned District Zakat Officers for confirmation of validity of *istehqaqs* and to counter-sign.

No progress was intimated till the finalization of this report.

2.3.7 Unauthorised retention of unspent balances - Rs 13.396 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, 03 HWCs did not refund the unspent balances of Rs 13,395,710 at the end of financial year 2010-11 and carried forward unauthorisedly the amount to the next year. Due to which these funds were added to the next year budget increasing the budget unauthorisedly for the estimated expenditure for the next financial year and adversely affecting the utilization of Zakat Fund at other places of requirement.

Audit recommends that the amount of Rs 13.396 million should be refunded to Zakat Funds and unutilized amounts should also be surrendered after the financial year. The matter of non refund and utilization of amount should be investigated, details provided to Audit and responsibility fixed for appropriate action. Details are given in **Annexure-7**.

Management of Civil Hospital Karachi on 05-10-2011 replied that the amount has been refunded, copy of challan may be verified. KTH Peshawar on 16-01-2012 replied that in case of Para 2, the amount is actually profit earned on PLS account, which is transferred to Hepatitis Fund. In case of Para 3, no deadline for utilization was provided by Ministry. LRH Peshawar on 05-01-2012 replied that the balance was due to an un-presented cheque, which was cleared afterwards.

Replies of the Management are not correct because according to the rule the unspent amount cannot be utilized unauthorizedly and kept in Profit and Loss Account for earning profit. The amount is required to be refunded to Zakat Fund.

DAC on 18-01-12 directed to refund the amount within 15 days.

No progress was intimated till the finalization of report.

2.3.8 Less deduction of Income Tax at source – Rs 3.509 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*.

Medicines worth Rs 169.185 million were purchased by 10 hospitals from retailer / wholesaler during the financial years 2008-11 but Income tax was either not deducted or 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. 3,509,137. Details are given at **Annexure-8**.

Audit recommends that the amount of income tax should be recovered from the suppliers / retailers /wholesalers or the persons responsible for non-deduction and deposited to Zakat Fund under intimation to Audit.

Management of some hospitals replied that amount has been deposited and in others that the amount was utilized due to mistake. The detail of management reply is at **Annexure-8**.

The reply of management is not correct as no record of deposit of Income tax amount has been produced to Audit.

DAC on 18-01-12 directed to provide exemption certificates to audit otherwise deposit the amount and provide receipt to audit within 15 days.

No progress was intimated till the finalization of this report.

2.3.9 Incurring of liability without Funds - Rs 2,044,560

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, HWC Al-Shifa Trust Eye Hospital, Rawalpindi incurred liabilities of Rs 2,044,560 during FY 2009-10 without availability of sufficient funds. These liabilities were later on adjusted against Zakat Fund released

for FY 2010-11. Such a violation creates hindrance in preparation of budgetary estimates for the next year.

Audit recommends that the matter should be investigated. No expenditure should be incurred unauthorizedly and limit of expenditure kept within the allocated budget for the respective year.

Management on 16-01-2012 replied that all payments were related to the relevant year.

The reply is not correct because the expenditure of Rs 2,044,560 was incurred without funds and adjusted against next year budget.

DAC on 18-01-12 directed to provide stock register of Zakat and General stores along-with vouchers to audit within 15 days.

No progress was intimated till the finalization of this report.

2.3.10 Loss of Rs 1,056,916 due to acceptance of next 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.

HWC KTH Peshawar and HWC Fountain House Lahore sustained a loss of Rs 626,450 and Rs 430,466 respectively during the year 2010-11 due to acceptance of the next higher offer than the lowest one. The reason recorded in case of HWC KTH Peshawar was that the offer of Nexter Pharma (lowest bidder) was rejected because it was not pre-qualified as manufacturer / importer with DG Health Services KPK. In case of HWC Fountain House, Lahore it was replied on 16-01-2012 that due to efficacy and good results of medicines for the effective treatment of the patients, higher offer than the lowest one was accepted. The detail of loss incurred is at **Annexure-9**.

The plea in case of KTH Peshawar was not acceptable on the ground that the successful bid, as accepted by Hospital was made by Ferozsons Laboratories Ltd. Rawalpindi, whereas the Injection PEG-INF alfa 2a supplied to the hospital was not manufactured by Ferozsons, rather it was manufactured by BF Biosciences Limited. The BF Biosciences Limited was also not prequalified as manufacturer / importer with DG Health services KPK. So, the purchase of injections manufactured by BF Biosciences Limited was held as irregular

Audit recommends that the matter may be investigated for recovery of objected amount.

DAC on 18-01-12 directed, in case of KTH Peshawar to refer the matter to DG Health Khyber-Pakhtunkhwa to confirm whether BF Biosciences Limited was prequalified as manufacturer / importer during the year 2010-11 and in case of Fountain House Lahore, to provide justification within 15 days, otherwise recover the amount.

No progress was intimated till the finalization of this report.

2.3.11 Issuance of medicines on doubtful prescriptions-Rs 625,102

The general instructions issued to the hospitals by the competent authority include that “the hospital must ensure that the payment so claimed were actually proposed by the doctor and have been received by the patients under proper acknowledgement’.

HWC DHQ Hospital Faisalabad issued medicines of Rs 625,102 to 109 mustahiqeen during the year 2010-11 as detailed in **Annexure-10** on bogus prescriptions issued by unknown persons and having no proper signatures and stamps. The signatures and stamps of authorized doctors were not available. Therefore the expenditure was held as fictitious

Audit recommends to probe the matter, fix responsibility and recover the amount from the person(s) at fault and deposit to Zakat Fund under intimation to Audit.

Management replied on 02-08-2011 that detailed inquiry will be conducted but no inquiry report has been received so far.

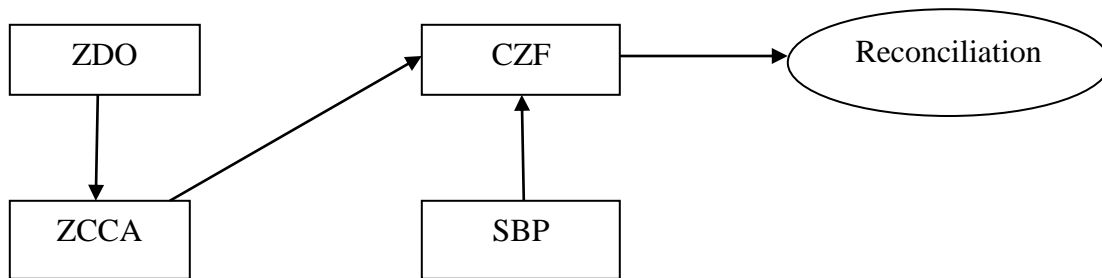
DAC on 18-01-12 directed to inquire the matter and fix the responsibility within 15 days.

No progress was intimated till the finalization of this report.

Chapter-3 ZAKAT DEDUCTING AGENCIES

3.1 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 (ZDOs) to Zakat Collection and Controlling Agencies to Central Zakat Fund Account No.8 being maintained at State Bank of Pakistan. 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) / ZCOs during the Audit Year 2011-12 out of 47 ZCCAs, 13,000 Post Offices (ZCOs) and 367 National Saving Centers (ZCOs) working under 12 Regional Directorates.

3.2 Comments on Budget and Accounts

The total deductions (including refunds) made by ZCCAs/ZCOs during the year 2010-11 were Rs 3,667.217 million as compared to Rs 4,817.376 million in previous year. This shows a decrease of 23.8 % as compared to last year.

3.3 AUDIT PARAS

Non-production of record

3.3.1 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 Zakat exemption certificates during the year 2010-11 of accounts holders on form CZ-50. Therefore the total amount of Zakat deduction was not verified. Details are given in **Annexure-11**.

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

Management of Standard Chartered Bank, New Garden Town Lahore replied on 28-12-2011 that the requisite record was now retrieved and available for verification. The other banks did not reply.

The reply is not correct because no record was produced to Audit.

DAC on 19-01-12 directed to provide relevant record to audit within 15 days.

No progress was intimated till the finalization of this report.

Irregularity and non compliance

3.3.2 Exemption granted to companies on the grounds of ‘non-resident’ without proof / affirmation - Rs 44.428 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.

In violation of above rules, four banks granted exemptions amounting to Rs 44,428,467 from Zakat deduction during FY 2010-11 to 94 companies without any evidence of their status as non-resident. The non-deduction of Zakat from companies resulted into less collection of Zakat Fund. Details are given at **Annexure-12**.

Audit recommends that the amount of Rs 44.429 million of exemptions should be recovered or the documentary evidence provided to Audit and in case of failure amount deposited to Zakat Fund under intimation to Audit.

The Management of Standard Chartered Bank, Garden Town Lahore replied on 28-12-2011 that the requisite proof of some companies can be verified, remaining record will be retrieved shortly. The NBP Main Branch, The Mall Lahore replied on 22-11-2011 that all companies accounts reported are current account deposits which are exempted from compulsory deduction of Zakat. The Askari Bank, The Mall Lahore replied on 10-01-12 that the Lahore Electric Supply Company (LESCO) is owned by Government of Pakistan.

The reply is not acceptable as no record was produced.

DAC on 19-01-12 directed to provide complete record within 15 days.

No progress was intimated till the finalization of this report.

3.3.3 Irregular exemption granted without obtaining declarations on the form CZ-50 - Rs 47.839 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, 08 banks granted exemption of Rs 47,839,034 to individuals without obtaining the declarations on form CZ-50 or submitted within one month before the valuation date. The non-deduction of Zakat from individuals resulted into less collection of Zakat Fund. Details of loss are given in **Annexure-13**.

Audit recommends that the amount of less deducted Zakat of Rs 47.839 million should be recovered from the individuals or the banks concerned and deposited into Zakat Fund under intimation to Audit.

No reply was received from the Managements of 04 banks and replies of other 03 banks were, in case of NBP Main Branch, The Mall Lahore on 24-11-2011 that the reported accounts and attested copies of CZ-50 of all reported accounts are available on branch record properly, in case of Slandered Chartered Bank, Garden Town Branch Lahore on 28-12-2011 that the requisite record of some companies was retrieved for verification, while the remaining documents were very old and we are trying our best to retrieve it and in case of National Saving Centre, Nazimabad IV Karachi on 16-01-2012 that due to many banks accounts of account holders, the original declaration is kept by only one bank, whereas attested copies are provided to remaining banks and in case of First Women Bank The Mall Branch Lahore, on 13-09-2011 has obtained attested copies and original declarations of clients pointed out.

The reply is not acceptable as no requisite record was produced.

DAC on 19-01-12 directed in case of Sr. 1,4,5 and 8 to recover the amount. The banks mentioned at Sr. No. 2,3,6 and 7 did not attend the meeting.

No progress was intimated till the finalization of this report.

3.3.4 Exemption granted to individuals on the grounds of ‘non-resident / non-muslims / Non-sahib-e-Nisab’ without providing any proof / affirmation - Rs 1.157 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.

In violation of above rules, Zakat amounting to Rs 1,156,679 was not deducted by 02 banks from accounts of individual during FY 2010-11 on the grounds of their status as Non-Pakistani / Non-Muslim / Non Sahib-e-Nisab, without completing the above requirements of Zakat Collection and Refund Rules 1981. The non-deduction of Zakat from individuals resulted into less collection of Zakat Fund. Details are given in **Annexure-14**.

Audit recommends that the amount of less deducted Zakat should be recovered from the individuals or banks concerned and deposited into Zakat Fund under intimation to Audit.

Management of Standard Chartered Bank, New Garden Town Lahore replied on 28-12-11 that all the accounts fall under non-muslim category. The other bank did not reply.

The reply is not acceptable as no requisite record was produced.

DAC on 19-01-12 directed to provide complete record within 15 days.

No progress was intimated till the finalization of this report.

3.3.5 Avoidance from deduction of Zakat by using banking Accounting System –Rs. 1.36 million

Under Serial No.01 of First Schedule of the Zakat & Ushr Ordinance 1980, Pay orders and Demand drafts are liable to be charged as Zakat on valuation date.

In violation of above, an amount of Rs 54,173,903 was drawn by 05 banks, from PLS accounts of 124 Account holders through Pay orders / Demand drafts under their own titles leaving a non-Zakat balance in their accounts as on valuation date i.e. 1st Ramazan-ul-Mubarak. The banks cancelled Pay orders and the balances were revived after valuation date. As the Pay orders / Demand drafts remained in the titles of the account holders concerned, making no cash / asset effect on the cash account

of the account holders hence they remained sahib-e-nisab on valuation date. Therefore Zakat amounting to Rs 1,359,526 was not deducted. The non-deduction of Zakat from individuals resulted into less collection of Zakat Fund. Detail is at **Annexure-15**.

Audit recommends that the amount of less Zakat deduction should be recovered and deposited to Zakat Fund. The transactions should be recorded properly after adopting the procedure of the demand drafts and pay orders.

Management of Standard Chartered Bank, New Garden Town Lahore on 28-12-11 and Askari Bank, The Mall Lahore on 10-01-2012 replied that the pay orders were issued on the request of accounts holders and in case of the NBP Main Branch Lahore it was replied on 22-11-11 that call deposits being current deposits were exempted from Zakat. The other banks did not reply.

The reply is not correct because the amount in question remained with the same bank under the control of the account holders. These amounts are covered under “similar accounts by what-so-ever name described” as referred in Serial No. 1 of First Schedule of Zakat and Ushr Ordinance.

DAC on 19-01-12 directed to refer the matter to Law and Finance Division for clarification.

No progress was intimated till the finalization of this report.

3.3.6 Non-deduction of Zakat on TDRs/FDRs – Rs 620,125

Para 6 of Chapter II regarding Zakat Collection, of Zakat Collection and Refund Rules 1981 describes the deduction of Zakat in respect of the assets mentioned at Serial No.03 of the First Schedule to the Ordinance and states that – (1) for recording the deductions in respect of the Fixed Deposit Receipts and Accounts, including those based on profit and loss sharing and similar receipts and accounts and certificates, by whatever name described, on which return is receivable by the asset holder periodically or is received earlier than the maturity or withdrawal, a ZCO shall maintain a separate folio for each quarter for each type of instrument handled by it under this classification, in the Zakat Deduction/Refund Register (Form CZ-02) and

fill in the necessary details at the time of payment of return or of encashment/redemption/withdrawal, as the case may be.

(2) For the assets belonging to this category where return becomes receivable by the asset holder on a certain date in a Zakat year but is not collected by him, Zakat shall nevertheless be deducted for each Zakat year involved as if the return had been collected by the asset holder when receivable by him. In case an asset or/and its return coupon is/are in the possession of the asset holder, Zakat shall be so deducted at the time either of these is presented to the ZCO.

In Allied Bank Limited, Allama Iqbal Town Lahore, 10 Term Deposit Receipts/Fixed Deposit Receipts were matured during the period 01.07.2010 to 30.06.2011 and Zakat amounting to Rs 620,125 was not deducted against these TDRs/FDRs in violation of the above rules. The non-deduction of Zakat from individuals resulted into less collection of Zakat Fund. Detail is given at **Annexure-16**.

Audit recommends that the amount of Zakat should be deducted on maturity and deposited to Zakat Fund.

No reply was received from the management.

No representative of Allied Bank Limited, Allama Iqbal Town Lahore attended the DAC meeting on 19-01-12.

ANNEXURES

Annexure-1

MFDAC Paras

1. Ministry of Religious Affairs, Zakat Cell, Islamabad

Para No.	Subject/Brief of Para	DAC Decision
2.	Non-listing of Zakat Collection Controlling Agencies (ZCCAs)	All the provincial Governments are demanding collection at provincial level. The Provincial Governments will allot codes thereafter
6.	Irregular payment of Zakat Fund under head natural calamities without supporting documents Rs 120.00 million	The powers of making rules and disbursement have been delegated to respective provinces. The istehqaq and disbursement may be verified at provincial level
7.	Nonmaintenance of record of un-spent balances Rs 6,458,723	Reference may be made to SBP for providing the details
8.	Non-compliance of DAC decisions	Efforts are being made to provide record to Audit for verification
10.	Non-conduct of Internal Audit.	The CFAO of Ministry may conduct the internal audit for the year 2010-11 under intimation to Audit

2. Cenar Hospital, Quetta

Para No.	Subject/Brief of Para	DAC Decision
1.	Irregular assignment of tender without following the provisions of PPRA-2004	No representative attended the meeting
4.	Irregular realization of fee from Zakat patients @ Rs 340	-do-
6.	Non-maintenance of stock register	-do-

3. Helper Eye Hospital, Quetta

Para No.	Subject/Brief of Para	DAC Decision
1.	Irregular charging of fee @ Rs 470 on Zakat indoor patients	No representative attended the meeting
5.	Irregular awarding of tenders to two suppliers amounting to Rs 2 million	-do-

4. Hayatabad Medical Complex, Peshawar

Para No.	Subject/Brief of Para	DAC Decision
1.	Irregular payment to Chief Executive of HMC on account of MRI/CT Scan/PCR – Rs 318,000	Amount may be recovered

5. Lady Reading Hospital, Peshawar

Para No.	Subject/Brief of Para	DAC Decision
2.	Treatment of patients on old /outdated PCRs Rs 141,120	Para kept pending on the instructions of Chairman DAC till he confirms the validity of old PCR from specialist
4.	Irregular purchase of over rated interferon injection for HVC patients amounting to Rs 94,380	Matter should be re-examined by HWC. Apparently, the injections have been purchased at higher rates. The Zakat money should be spent in a transparent manner to avoid any misappropriation.
8.	Out-dated medicines at store	The responsibility may be fixed

6. Khyber Teaching Hospital, Peshawar

Para No.	Subject/Brief of Para	DAC Decision
1.	Non-maintenance of stock register of free capsules received with Peg-interferon and Q-feron – Rs 9.78 million	The stock register of capsules received with Q-feron on prescribed format may be produced within 15 days
6.	Irregular issuance of hearing aid Rs 134,000	Entry of purchases may be got verified from Audit within 15 days
10.	Non-obtaining “by name approval” of cases exceeding the prescribed ceiling.	The matter may be got regularized from HWC under intimation to audit.

7. Bolan Medical Complex Hospital, Quetta

Para No.	Subject/Brief of Para	DAC Decision
1.	Irregular expenditure due to non-utilization of hospital, laboratory - Rs 232,679	No representative attended the meeting

2.	Irregular re-tendering - Rs 9 million	No representative attended the meeting
3.	Non-maintenance of stock register	-do-

8. Al-Shifa Trust Eye Hospital, Islamabad

Para No.	Subject/Brief of Para	DAC Decision
1.	Income Tax deducted from Zakat fund instead of suppliers of medicines	Calculations may be got verified from Audit

9. Cantonment General Hospital, Quetta

Para No.	Subject/Brief of Para	DAC Decision
2.	Irregular expenditure without availability of fund	No representative of hospital attended the meeting
3.	Non-realization of tender fee	-do-
5.	Non-compliance of the decisions of DACs	-do-
6.	Wastage of R.C.T material	-do-

10. Armed Forces Institute of Cardiology, Rawalpindi

Para No.	Subject/Brief of Para	DAC Decision
4.	Irregular acceptance of tender of more than one firm – Rs 22.25 million	Produce requisite record within 15 days
5.	Internal audit not conducted	Internal audit report may be shown to Audit

11. National Institute of Cardio Vascular Diseases, Karachi

Para No.	Subject/Brief of Para	DAC Decision
4.	Non-maintenance of stock register of medicines	Stock register duly completed will be got verified from Audit within 15 days
5.	Improper maintenance of resolution register	To overcome shortcomings and verify from Audit within 15 days
8.	Non-conduct of Internal Audit	Internal Audit report may be shown to Audit

12. DHQ, Faisalabad

Para No.	Subject/Brief of Para	DAC Decision
1.	Un-justified addition of medicines in doctors prescriptions - Rs 144,987	An inquiry should be held and fix responsibility within 15 days
3.	Overpayment to supplier amounting to Rs 63,490	-do-
4.	Issuance of excess dose of medicines to outdoor patients - Rs 353,747	-do-
5.	Unjustified payment on account of supplement/diet charges - Rs 32,865	If supplement / diet charges are also given from General Fund of Hospital then para is settled, otherwise recover the amount
6.	Doubtful acknowledgement of medicines- Rs 61,847	Referred to DZC whether medicines have been received by beneficiaries or not

13. Punjab Institute of Cardiology, Lahore

Para No.	Subject/Brief of Para	DAC Decision
1.	Irregular extension of Contract agreement for the year 2008-09	Responsibility may be fixed
4.	Modifications made by the suppliers after opening the tenders without permission of the procuring agency	Requisite record should be produced to Audit within 15 days otherwise responsibility may be fixed
6.	Internal Audit not conducted	Internal audit report may be provided to Audit
9.	Mis-utilization of Zakat fund amounting to Rs. 61,385 due to irregular extension in contract agreement	Recovery to be affected

14. Fountain House, Lahore

Para No.	Subject/Brief of Para	DAC Decision
1.	Bulk purchases in excess of maximum permissible limit of 60% of total Zakat fund - Rs 1,600,000	Get the record verified from Audit within 15 days
4.	Improper maintenance of cash book	Settled subject to verification of record by Audit within 15 days
5.	Internal Audit not conducted	Internal Audit report may be provided to Audit

15. Jinnah Post Graduate Medical Centre, Karachi

Para No.	Subject/Brief of Para	DAC Decision
4.	Internal Audit not conducted	Internal Audit report may be provided to Audit
5.	Non-production of bank Statement amounting to Rs 40,652	Provide record to Audit within 15 days
7.	Improper maintenance of cash book	Get the cash book verified from Audit within 15 days

16. Civil Hospital, Karachi

Para No.	Subject/Brief of Para	DAC Decision
1.	Improper maintenance of cash book	Get the record verified from Audit within 15 days
3.	Difference of Rs 472,234 due to non-reconciliation of Zakat fund account	-do-
4.	Procured medicines not verified by the pharmacist amounting to Rs 2,677,715	-do-

17. Kidney Centre, Karachi

Para No.	Subject/Brief of Para	DAC Decision
8.	Internal Audit not conducted	Internal Audit report may be shown to Audit
11.	Irregular operation of Zakat fund bank account of HWC by Chairman DZC	Change the account according to prescribed procedure and get it verified from Audit

18. Fatimid Foundation, Karachi

Para No.	Subject/Brief of Para	DAC Decision
4.	Irregular direct contracting with supplier/distributors	Settled subject to justification of complete costing to Audit within 15 days
7.	Improper maintenance of cash book	The shortcomings may be overcome and compliance shown to Audit within 15 days
8.	Improper maintenance of resolution register	-do-
9.	Non-maintenance of stock register of medicines	-do-

10.	Non-conduct of Internal Audit	Internal Audit report may be produced within 15 days
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19. Allied Hospital, Faisalabad

Para No.	Subject/Brief of Para	DAC Decision
4.	Over-payment to supplier - Rs 59,294	No replies were provided by hospital till DAC. The DAC directed to take action against MS of the hospital through Ministry of Health
5.	Unauthorized addition of medicines in doctor's prescriptions - Rs 58,578	-do-
6.	Excess payment to supplier due to charging higher rates - Rs 42,375	-do-
7.	Irregular payment on account of supplement charges - Rs 37,408	-do-
8.	Unauthorized issuance of medicines to indoor patients - Rs 3.546 million	-do-

20. National Institute of Child Health, Karachi

Para No.	Subject/Brief of Para	DAC Decision
5.	Improper maintenance of cash book	Get the cash book verified from Audit within 15 days
13.	Internal Audit not conducted	Request may be made to Provincial Zakat Administration to arrange Internal Audit
15.	Improper maintenance of resolution register by HWC	Get the record verified from Audit within 15 days
18.	Irregular payment of Rs 368,234 to contractors without issuance of supply order	Audit recommendations must be followed and if store is not available then necessary action must be taken
19.	Irregular subletting of contract of supply of medicine by the firm to other firm not qualified in the tender	Inquiry should be held within one month

21. Gulab Devi Chest Hospital, Lahore

Para No.	Subject/Brief of Para	DAC Decision
4.	Internal Audit not conducted	Internal Audit report may be produced to Audit within 15 days

22. Sheikh Zaid Hospital, Lahore

Para No.	Subject/Brief of Para	DAC Decision
1.	Internal Audit not conducted	Internal Audit may be conducted under intimation to Audit

23. Jinnah Hospital, Lahore

Para No.	Subject/Brief of Para	DAC Decision
2.	Unauthorized enhancement in the quantity of medicines - Rs 63,217	Get the requisite record verified from Audit within 15 days
4.	Improper maintenance of cash book	-do-
8.	Unauthorized nomination of member HWC (nominee of DZC)	Settled subject to rectification
14.	Non conduct of Internal Audit	Reminder to Chief Administrator office Punjab to conduct Internal Audit

24. Cantonment General Hospital, Peshawar

Para No.	Subject/Brief of Para	DAC Decision
3.	Improper maintenance of cash book	Get the record verified from Audit within 15 days
4.	Unauthorized expenditure on medical treatment to non-mustahiq patients – Rs 23,035	-do-
5.	Unauthorized cash payment to patients by supplier- Rs 46,975	Deposit the amount into CZF-08 under intimation to Audit
6.	Unjustified issuance of medicines prescribed by other/private hospitals, and wastage of Zakat fund - Rs 100,380	Stop the practice strictly in future otherwise recovery should be made from concerned if repeated again.
7.	Unjustified increase/overwriting of medicines amounting to Rs 6,622	The bills may be countersigned by MS, otherwise recovered the amount

25. Askari Bank, Bank Square, The Mall, Lahore

Para No.	Subject/Brief of Para	DAC Decision
1.	Declaration (CZ-50) not obtained on original stamp paper/true copy	According to prescribed format, the new declaration would be asked from clients
2.	Detail of asset/account number not mentioned in Declaration (CZ-50)	Actual amount may be sorted out and recovered
3.	Non-maintenance of register of Form CZ-02 (Zakat deduction/refund register)	May be got verified from Audit within 15 days

26. Allied Bank Limited, Kashmir Road Branch, Lahore

Para No.	Subject/Brief of Para	DAC Decision
4.	Detail of asset/account number not mentioned in Declaration (CZ-50) - Rs 53,421	Write to SBP to recover the amount
5.	Non-maintenance of register of Form CZ-02 (Zakat deduction/refund Register)	May be verified from Audit within 15 days

27. National Saving Centre, Nazimabad-V, Karachi

Para No.	Subject/Brief of Para	DAC Decision
1.	Unacknowledged receipts- Rs 2,134,423	No representative attended the meeting
3.	Improper maintenance of Form CZ-02 (Zakat deduction/refund register)	-do-
5.	Internal Audit not conducted.	-do-

28. National Bank of Pakistan, Main Branch, The Mall, Lahore

Para No.	Subject/Brief of Para	DAC Decision
3.	Exemption granted to non-muslims amounting to Rs 49,987	No representative attended the meeting
4.	Non-maintenance of Register of Form CZ-02 (Zakat deduction/refund register)	-do-

29. Habib Bank Limited, Tariq Road Branch, Karachi

Para No.	Subject/Brief of Para	DAC Decision
2.	Non-deduction of Zakat of Rs 4,472,696 from the account holders despite non-submission of declaration for exemption on CZ-50 within three months preceding the valuation date	No representative attended the meeting
3.	Unacknowledged receipts - Rs 808,976	-do-
4.	Non maintenance of register of Form CZ-02 (Zakat deduction/refund register)	-do-
5.	Internal Audit not conducted	-do-

30. MCB, Zamzama Branch, Karachi

Para No.	Subject/Brief of Para	DAC Decision
1.	Non production of record during audit	No representative attended the meeting
2.	Unacknowledged receipt - Rs 101,311	-do-
5.	Non maintenance of register of Form CZ-02 (Zakat deduction/refund register)	-do-
7.	Internal Audit not conducted	-do-

31. UBL, Electronic Market, Karachi

Para No.	Subject/Brief of Para	DAC Decision
2.	Unacknowledged receipt - Rs 400,162	No representative attended the meeting
5.	Non-maintenance of register of Form CZ-02 (Zakat deduction/refund register)	-do-
7.	Internal Audit not conducted	-do-

32. ABL, Allama Iqbal Town Branch, Lahore

Para No.	Subject/Brief of Para	DAC Decision
2.	Non maintenance of register of Form CZ-02	No representative attended the meeting
3.	Non maintenance of register of Form CZ-03	-do-

Annexure-2**Audit Impact Summary**

Sr. No.	Change in Rules/Systems/Procedures	Audit Impact
1	CZC approved to release Zakat fund of Rs 4.170 billion for flood affectees	Thousands of flood affectees were benefited from Zakat.
2	Devolution of powers to provinces after 18 th amendment	The PAOs of respective formations have been changed. The decentralization will facilitate the people at grass root level.
3	Hospitals issued instructions to deface the medicines issued to Zakat mustahiq patients	The defaced medicines could not be sold or used for any other purpose not covered under rules
4	Hospitals now started to provide complete course to HCV Zakat mustahiq patients	Full course resulted in complete treatment of patients

Annexure-3

Non-production of record

Sr. No.	Name of formation	Para No.	Title of record not produced	Year	Amount of record (Rs in million)
1.	Fatimid Foundation Karachi	16	Complete record	2003-08	26.678
2.	Al-Shifa Trust Eye Hospital, Rawalpindi	3 & 7	Tender documents, payment vouchers and stock register	2010-11	23.5
3.	Allied Hospital Faisalabad	1	Doctor's prescriptions and treatment charts of patients	2010-11	6
4.	DHQ Hospital Faisalabad	9	-do-	2010-11	5
5.	HWC KTH Peshawar	11	medical prescriptions and invoices / bills of medicines	2010-11	0.129
6.	Lady Reading Hospital (cardiology) Peshawar	5	Istehqaq certificates & patients treatment history charts	2010-11	2.41
7.	Lady Reading Hospital (General) Peshawar	1	Patients treatment history charts	2010-11	0.275
8.	NICVD Karachi	7	-do-	2010-11	0.743
				Total	64.735

Annexure-4

Purchase of medicines without open competitive bidding / tenders

Sr. No.	Name of Hospital	Para No. of AIR	Year	Amount (Rs in million)
1.	Fatimid Foundation, Karachi	5	2008-11	30
2.	NICH, Karachi	1	2010-11	0.32
3.	Kidney Centre, Karachi	1	2008-11	21
		Total		51.32

Annexure-5

Purchase of medicines through defective tender system

Sr. No.	Name of Hospital	Para No.	Amount (Rs in million)	Year	Irregularities occurred	Reply of management
1.	Jinnah Hospital, Lahore	5&6	12	2010-11	Tender not advertised on the Authority's website. Undated quotations were accepted, no prequalification certificates were obtained and tender was accepted without obtaining earnest money	Noted for future compliance
2.	Allied Hospital, Faisalabad	3	6	2010-11	Tender not advertised on the Authority's website. Also advertised in only one national daily Urdu newspaper, without prequalification certificates, comparative statements not authenticated by HWC and award of contract after negotiations with participants.	No reply received
3.	AFIC, Rawalpindi	6	3.72	2010-11	Award of contract to six suppliers and thereafter purchase on turn by turn basis (month wise).	No convincing reply was received
4.	CGH, Peshawar	1	1.38	2009-11	Tender advertised in only one national daily newspaper, without prequalification and Income Tax certificates, comparative statements not authenticated by HWC and no written	Only one Urdu newspaper was selected because cost of advertisement is high and we need a local area chemist for Zakat medicines

Sr. No.	Name of Hospital	Para No.	Amount (Rs in million)	Year	Irregularities occurred	Reply of management
					agreement on non-judicial bond paper was executed.	
5.	DHQ, Faisalabad	10	5	2010-11	Not advertised on PPRA web site, tender advertised in only one national daily newspaper, without prequalification certificates, comparative statements not authenticated by HWC and no written agreement on stamp paper was executed.	Procurement procedure was followed to obtain the most economical rates by fair healthy competition among suppliers. The tender was advertised through the DGPR Lahore and all codal formalities were fulfilled
6.	HMC, Peshawar	2	6	2010-11	Not advertised on PPRA web site	Noted for future compliance
7.	KTH, Peshawar	4	30	2010-11	Not advertised on PPRA web site and response time less than 15 days was provided	As per Govt. of KPK policy, the tender was sent to Director Information Govt. of KPK
8.	NICH, Karachi	3	11.65	2010-11	Not advertised on PPRA web site, advertised only in one daily newspaper, no prequalification & I.T certificates obtained, no earnest money was obtained and no written agreement on stamp paper was executed.	All the PPRA rules were followed and purchases were made strictly with complete tender requirements
9.	HWC Fountain House Lahore	2	4	2010-11	Not advertised on PPRA web site	Noted for future compliance
10.	PIC, Lahore	1	5.95	2009-10	Contract agreement	It is provided in

Sr. No.	Name of Hospital	Para No.	Amount (Rs in million)	Year	Irregularities occurred	Reply of management
					was extended for further 3 months	the rules that in case of non finalization of next year contract, previous year contract can be extended
11.	Kidney Centre, Karachi	7&12	30	2007-11	Not advertised on PPRA web site	The procurement has been made through import with an objective to ensure most economical procurement, which is the essence of PPRA guidelines
		Total	115.7			

Annexure-6

Expenditure without *istehqaq* / irregular *istehqaq*

Sr. No.	Name of Hospital	Para No. of AIR	Year	Amount (Rs)	Remarks	Reply of management
1	Jinnah Hospital, Lahore	7	2009-11	12,736,737	Istehqaq determined by HWC in emergency but no entry in emergency patients register found	Due to non-constitution of LZC's, Istehqaq were determined by HWC so that patients would not suffer.
2	NICVD, Karachi	2	2010-11	432,343	LZ-19 page No. missing on ishehqaq certificate	Patients were treated on emergency basis, so it was impossible to send them back to complete istehqaq certificates
3	Civil Hospital, Karachi	13	2010-11	289,937	Istehqaq not determined by the Local Zakat Committee of a mustahiq patient's area of residence	The istehqaq was determined by the LZC of mustahiq patient's area of temporary residence.
4	JPMC, Karachi	11	2010-11	294,821	-do-	The hospital ignored this for the welfare of needy patients. However noted for future compliance
5	Kidney Hospital Karachi	5		1,687,800	The istehqaq of each beneficiary was determined by more than one Local Zakat Committee	The hospital's Health Welfare Committee personally visits the residence of applicant to assess his/her financial position. Moreover the certificates were issued from different LZCs but these relate to same vicinity.
			Total	15,441,638		

Annexure-7

Non-refund of un-spent balance

S. No.	Name of HWC	Para No. of AIR	Closing Balance (Rs)	Reply of Management
1.	Civil Hospital Karachi	10	472,234	The amount has been refunded, copy of challan may be verified
2.	KTH Peshawar	2 and 3	12,830,548	In case of para 2, the amount is actually profit earned on PLS account, which is transferred to hepatitis fund. In case of para 3, no deadline for utilization was provided by Ministry
3.	LRH Peshawar	7	92,928	The balance was due to an un-presented cheque, which was cleared afterwards
		Total	13,395,710	

Annexure-8

Less deduction of income tax

Sr. No.	Name of formation	Year	Para No.	Amount less deducted (Rs)	Remarks	Reply of management
1.	AFIC, Rawalpindi	2010-11	3	69,763	Tax deducted @ 1 % instead of 3.5 %	Tax was already deposited at the time of import of products.
2.	Civil Hospital, Karachi	2010-11	12	22,725	Income tax deducted but not deposited	The bank has refused to accept manual income tax challan
3.	Hayatabad Medical Complex, Peshawar	2010-11	4	39,346	Tax deducted @ 1 % instead of 3.5 %	No reply has been received
4.	JPMC, Karachi	2010-11	6	549,061	Income tax deducted but not deposited	Due to mistake, the deducted amount of Income tax was utilized on the treatment of mustahiq patients
	-do-	2010-11	12	16,488	I. T on laboratory tests not deducted	The pointed out firms are exempted from Income Tax
5.	NICH, Karachi	2010-11	6	50,801	I.T not deducted	Exemption certificate will be shown to audit
6.	Fountain House, Lahore	2010-11	7	100,895	Tax deducted @ 1 % instead of 3.5 %	Tax consultant has been contacted to look into the matter
7.	Gulab Devi Chest Hospital, Lahore	2010-11	8	15,117	I.T not deducted	Advance Income Tax has already been paid at import stage under section 148 of the Income Tax Ordinance, 2001, which constitute full and final discharge of their tax liability.
8.	Kidney Centre, Karachi	2008-11	2	734,970	I.T less deducted	Being non-profit organization and holding valid exemption certificates, the hospital is exempted from withholding tax
9.	Cenar Hospital, Quetta	2009-10		19,971	I.T less deducted	No reply received
10.	PIC, Lahore	2008-11	10	1,890,000		The pharmacy is not profit oriented, it has been established for welfare of the patients. Being hospital unit it is tax exempted
			Total	3,509,137		

Annexure-9

Detail of loss due to acceptance of the next higher bid

KTH Peshawar

Sr. no.	Offer made by Ferozsons Laboratories (Rs)	Offer made by Nexter Pharma (Lowest) (Rs)	Difference (Rs)	Total injections purchased	Loss to Zakat Fund (Rs)
1	7,025	6,600	425	1,474	626,450

Fountain House Lahore

S#	Particulars of Medicine	Name of firm offered Lowest rate	Rate offered (Rs)	Tender award to the firm	Rate offered (Rs)	Difference in rate (Rs)	Quantity Purchased	Loss (Rs)
1.	Divalproex Sodium 250 mg	M/s Vertex Pharma	1.75	M/s Genetics Pharma	2.00	0.25	130,000	32,500
2.	Domperidone 10 mg	M/s Sharooq Pharma	1.46	M/s Werrick Pharma	1.50	0.04	500	20
3.	Olanzapine	M/s Vertex Pharma	3.5	M/s Genetics Pharma	4.00	0.50	46,250	23,125
4.	Quetiapine 100mg	M/s Shazoo Pharma	8	M/s A'raf Pharma	12.00	4.00	33,000	132,000
5.	Quetiapine 25mg	M/s Shazoo Pharma	4	M/s A'raf Pharma	6.00	2.00	2,550	5,100
6.	Rabiprozole sodium 20mg	M/s Genetics Pharma -	9.68	M/s Amarant Pharma	10.00	0.32	6,500	2,080
7.	Respridone 2mg	M/s Vertex Pharma	5	M/s Amarant Pharma	8.00	3.00	69,300	207,900
8.	Topiramate 25mg	M/s Shazoo Pharma	4	M/s Vertex Pharma	5.00	1.00	13,200	13,200
9.	Zeprasideone 20mg	M/s Sharooq Pharma	11.49	M/s Amarant Pharma	12.00	0.51	10,600	5,406
10.	Zeprasideone 40mg	M/s Sharooq Pharma	13.39	M/s Genetics Pharma	16.00	2.61	3,500	9,135
							Total	430,466

Annexure-10**Unauthorized issuance of medicines on doctor's bogus prescriptions**

S.No	Patient Name	Inv. No	Date	Amount (Rs.)
1	Asif	2841	25/4/2011	1,659
2	Shazia	2842	25/4/2011	1,743
3	Talib Hussain	2843	25/4/2011	1,763
4	Waqas	2845	25/4/2011	1,730
5	Shoaib	2846	25/4/2011	1,730
6	Yasmin	2847	25/4/2011	1,965
7	Mumtaz Begum	2855	25/4/2011	1,803
8	Misbah	2856	25/4/2011	1,596
9	Sajjad Hussain	2860	25/4/2011	1,966
10	Babera Bibi	2863	25/4/2011	1,935
11	Dulhan Bibi	2864	25/4/2011	1,877
12	Gulzar Bibi	2865	25/4/2011	1,825
13	Nasrin Bibi	2867	25/4/2011	1,983
14	Mumtaz Akhter	2868	25/4/2011	1,645
15	Haider	2869	25/4/2011	1,949
16	Hidayat Bibi	2870	25/4/2011	1,833
17	Naseem Bibi	2871	25/4/2011	1,942
18	Ghulam Khatim	2872	25/4/2011	1,972
19	Abdul Shakur	2874	25/4/2011	1,819
20	Muhammad Akram	2804	23/4/2011	1,853
21	Shakil Bibi	2873	25/4/2011	1,998
22	Shehzad	2805	23/4/2011	1,976
23	Abdul Majeed	2806	23/4/2011	1,959
24	Shenaz Bibi	2812	23/4/2011	1,877
25	Ruhana Kousar	2814	23/4/2011	1,943
26	Balqis Begum	2816	23/4/2011	1,992
27	Muhammad Yaqob	2818	23/4/2011	1,992
28	Zahida Parven	2820	23/4/2011	1,998
29	Sultan Ali	2822	23/4/2011	1,998
30	Irshad Bibi	2824	23/4/2011	1,853
31	Javed Iqbal	2825	23/4/2011	1,934
32	Balqis Bibi	2826	23/4/2011	2,826
33	Kousar Bibi	2827	23/4/2011	1,825
34	Nighat Yasmin	2828	23/4/2011	1,975
35	Tahira Parveen	2829	23/4/2011	1,977
36	Ramzan Bibi	2830	23/4/2011	1,794
37	Farkhanda Yasmin	2833	23/4/2011	1,725
38	Saleem Akhter	2835	23/4/2011	1,883
39	Razia Bibi	2839	23/4/2011	1,958
40	Shogran Bibi	2969	30/4/2011	1,814

41	Muhammad Naeem	2971	30/4/2011	1,334
42	Raisa	2972	30/4/2011	1,773
43	Zubaida Bibi	2973	30/4/2011	1,984
44	Zahida Parven	2974	30/4/2011	1,998
45	Muhammad Yaqob	2976	30/4/2011	1,992
46	Balqis Bibi	2977	30/4/2011	1,745
47	Nazia	2978	30/4/2011	1,975
48	Azra Bibi	2979	30/4/2011	1,420
49	Ruhana Kousar	2980	30/4/2011	1,943
50	Muhammad Shehzad	2981	30/4/2011	1,976
51	Balqis Begum	2982	30/4/2011	1,992
52	Muhammad Akram	2983	30/4/2011	836
53	Fateh Bibi	2984	30/4/2011	1,959
54	Tariq Mehmood	2985	30/4/2011	1,426
55	Safra Bibi	2986	30/4/2011	1,974
56	Inam Ullah	2987	30/4/2011	1,978
57	Ahmad Raza	2988	30/4/2011	1,338
58	Rehmat Din	2986	30/4/2011	1,938
59	Saleem Akhter	2990	30/4/2011	1,518
60	Muhammad Ilyas	2991	30/4/2011	1,967
61	Rasheed	2992	30/4/2011	1,349
62	Iram Shehzadi	2993	30/4/2011	1,982
63	Shagufta Bibi	2994	30/4/2011	1,736
64	Razia Bibi	2995	30/4/2011	1,477
65	Rehmat Din	2639	16/4/2011	1,938
66	Muhammad Ilyas	1641	16/4/2011	1,967
67	Balqis Bibi	2642	16/4/2011	1,868
68	Zahida Parven	2643	16/4/2011	1,998
69	Ruhana Kousar	2645	16/4/2011	1,943
70	Jamil Ahmad	2646	16/4/2011	1,033
71	Balqis Begum	2647	16/4/2011	1,992
72	Javed Iqbal	2648	16/4/2011	1,718
73	Muhammad Yaqob	2649	16/4/2011	1,992
74	Razia Bibi	2652	16/4/2011	1,958
75	Majida Bibi	2655	16/4/2011	1,783
76	Muhammad Shehzad	2657	16/4/2011	1,640
77	Razia Bibi	2658	16/4/2011	1,691
78	Farukh Qadir	2659	16/4/2011	1,971
79	Shafqat	2657	26/4/2011	1,887
80	Abdul Ghafar	2876	26/4/2011	1,939
81	Khalid Mehmood	2877	26/4/2011	1,681
82	Iqbal Begum	2878	26/4/2011	1,904
83	Sakina Bibi	2879	26/4/2011	1,543

84	Shakra Bibi	2880	26/4/2011	1,883
85	Khatem Bibi	2881	26/4/2011	1,768
86	Sumaira	2882	26/4/2011	1,935
87	Manzoor	2883	26/4/2011	1,712
88	Zainab Bibi	2884	26/4/2011	1,966
89	Naseem Akhter	2885	26/4/2011	1,704
90	Sarwar Tariq	2886	26/4/2011	1,871
91	Khatija	2887	26/4/2011	1,645
92		2408 to 2432	6 / 4 / 2011	39,699
93		2357 to 2369	4 / 4 / 2011	16,301
94		2779 to 2502	9 / 4 / 2011	19,364
95		2434 to 2452	7 / 4 / 2011	17,671
96		304 to 310	29 / 9 / 2011	10,097
97		1756 to 1763	25 / 2 / 2011	15,467
98		1612 to 1626	17 / 2 / 2011	14,640
99		1580 to 1592	14 / 2 / 2011	24,393
100		1696 to 1707	22 / 2 / 2011	21,609
101		2889 to 2908	26 / 4 / 2011	36,974
102		1634 to 1643	18 / 2 / 2011	18,945
103		1669 to 1687	21 / 2 / 2011	36,031
104		1564 to 1579	12 / 2 / 2011	30,389
105		2561 to 2594	13 / 4 / 2011	52,409
106		2333 to 2352	2 / 4 / 2011	15,440
107		2938 to 2962	28 / 4 / 2011	25,856
108		2624 to 2633	15 / 4 / 2011	15,118
109		2910 to 2937	27 / 4 / 2011	48,274
			Total	625,102

Annexure-11

Non-production of record

Sr. No.	Name of formation	Para No. of AIR	Detail of record not produced	Date of requisition
1	HBL Tariq Road, Karachi	1	Exemption certificates (CZ-50) of 415 accounts holders	27-10-2011 and 10-09-2011
2	MCB Zamzama Branch, Karachi	1	Exemption certificates (CZ-50) of 600 accounts holders	27-10-11 and 3-10-2011
3	Standard Chartered Bank New Garden Town, Lahore	7	Detail of pay orders prepared and cancelled during FY 2010-11	15-08-2011

Annexure-12

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

Sr. No.	Name of Bank	No. of Accounts	Para No. of AIR	Year	Zakat not Deducted (Rs)
1.	Standard Chartered Bank Garden Town Branch, Lahore	9	3	2010-11	10,534,826
2.	ABL Allama Iqbal Town, Lahore	15	5	-do-	438,241
3.	NBP Main Branch The Mall, Lahore	64	5	-do-	6,141,107
4.	Askari Bank, bank Square The Mall, Lahore	6	5	-do-	27,314,293
				Total	44,428,467

Annexure-13

Exemption granted without obtaining declaration on form CZ-50

Sr. No.	Name of Zakat Deducting Agency	Para No. of AIR	Amount of Zakat exempted (Rs)	Remarks
1	ABL Kashmir Road Branch Lahore	2	11,357,080	Declaration on Form CZ-50 not obtained
	-do-	1	483,601	Acceptance of photocopy instead of "an attested true copy"
2	MCB Zamzama Branch Karachi	4	5,690,278	Declaration on Form CZ-50 not obtained
3	NBP Main Branch The Mall Lahore	7	7,169,899	-do-
	-do-	6	266,190	Acceptance of photocopy instead of "an attested true copy"
4	Standard Chartered Bank Garden Town Branch Lahore	5	19,680,086	-do-
5	Askari bank Bank square The mall Lahore	1	3,111,727	Acceptance of photocopies of 30 accounts holders instead of "an attested true copy"
	-do-	4	13,344	Acceptance of declaration within one month before valuation date
6	UBL Electronic Market Sadar Karachi	3	-	Acceptance of photocopies of 30 accounts holders instead of "an attested true copy"
7	NSC Nazimabad IV Karachi	2	-	Acceptance of photocopies of 40 accounts holders instead of "an attested true copy"
8	First Women Bank The mall Lahore	1	66,829	-do-
		Total	47,839,034	

Annexure-14

Exemption granted on the grounds of 'non-resident / non-muslims / non-sahib-e-nisab' / individuals accounts treated as companies accounts

Sr. No.	Name of Bank	Para No. of AIR	Amount of Zakat not deducted (Rs)	Violation
1.	ABL Allama Iqbal Town Lahore	6	260,655	Individuals accounts treated as companies accounts
2.	Standard Chartered Bank Garden Town Branch Lahore	2	311,357	Non-deduction of Zakat by declaring as non-sahib-e-nisab and foreign currency conversion account.
	-do-	4	584,667	Non-deduction of Zakat by declaring as non-muslim / non-resident without any proof
		Total	1,156,679	

Annexure-15

Detail of pay orders/CDRs issued before valuation date & cancelled after valuation date

Sr. No.	Name of Bank	Para No.	No. of Accounts	Amount involved (Rs)	Zakat @ 2.5% avoided (Rs)
1	ABL Kashmir Road Branch Lahore	3	75	27,764,037	694,100
2	ABL Allama Iqbal Town Lahore	4	18	4,791,000	124,954
3	NBP Main Branch Lahore	2	03	904,000	22,600
4	Standard Chartered Bank Garden Town Branch Lahore	6	18	16,586,064	414,652
5	Askari bank Bank Square The Mall Lahore	6	10	4,128,802	103,220
		Total	124	54,173,903	1,359,526

Annexure- 16**Detail of non-deduction of Zakat on TDRs/FDRs**

S. No.	Title of Account	Account No.	Date of Maturity	Balance on Maturity (Rs)	Zakat @ 2.5% (Rs)
1.	Pervaiz Mahmood Malik	01-236-0058-2	25.01.2011	250,000	6,250
2.	-do-	01-236-0069-5	09.03.2011	200,000	5,000
3.	Muntazir Mehdi	01-236-0077-5	14.04.2011	10,000,000	250,000
4.	-do-	01-236-0078-6	14.04.2011	500,000	12,500
5.	Naeem Latif	01-236-0084-4	26.07.2011	700,000	17,500
6.	Rehana Hamid	01-237-0041-8	10.08.2010	1,000,000	25,000
7.	Kabr un Nisa	01-237-0062-3	17.05.2011	700,000	17,500
8.	Nagina Begum	01-240-0348-5	11.08.2010	1,000,000	25,000
9.	Muhammad Faqooqi	01-240-0349-6	11.08.2010	100,000	2,500
10.	Ch. Jan Muhammad	01-240-0351-0	17.08.2010	10,355,000	258,875
	Total:				620,125