

AUDIT REPORT

ON THE ACCOUNTS OF DEFENCE SERVICES

AUDIT YEAR 2019-20

AUDITOR-GENERAL OF PAKISTAN

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PREFACE

According to Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance 2001, the Auditor General of Pakistan conducts audit of budgetary grants of the Defence Services.

The Directorates General of Audit Defence Services (North and South) conducted Compliance Audit on the accounts of Defence Services for the financial year 2018-19 with the view to report significant findings to the relevant stakeholders. The Audit assessed, on test check basis whether the management complied with applicable laws, rules and regulations in managing the resources in line with principles of economy, efficiency and effectiveness. This Audit Report indicates certain recommendations that, if taken, will help the management to improve financial discipline. Majority of the audit findings included in this report have also been discussed in DAC meetings.

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

(Javaid Jehangir)
Auditor-General of Pakistan

Dated: 2020

ABBREVIATIONS AND ACRONYMS

ACAS	Assistant Chief Air Staff
ACE	Additional Chief Engineer
ACW	Annual Capital Works
AFDP	Armed Forces Development Programme
AFI	Air Force Instruction
AFNS	Armed Forces Nursing Services
AFOHS	Air Force Officers Housing Scheme
AG	Accountant General
AGE	Assistant Garrison Engineer
AGP	Auditor General of Pakistan
AHQ	Air Headquarters
AMF	Aircraft Manufacturing Factory
AOC	Air Officer Commanding
ARV	Annual Rental Value
ASC	Army Services Corps
ASID	Army Stores Inspection Depot
ASRF	Advance System Rebuild Factory
ATG	Annual Training Grant
AWACS	Airborne Warning and Control System
BA Fee	Building Application Fee
BG	Bank Guarantee
BMP Dte	Budget Marketing and Procurement Directorate
BOO	Board of Officers
BOQ	Bachelor Officer Quarter
BoQ	Bill of Quantity
BRAC	Bholari Residential Area Contract
BTAC	Bholari Technical Area Contract
BTS	Base Trans-receiver Station
BTU	British Thermal Unit
C&SC	Command & Staff College
CA	Contract Agreement

CBC	Cantonment Board Clifton
CBI	Cash Book Item
CBR	Cantonment Board Resolution
CBs	Cantonment Boards
CDR	Cash Deposit Receipt
CEME	Commander Electrical & Mechanical Engineering
CEO	Cantonment Executive Officer
CFA	Competent Financial Authority
CIF	Cost Insurance and Freight
CIMLA	Cantonment Institute of Municipal and Land Administration
CLAR	Cantonment Lands Administration Rules
CLS	Chief of Logistics Staff
CMA	Controller of Military Accounts
CMES	Commander Military Engineering Services
CMH	Combined Military Hospital
CNA	Controller of Naval Accounts
CO	Commanding Officer
CNS	Chief of Naval Staff
CNE	Civilian Non-Entitled
COD	Central Ordnance Depot
COMCEP	Commander Central Punjab
COMCOAST	Commander Coastal Areas
COMKAR	Commander Karachi
COMLOG	Commander Logistics
COMNOR	Commander North
COMPAK	Commander Pakistan
COMSAT	College of Management Sciences and Technology
CP Dte	Civilian Personnel Directorate
CPD	Chief Project Director
CRV	Certificate Receipt Voucher
CST	Comparative Statement
DAC	Departmental Accounts Committee

DBA	Director Budget Accounts
DCAS	Deputy Chief of Air Staff
DCI	Defence Complex Islamabad
DCNS	Deputy Chief of Naval Staff
DG DP	Directorate General Defence Purchase
DG RV&F	Director General Remount Veterinary and Farms
DGMP	Directorate General Munitions Production
DGP (Army)	Directorate General Procurement (Army)
DGW&CE	Director General Works & Chief Engineer
DHA	Defence Housing Authority
DMA	Daily Messing Allowance
DO	Deviation Order
DOHS	Defence Officers Housing Scheme
DP	Draft Para
DP (Air / Navy)	Directorate Procurement (Air / Navy)
DP Establishment	Defence Production Establishment
DRS	Daily Receipt Statement
DRTS	Damage Repair Training Simulator
DSAS 2000	Defence Services Accommodation Scales 2000
DSR	Defence Services Regulations
DW&CE	Director Works & Chief Engineer
EDO	Executive District Officer
E-in-C	Engineer-in-Chief
EME	Electrical and Mechanical Engineering
Engr.	Engineer
ESD	Engineering Stores Depot
FA	Financial Advisor
FAM	Financial Audit Manual
FAT	Functional Acceptance Tests
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FIA	Federal Investigation Agency
FOB	Free on Board
FOR	Free on Rail

FOST	Flag Officer Sea Training
FR	Financial Regulations
FTO	Federal Treasury Office
FWO	Frontier Works Organization
GE	Garrison Engineer
GHQ	General Headquarters
GSR	General Staff Requirements
GST	General Sales Tax
HEC	Higher Education Commission
HESCO	Hyderabad Electric Supply Company
HIT	Heavy Industries Taxila
HMT	Heavy Mechanical Transport
HQ SC	Headquarter Southern Command
HRA	House Rent Allowance
HRF (T)	Heavy Rebuilt Factory (Tank)
HSR	Hospital Stoppage Receipts
HULS	Hand Upper Limb Surgery
IE&I	Institute of Electronics and Instruments
INTOSAI	International Organization of Supreme Audit Institutions
ISPR	Inter Services Public Relations
IT	Invitation of Tender
JCOs	Junior Commissioned Officers
JDs	Job Description
JSHQ	Joint Staff Headquarters
JSI	Joint Services Instruction
KARF	Kamra Avionics and Radar Factory
KBCA	Karachi Building Control Authority
KCB	Karachi Cantonment Board
KDA	Karachi Development Authority
KW&SB	Karachi Water & Sewerage Board
KV	Kilo Volts
LAC	Land Acquisition Collector
LC	Letter of Credit / Local Currency
LD	Liquidated Damages

LOC	Line of Control
LP	Local Purchase
LPO	Local Purchase Order
LS	Logistic Support
LUMS	Lahore University of Management Sciences
MAG	Military Accountant General
Mef DAC	Memorandum for Departmental Accounts Committee
MEO	Military Estate Office
MER	Monthly Expenditure Return
MES	Military Engineering Services
MH	Military Hospital
MIS	Management Information System
ML&C	Military Lands and Cantonments
MOD	Ministry of Defence
MODP	Ministry of Defence Production
MOL	Memorandum of Law
MOQs	Married Officer Quarters
MRF	Mirage Rebuild Factory
MRI	Magnetic Resonance Imaging
MTBF	Medium Term Budgetary Framework
NAB	National Accountability Bureau
NAM	New Accounting Model
NHQ	Naval Headquarters
NHS	Naval Housing Scheme
NIV	Not in Vocabulary
NLC	National Logistics Cell
NLI	Northern Light Infantry
NOC	No Objection Certificate
NUST	National University of Science and Technology
OC	Officer Commanding
OEM	Original Equipment Manufacturer
OJT	On Job Training
OPD	Outdoor Patient Department
PA Dte	Personnel Administration Directorate

PAC	Pakistan Aeronautical Complex
PAF	Pakistan Air Force
PAFW	Pakistan Armed Forces Form of Works
PAO	Principal Accounting Officer
PBG	Performance Bank Guarantee
PC	Peshawar Command
PEC	Pakistan Engineering Council
PESCO	Peshawar Electric Supply Company
PNAD	Pakistan Naval Ammunition Depot
PNMSD	Pakistan Navy Medical Supply Depot
PNS	Pakistan Navy Ship
PPRA	Public Procurement Regulatory Authority
PTDC	Pakistan Tourism and Development Corporation
QCC	Quality Control Committee
QMG	Quarter Master General
R&E	Risk and Expense
RAR	Running Account Receipt
RC	Rawalpindi Command
RDS	Remote Data Station
RHQ	Regional Headquarter
RO	Reverse Osmosis
RSPA	Revised System of Pay & Accounting
RTLT	Repair Through Local Trade
RV&F	Remount Veterinary and Farms
SADA	Special Army Development Account
SAR	Special Audit Report
SBP	State Bank of Pakistan
SCR	Surveillance Counter Reporting
SECP	Securities and Exchange Commission of Pakistan
SI&T	School of Infantry & Tactics
SMA	Special Messing Allowance
SOP	Standing Operating Procedure
SRB	Sindh Revenue Board

SRO	Statutory Regulatory Order
SSD	Station Supply Depot
SSGC	Sui Southern Gas Company
STA	Special Transfer Account
TC / DC	Term Contract / Decoration Contract
TESCO	Tribal Electric Supply Company
TIP	Transfer of Immovable Property
TO&E	Table of Organization and Equipment
TR	Treasury Receipt
UA	Unit Accountant
UNRA	United Nations Reimbursement Account
VO	Variation Order
VOQ	Visiting Officers Quarter
VSD	Victualling Supply Depot
WAPDA	Water and Power Development Authority

EXECUTIVE SUMMARY

The Directorates General of Audit Defence Services (North and South) are the Field Audit Offices (FAOs) of the Department of Auditor-General of Pakistan and conduct audit of budgetary grants of Defence Services (except Pakistan Ordnance Factories), administered by Ministry of Defence (MoD) and Ministry of Defence Production (MoDP). Audit of accounts of other allocations made to Defence Services like Special Transfer Account, United Nations Reimbursement Account and Defence Pension is also conducted by these FAOs. Moreover, audit of the Federal Government Education Institutions (FGEI) under the Ministry of Defence with their budget allocation from civil grant is also within mandate of these FAOs. Besides, these FAOs conduct audit of Military Lands and Cantonments (ML&C) Department, National University of Science and Technology (NUST) and Frontier Works Organization (FWO).[1]

The jurisdiction of Directorates General Audit Defence Services (North & South) is defined on geographical basis. DGADS (N) conducts audit of formations located in Punjab, Khyber Pakhtunkhwa, Azad Jammu & Kashmir, and Gilgit Baltistan. The formations situated in Sindh and Balochistan are audited by DGADS (S). During (2019-2020), DGADS (North & South) conducted audit of 353 formations of MoD and 27 formations of MoDP.

This audit report highlights issues like non-production of record to Audit, mis-procurement of goods and services, advance payments, un-authorized use of military lands, non-recovery of House Rent Allowance (HRA), weak internal controls, non-observance of codal formalities under

[1]FWO used to be a refusing entity in terms of audit by the Auditor General of Pakistan. In current audit year, DGADS (N) has started audit for the projects executed by FWO during last ten years. The audit findings relating to FWO audit will form part of next year's Audit Report (2020-21).

[2]Special Accounts include Special Transfer Account (Al-Mizan) opened w.e.f 30th November, 2004 and United

rules / delegated financial powers, contractual deviations and un-authorized use of Al-Mizan[2] and, UNRA etc.

Draft paras listed in the Annexure-I & II of this report will be pursued at DAC level. However, all cases in Annexure-I & II where appropriate action is not forthcoming from the relevant Ministry, the Audit observation will be reported to the Public Accounts Committee through the next year's Audit Report.

a. Scope and objectives of Audit

DGADS (North & South) is mandated to conduct audit of 3882 formations working under 2 Principal Accounting Officers (PAO) / Ministries. Total expenditure and receipts of these formations were Rs.1,521.725 billion and Rs. 45.161 billion[3] respectively for the financial year 2018-19.

Audit coverage relating to expenditure for the current audit year (2019-20) comprises 412 formations of 2 PAOs / Ministries having a total expenditure of Rs.603.085 billion for the financial year 2018-19. In terms of percentage, the audit coverage for expenditure is 39.63% of auditable expenditure.

Audit coverage of receipts for the current audit year comprises 27 formations of 2 PAOs / Ministries having a total receipt of Rs. 28.347 billion for the financial year 2018-19. In terms of percentage, the audit coverage for receipt is 62.77% of auditable receipts.

This audit report also includes audit observations resulting from the audit of:

[2]Special Accounts include Special Transfer Account (Al-Mizan) opened w.e.f 30th November, 2004 and United Nations Reimbursement Account opened w.e.f. 27th November, 2004.

[3]The Defence Services receipts include rent of building & furniture, government share of CNE patients, utility charges, sale of government property and auction of unserviceable store etc. The Cantonment Boards being an autonomous and self-financing entity also generate receipts on an account of sale of plots, property tax, municipal tax etc. However, these receipts do not form part of Defence Services Receipts and are not reflected in the All Pakistan Compilation Report.

1. Expenditure of Rs. 819.484 billion and receipts of Rs.15.973 billion for the financial year 2017-18 pertaining to 232 formations of two PAOs / Ministries.
2. Expenditure of Rs.906.906 billion and receipts of Rs.2.334 billion pertaining to pervious financial years.

In addition to this compliance audit report, DGADS (North & South) conducted one Financial Attest Audit[4], four Special Audits[5] and, two Special Studies.[6] Audit reports of these audits are being published separately.

b. Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs.41,055.849 million SEK.75.00 million, US$ 14.918 million and Euro 5.578 million was pointed out in this report. Recovery effected from January to December 2019 was Rs.2,689.252 million, US$ 4.747 million and Euro 0.122 million which was verified by audit.

c. Audit Methodology

The annual audit plan was framed and implemented as per prescribed guidelines of the office of the Auditor General of Pakistan. The activities, workflows, procedures and internal controls of audited organizations were reviewed for identifying risk areas of irregularities. Accordingly, a formation-wise audit strategy was devised for audit scrutiny. Remaining within available resources, the audit was conducted on a test-check basis with emphasis on risk areas of high monetary value. This office planned audit of 412 formations out of a total of 3882 formations due to financial and human resource constraints. Budget

[4]Financial Attest Audit of Appropriation Accounts of the Defence Services for the Financial Year 2018-19.
[5]Special Audit of DEPO Islamabad, Development of Private Housing Societies in four Cantonment Boards, two VVIP Gulf Stream Aircrafts AHQ and , Water Distribution at Rawalpindi Cantonment & Chaklala Khanpur Dam Project Phase-III.
[6]Special Study of DCI Islamabad, Commercial activities on A-I Land by HQr 1, 10 and 11 Corps.

allocation, actual expenditure and account reconciliation of each audited unit was assessed as far as possible within the system in vogue because system-based spending-level detailed head-wise allocation as documented on civil side was not available.

d. Audit Impact

The audit exercise is always valued and appreciated by the Defence Services. Defence Audit has been able to form an impact on strengthening of internal controls in Defence entities. As a result of audit findings, the executive agreed to revise the following policy matters: -

i. FWO, which used to be a refusing entity since inception, has agreed for statutory audit. Compliance with Authority Audit of all projects executed by FWO within last 10 years has been started.

ii. PAF has agreed for audit of all the commercial activities being carried out by Welfare Directorate of Air HQr Islamabad.

iii. Unauthorized use of residential buildings for commercial purposes in cantonment areas have been highlighted with the purpose of enforcement of zoning regulations.

iv. The violations of Public Procurement Rules reported by Audit have been taken seriously by PAOs and an inquiry has been ordered to fix responsibility in each case.

v. Advance payments in Defence Procurement have been reported and the PAOs have been requested to devise a policy in this regard.

vi. The practice of collecting security charges from CNE patients in hospitals have been stopped upon objection by the Audit. Furthermore, issues regarding distribution of profit on CNE fund and recovery of cost of Government store have been highlighted and the MoD has agreed to address these issues.

vii. The audit has reported unauthorized use of Special Transfer Account (Al-Mizan) and UNRA and the PAOs have been asked to regularize the expenditure from the Competent forum.

viii. The procedure for verification of bank guarantees of procurement contracts is being revised by the executive due to audit observations relating to non-confirmation and provision of fake documents. As per revised procedure, verification will be carried out through regional offices of banks instead of concerned branches.

ix. In line with the instructions of the office of the Auditor General of Pakistan, frequent DAC meetings have been conducted to clear the pending workload.[7]

e. Comments on Internal Controls and Internal Audit

i. An elaborate structure comprising rules, regulations and procedures specifying internal checks regarding procurements, HR payments, inventory management and receipts is available in entities under MoD, MoDP and MAG. Controllers Local Audit conduct internal audit of Defence Services.

ii. There is no internal audit structure available in Cantonment Boards.

iii. Defence services receive a single line budgetary grant. CMA-wise budget allocation is not available. Moreover, detailed head-wise spending level budget is not made for all heads of Accounts, which resulted in excess expenditure to the tune of Rs. 44.612 billion.

iv. System-based non-availability of data, unlike civil audit side, continues to be a hindrance for Defence Audit.

[7]MoD arranged 20 DAC meetings, whereas 4 meetings were arranged by MoDP.

v. PAF and PAC Kamra follow imprest-based post-audit and accounting under AFI 42/57 in departure of Financial Regulations 1986.

vi. As a result of gradual IT interventions in Defence Services, forms and procedures have undergone revisions without due approval from the AGP.

vii. Internal controls on databases such as payroll master data, inventory, pension etc. as well as internal audit, including IT audit, is required to be established.

viii. There is no formal mechanism to reconcile MAG's monthly expenditure figures with the executive, which raises questions on correctness of accounting reports.

ix. Decentralization of data management by the MAG to CMAs is without development of quality assurance mechanism at both ends.

x. System based transfer of accounting data from CMAs to MAG for consolidation and reporting, is presently on parallel run with the paper centric legacy system of punching media. An authentic quality control system at CMA, MAG and CLA levels should be in place before full abandonment of legacy system.

xi. Formal conveying of sanction of expenditure with full particulars of each transaction along with details of budget, entity and authority to CMA concerned should be put in place in the whole Defence Services in line with civil practices.

xii. Consolidation of payments to reduce number of cheques in CMAs lacks maturity, wherever done which is in departure of usual workflow of PMAD by disengaging it with PMAD HR and their respective JDs.

f. The key audit findings of the Report[8]

i. Public Financial Management Issues of Rs.39,654.193 million in 6 Paras[9] of Management Letter.

ii. Non-production of Auditable Record of Rs.626.926 million in 12 DPs contained in 5 Paras.[10]

iii. HR / Employees related irregularities of Rs.39.400 million in 2 DPs contained in 1 Para.[11]

iv. Procurement related irregularities of Rs.8,797.874 million in 42 DPs contained in 6 Paras.[12]

v. Management of accounts with commercial banks in 1 DP contained in 1 Para.[13]

vi. Irregular / Unauthorized Expenditure of Rs.35,304.267 million and US$ 15.778 million in 110 DPs contained in 7 Paras.[14]

vii. Recoverables / Overpayments of Rs.24,370.025 million and US$ 0.937 million in 141 DPs contained in 7 Paras.[15]

viii. Loss to State valuing Rs.21,781.146 million and SEK 50.00 million in 31 DPs contained in 6 Paras.[16]

g. Recommendations

i. The PAO should issue instructions to produce the auditable documents to the audit teams during Audit to avoid the reported cases of non-production of auditable record.

ii. Public Procurement Rules and Instructions contained in Defence Purchase Procedure & Instructions (DPP&I)

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[8] Total amount of key audit findings is Rs.90,919.638 million, SEK 50.00 million and US$ 16.715 million. Whereas, Draft Paras amounting to Rs.71,985.310 million, US$ 39.538 million, SEK 44.74 million and Euro 6.426 million are included in Mef DAC.

[9] 1.2.1, 1.2.2, 1.2.3, 1.2.4, 1.2.5, 1.2.6

[10] 2.5, 2.10, 2.19, 2.28, 3.4

[11] 2.20

[12] 2.6, 2.11, 2.15, 2.21, 2.25, 3.5

[13] 3.6

[14] 2.7, 2.12, 2.16, 2.22, 2.26, 2.29, 3.7

[15] 2.8, 2.13, 2.17, 2.23, 2.27, 2.30, 3.8

[16] 2.9, 2.14, 2.18, 2.24, 2.31, 3.9

should be implemented in letter and spirit. PPRA should be included in syllabi of all training courses in defence institutes.

iii. Cantonment Boards need to ensure proper zoning regulations to avoid misuse of properties besides effective and timely provision of civic amenities to residents.

iv. The unauthorized use of A-I land should be checked limiting its use for the specified purposes only. The income earned from the use of A-I land should be made transparent, disclosed in the public accounts and provided to Audit for scrutiny.

v. The management needs to take steps to recover large amounts of Government dues pointed out in this report and fix responsibility thereof.

vi. The policy regarding distribution of CNE fund needs to be revised to ensure recovery of cost of Government store and distribution of profit earned on CNE share.

vii. An internal audit wing comprising qualified officers and staff should be institutionalized in Military Lands and Cantonments Department to mitigate the risk of irregularities.

viii. HRA should not be paid to allottees of Government accommodations and may be recovered as per policy in vogue.

ix. MoD and MoDP should take up cases with the Auditor General of Pakistan for approval of revised forms and procedures adopted as a result of automation by the three services and other Defence entities, under Article 170(1) of the Constitution.

x. Monthly account reconciliation between executive and account office should be made at entity level to authenticate budget and account figures.

xi. CMA wise budget should be allocated for effective budgetary controls at each transaction level.

xii. BG verification authentication system should be strengthened by MoD / MoDP in consultation with SBP / SECP.

xiii. Given the magnitude of present commercial activities in Defence Services relating to land, dairy, medical, DP Establishments, etc there is an emerging need to frame rules to formalize existing arrangements thereby introducing controls far beyond SOPs / drills.

xiv. No CMA cheques should be issued to non-public fund against sanction for payment to units.

xv. UA offices attached with Engineering units (other than RSPA) needs to be upgraded to proper account offices linked with the CMAs through system based accounting system for daily transfer of booked data.

xvi. Issue of recovery of rent and allied charges has been repetitively pointed out by Audit over the years. MoD should tackle this problem holistically.

xvii. Successive Audit Reports reflect rampant internal control weaknesses in Cantonment Boards. MoD / ML&C should take steps to strengthen controls in the Boards for efficient and effective service delivery / value for money. It should include creation of internal audit structure in ML&C.

CHAPTER-1

1.1 Public Financial Management

Public Financial Management (PFM) deals with resource mobilization and expenditure management. The Parliament of Pakistan allocated Rs 1,137.7 billion for Defence Services under grant number 26, in financial year 2018-19. Defence Services grant is issued to the Ministry of Defence (MoD) which subsequently disburses it to its departments and Ministry of Defence Production (MoDP). The accounting and reporting of this grant is done by the Military Accountant General (MAG) who also conducts internal and pre-audit of payments. DGADS (North and South) conduct Financial Attest and Compliance with Authority Audit of this grant as per guidelines issued by the office of the Auditor General of Pakistan.

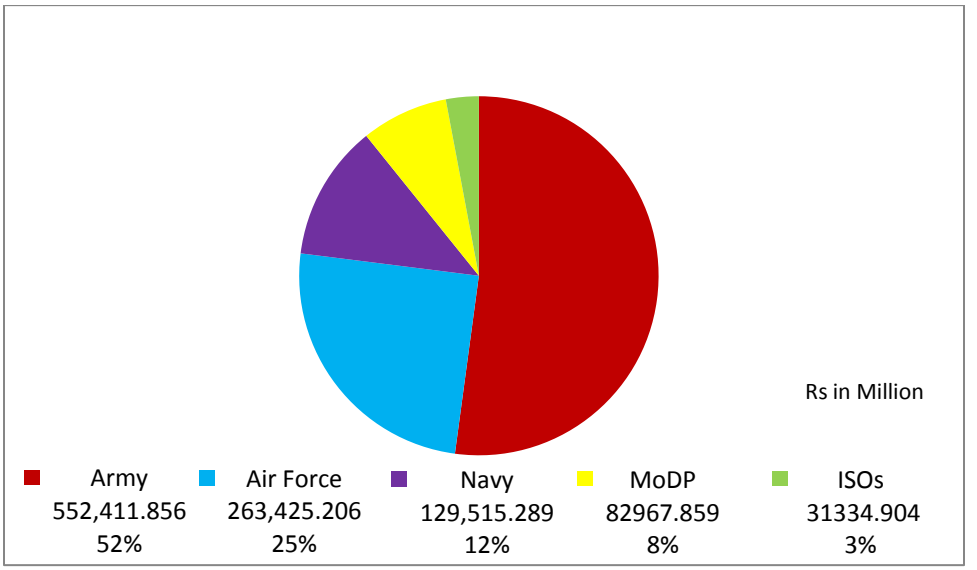
The Financial Attest Audit Report pertains to certification audit of the appropriation accounts of Ministry of Defence. The Compliance with Authority audit report highlights issues regarding deviations from rules and regulations. The Public Accounts Committee (PAC) discusses compliance with authority audit report and submits its findings to the parliament.

The certification of appropriation accounts have been conducted through review of activities, workflows, procedures and internal controls of CsMA to identify high risk areas based on the materiality calculated on the total expenditure of Defence Services provided by the MAG for the financial year 2018-19. Given the resource constraint, the audit was conducted on sample basis through 'Test of Controls' and 'Substantive Testing' (Test of Details and Analytical Procedures) with emphasis on risk areas of high monetary value prone to irregularities. Budget allocation, actual expenditure and account reconciliation of each audited unit on the basis of system, process and payment has been assessed. System in vogue in PMAD as contained in their Manual was studied critically and practices

being followed were examined on the same basis as system-based spending-level and detailed head-wise allocation as documented on civil side was not available on defence side.

The major chunk of Defence services grant is primarily spent by the Pakistan Army, Pakistan Air Force and Pakistan Navy to meet their development and non-development expenditures. During financial year (2018-19), Pakistan Army consumed 52 percent of the total grant followed by Pakistan Airforce (25 Percent), Pakistan Navy (12 percent), MoDP (8 percent) and ISOs (3 percent). The sector wise expenditure of the defence services is as under:-

Chart No.1.1: Service-wise Expenditure (2018-19)

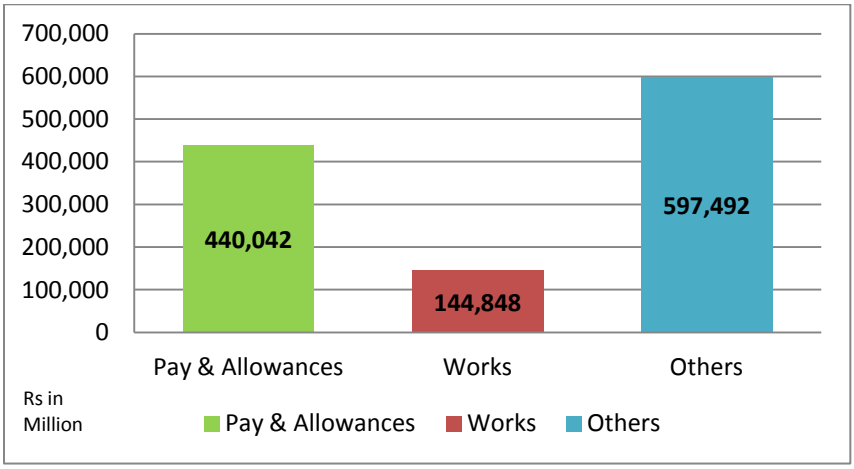


Source: Appropriation Accounts of Defence Services 2018-19

The major heads of expenditure of defence services grant include pay and allowances of the armed forces, capital works, repair and maintenance of buildings, defence related procurements, and production of arms and ammunition by the defence production organizations, etc. The

expenditures trends[17] of defence services grant during FY (2018-19) are as under:-

Chart No.1.2: Major Heads of Expenditure



Source:-Appropriation Accounts of Defence Services 2018-19

Despite of existence of comprehensive institutional framework of internal audit in PMAD, the Financial Attest Audit of the appropriation accounts revealed several weaknesses in the internal control processes. One of the major risk area observed during the Financial Attest Audit is non-availability of detailed entity wise budget in the financial reports with MAG, which resulted in an excess expenditure of Rs. 44,612.217 million. Some of the Audit observations derived from the Certification of Appropriation Accounts of Defence Services, which have been reported in this chapter, include expenditure in excess of allocation and without authorization of supplementary grant from Parliament, outstanding balances under civil exchange accounts, weak internal controls and pre & post audit of payments, absence of entity wise budgeting, irregular

[17] "Pay and allowances" of Pakistan Army, Airforce, and Navy etc. The "works" include both capital works and revenue works. The "others" include operating expenses and physical assets.

reconciliation of expenditures. These issues need to be addressed for effective financial management.

1.2 Audit Paras

1.2.1 Excess expenditure - Rs. 44,612.217 Million and without allocation - Rs. 274.997 Million

As per rule 29(c)(1) Financial Regulations (Vol I), 1986 "expenditure that may not be sanctioned", "nothing in these rules shall be held to authorize an officer to sanction expenditure in excess of fixed annual allotments". According to rule 31 of above Regulations, “The authorities to whom allotments are made shall watch progress of expenditure and ensure that it does not exceed allotment”. Further, as per rule 47(e) (4) of above Regulations, “even sanctioned expenditure shall not be incurred until funds have been provided”.

During scrutiny of Appropriation Accounts (Defence Services) for the Financial Year 2018-19, it is noticed that expenditure of Rs.44,612.217 million in respect of Army Units / Formations exceeded its allocation. Furthermore, expenditure amounting to Rs.274.997 million was made even without allocation under the head Fresh Import (Normal) by Special Security Division (SSD) as evident from Expenditure Report June (F) 2019, which is contrary to above mentioned rule. This resulted into excess expenditure in the financial reports of MAG.

Implication:

Non-availability of head wise budget allocation resulted in excess expenditure.

Recommendation:

In order to ensure effective accounting and reporting, it is imperative to implement a system which provides detailed entity-wise budget for effective pre-audit checks and to ensure expenditure within the budgetary ceiling.

Management reply:

The allocated budget is utilized by the services through CsMA / UAs etc who are responsible for making payment on receipt of claim, fulfillment of codal formalities and proper audit of sanctions. Consolidated budget is received in MAG from MoD and Budget Directorates.

1. CsMA wise budget is not distributed by the Budget Directorate. A CMA is unaware of the budget ceiling and depends upon the sanctions received from Units / Formations.
2. Services are timely informed about the high trend of certain heads and to take remedial measures to avoid excess over allocation at the time of closing of accounts whereas no proper action is seen so far.

Audit comments:

According to management reply CMA is unaware of the budget ceiling of the respective Unit / Formation. Each CMA has to release payment on the basis of sanction without knowing the budget position. Such practice prevailing in each CMA is against Government Financial Regulations and corrective measures must be taken to avoid recurrence of such irregularities in future.

ML-2018-19 Chapter-1
DGADS (NORTH) Rawalpindi
General Observation. 2

1.2.2 Outstanding balances under civil exchange account - Rs. 25,613.746 Million

As per para 182 of Military Accounts Code 1982, every effort should be made to clear the Exchange Accounts items within the year of accounts. According to para4 of Annexure "A" of Military Accounts Code 1982, outstanding balances under the Civil and Defence Exchange Accounts should be reduced to the absolute minimum.

During Certification Audit of CMA (RC) Rawalpindi, it was observed from the Summary of Progress of Head-I, II, III, IV that outstanding balances under Civil Exchange Account were lying outstanding for the financial year 2018-19 and were not adjusted in monthly compilation 14/2019 as per detail given below:

(Rs. in million)

S #	Civil Exchange Head	Nature	Un-Adjusted / Outstanding Balances
1.	I	Outstanding Cheques(expenditure)	1,901.432
2.	II	Outstanding TR's (receipts)	23,711.272
3.	III (Defence outward)	Outstanding IS allowance (expenditure)	1.042
		Total	**25,613.746**

Implication:

Due to non-adjustment the balances remained un-claimed by the respective Controller or AG offices.

Recommendation:

Year wise break up of outstanding balances in Civil Exchange Account be apprised to Audit. The position of adjustment of outstanding balances for FY 2018-19 may also be apprised.

Management Reply:

1. Reconciliation was being carried out regularly but the balance under head-I i.e. TR could not be brought to zero due to time lag between the date of deposit of TR and its communication to audit sections through proper channel and its adjustment.

2. Reconciliation was carried out, however the balance could not be brought to NIL as the Defence cheques had validity for three months from the date of issuance. Therefore, the cheques issued in one quarter were returned by civil AGs in next quarter so the cheques of last quarters of Financial Year were received in next Financial Year. Therefore, the amount remained unadjusted in that Financial Year.
3. The amounts under head-III were adjustable on the part of civil AGs and not this office. The amount of IS duty in balance was adjustable by Civil which is being pursued properly by this office for adjustment.

Audit comments:

Audit, therefore, proposed that necessary reconciliation may be carried out with concerned AGs for early adjustment of outstanding balance in civil exchange account under intimation to Audit.

ML-2018-19 Chapter-1
DGADS (NORTH) Rawalpindi
Observation No. 1.2

1.2.3 Irregular payment without post audit - Rs.4,314.737 Million

According to para vii of the procedure, for adjustment of Defense pensions, circulated by the Auditor General of Pakistan vide letter no 108-AC-II/6-48/2000 dated 28th July, 2000 read with AGP letter no 191/Report/80-C/DS/05-06 dated 19th July, 2006, 100% post audit of the pension payment vouchers will be done by the Controller of Military Pensions.

Under, standing operating procedure (I.O NO 14 dated 25th June, 2013) for IT based post audit issued by the CMP under MAG instructions received vide its letter dated 13th May, 2013, all the PPJs received from various GPOs will be post audited according to the procedure given therein.

It was observed from PM file held with CP Section of CMA (P), Lahore Cantt that an amount of Rs.4,314,736,537 was accepted and booked under head 3/951/61 against claim preferred by DAPPO, Lahore but 100% post audit of PPJs received was not carried out which violates the accounting procedure laid down by the Auditor General of Pakistan. This showed weakness in operating effectiveness of internal controls of CMA (P).

Implication:

A number of pension claims were processed but not subjected to post audit.

Recommendation:

Amount of expenditure unaudited may be got regularized besides provision of post audit certificate.

Management Reply:

When pointed out by audit, it was replied by the executive authorities that only one months' payments in every twelve months are required to be audited and that TORs of post audit were confined to finding of incomplete vouchers.

Audit Comments:

Reply was not tenable as it was the responsibility of the concerned CMA to perform post audit activity as per above mentioned orders. Amount may be got regularized besides provision of post audit certificate to audit.

ML-2018-19 Chapter-1
DGADS (NORTH) Rawalpindi
Observation No. 14.1

1.2.4 Unauthorized Expenditure - Rs. 4,017.31 Million

As per rule 47(e)(4) of Financial Regulations (Vol I) 1986, "sanctioned expenditure shall not be incurred until funds have been provided". Further, as per rule 30 of above regulations, "no expenditure

which has not been provided for in the budget shall be authorized". Furthermore, as per para 1.1 of DAC directives for the year 2001-02 (Book No. 179/FWO/MAG) that pursuant to the PAC directives, an inquiry on negativity was conducted and submitted to MoD wherein the Secretary directed that FWO may carry out restructuring up to 21st March, 2013, reconcile negative balance and deposit the amount in installments. The PAC in its meeting held on 21st February, 2011 and 3rd March, 2011 expressed dissatisfaction on the progress achieved so far both on the issue of negativity of financial statement and statutory audit of FWO and therefore, directed the PAO to hold a fresh inquiry at Additional Secretary level with TORs conveying both the above mentioned issues i.e. negativity in financial statements and statutory audit by the Auditor General of Pakistan and the aspect of receivables of FWO may also be considered.

During certification audit of CMA (FWO) Chaklala, it has been observed that unauthorized expenditure out of Defence Budget is being made on account of Pay & Allowances of Army troops deployed in FWO projects without availability of funds / treasury receipts in FWO own resources. TRs for an amount of Rs.532,417,148/- were received from FWO against which an amount of Rs.4,549,729,641/- was paid to the troops. Thus an amount of Rs.4,017,312,943/- was paid without availability of budget / TRs which needed to be recovered from FWO and deposited into government treasury.

Implication:

Un-authorized payment of Rs.4,017,312,943/- out of public fund.

Recommendation:

The amount of Rs.4,017.31 million which is paid out of public fund during FY 2018-19 without proper authorization needs to be recovered under intimation to audit.

Management Reply:

It was replied by the executive that payment on account of pay & Allowances to Army officer / JCO Soldier of HQ FWO 709 FIU was being released on receipt of TR's from HQ FWO. Pay and Allowances of other Units of FWO were released on the authority of MAG office letter No. 50/PAC/Certi- Accts/2011-12/FWO dated 8th May, 2013. The matter of negativity was already under consideration in Ministry of Defence, PAC and MAG office. It was further mentioned here that this office regularly submit monthly report of expenditure to Ministry of Defence, MAG office, intimating negativity against FWO deposit Head 0/016/12

Audit Comments:

Reply was not tenable because the matter had been pending since 2001-02 despite clear cut directives of the PAC in various meetings. The amount be recovered from FWO and deposited into Govt. treasury under intimation to audit.

ML-2018-19 Chapter-1
DGADS (NORTH) Rawalpindi
Observation No. 10.1

1.2.5 Non-authorization of supplementary grant from parliament - Rs. 1,200.00 Million

As per Article 84(b) of the Constitution of the Islamic Republic of Pakistan 1973 "supplementary and excess grants", if in respect of any financial year it is found that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year; the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement.

It was observed that a technical supplementary grant amounting to Rs.1,200.00 million was issued by Finance Division to Pak Navy to meet shortfall under head POL after 11th June 2019. However, authorization of parliament for technical supplementary grant of Rs.1,200.00 million was not obtained. Therefore, expenditure of Rs.1,200.00 million incurred out of above mentioned technical supplementary grant is irregular which requires regularization.

Implication:

Un-authorized and irregular expenditure amounting to Rs.1,200.00 million.

Recommendation:

The matter may be referred to Finance Division and Parliament.

Management reply:

Supplementary Grant is approved from ECC and ratified from Federal Cabinet with the endorsement of Finance Division, subsequently schedule for Grant was issued by Finance Division. Allocation will be reflected in the books of Finance Division in due course.

Audit comments:

Approval of technical supplementary grant by ECC does not fulfill constitutional requirement of approval of supplementary grant by the Parliament in the light of Article 84 of the Constitution of Pakistan. Hence, the matter may be referred to the Finance Division and Parliament.

ML-2018-19 Chapter-1
DGADS (NORTH) Rawalpindi
General Observation.1

1.2.6 Doubtful payment - Rs. 21.486 Million

Rule 29(d) of Military Audit Code provides that there should no erasures, and that any alterations are attested by the officer

concerned as many times as they are made. Further, rule 29(e) of Military Audit Code also guides that no voucher or order has been signed by a subordinate "for" an Officer.

During audit of CMA (DP) for the FY 2018-19, scrutiny of DV No. 214 of 06/2019 revealed that all the inspection notes were prepared on 15th May, 2019 i.e. even 3 days prior to conclusion of the contract but by way of alteration / eraser; the date was mentioned as 18th May, 2019 i.e. the date of conclusion of the contract.

Moreover, all the inspection notes were signed by "For" in contravention to aforesaid rule provision. It was questionable that the inspection was carried out on same date of conclusion of contract or even before conclusion of contract.

Implication:

Release of payment without adherence to Government rules.

Recommendation:

Audit thus considered that acceptance of doubtful Inspection Note (IN) and signed by "For" officers for payment of Rs.21,486,952/- was doubtful, recommending inquiry of the issue at appropriate level.

Management Reply:

When pointed out by Audit in October 2019, the executive replied that clarification has called from DGP (Army) and audit authorities will be informed as and when reply received there from.

Audit Comments:

The issue is required to be justified at accounting authorities level as violation of above mentioned rule(s) was observed. Acceptance of a claim having erased / alteration effects duly signed by

"For" is questionable as per requirements of payments made in June 2019. Matter needs to be inquired at appropriate level.

ML-2018-19 Chapter-1
DGADS (NORTH) Rawalpindi
Observation No. 5.7

CHAPTER-2

Ministry of Defence

2.1 Introduction

As per Rules of Business, 1973, Ministry of Defence is responsible for defence of the Federation or any part thereof in peace or war, defence matters pertaining to treaties and agreements with other governments, matters regarding military assistance to foreign countries, stores & stationery for the Defence Services other than those dealt with by Defence Production Division. Further, responsibilities include administrative control of Northern Light Infantry, administration of National Guards Act, 1973, International Red Cross and Geneva Conventions in so far as they effect belligerents, military awards and decorations, welfare of ex-servicemen, cantonment areas, acquisition or requisitioning of property for Defence Services, pardons, reprieves and respites, etc., of all personnel belonging to the Armed Forces, survey of Pakistan, administrative and budgetary control of Federal Government Educational Institutions (Cantonments/Garrisons) Directorate and its institutions, administration of Military Lands and Cantonments Group.

Sectoral Analysis

Ministry of Defence receives single line budgetary grant[18], which caters to the expenditure needs of the Pakistan Army, Air Force, and Pakistan Navy. The performance goals, outcome and outputs of Ministry of Defence are given in the Federal Medium Term Budgetary Framework (MTBF) for Service delivery 2019-20 to 2021-22.[19] Based upon MTBF, three sectors have been identified for analysis. These sectors include;

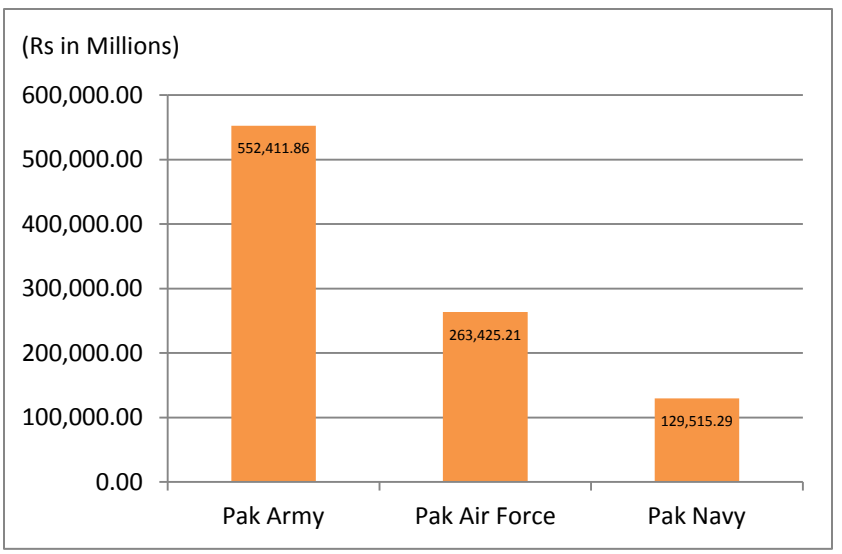
[18]Grant no 26 caters to the needs of Defence Services and is administered by MoD.

[19] Federal Medium Term Budgetary framework (MTBF) for Service Delivery (2019-20 to 2021-22) is a performance budgeting document issued by the Ministry of Finance.

'Defence of territorial integrity and aid to civil administration', 'Provision of quality education facilities in Cantonment Areas' and, 'Provision of civic amenities through Cantonment Boards'.

Firstly, *'Defence of territorial integrity and aid to civil administration'*. The major organizations involved in this sector include the GHQ, NHQ and AHQ. The organization wise expenditure out of defence services grant (2018-19) is as follows:

Chart No. 2.1: Sectoral Expenditure (Defence Services)



Source: Appropriation Accounts of Defence Services 2018-19

The outcome of this sector includes, 'Improvement of internal / external security protection of life, property and increased safety on land, sea and in the air'. The requisite outputs are not defined in the MTBF, which makes it difficult to gauge performance against defined targets. In this sector, an expenditure of Rs.814,491.68 million has been audited. The audit has identified irregular payments of HRA, violation of PPRA rules, advance payments, misuse of A-1 land etc. as some of the potential risk areas.

Secondly, *'Provision of quality education facilities in Cantonment Areas'*. The expenditure in this sector is catered from the civil grant received by the MoD.[20] The Federal Government Educational Institutions Directorate is responsible for provision of education facilities in the cantonment areas. FGEI Directorate has 8 regional offices and 355 schools with total enrollment of 186,279 students. The total budget of FGEI for the financial year 2018-19 stood at Rs. 5717 million.[21]

As per MTBF the 'Availability of quality education facilities for the armed personnel and Cantonment areas and residents' is defined as the outcome. An analysis of the targets planned and actual achievement reveals a shortfall of 200 students in terms of enrollment. The targeted Student Teacher ratio of 23:1 also could not be achieved as year-end analysis revealed that there were 25 students for each teacher. However, as per UNESCO,[22] the average student teacher ratio for South Asia is 27:1 in secondary education which is indicative of the fact that FGEI is performing better if compared with regional standards. The analysis also reveals a shortfall of 665 total teachers in comparison to the set target of 8,174. As far as training of male and female teachers is concerned, a total 3,100 male and female teachers were trained against the target of 350, which shows that concerted efforts have been made in respect of training of teachers. The analysis also reveals a shortfall of 3,900 students passed in first division against the planned targets of 17,100 students. The FGEI conducted 15 seminars against the target of 13. The average cost of students comes to Rs.2,562 per month,[23] which is quite reasonable keeping in view the over inflated fee structure of private school education. During audit year (2019-20), an expenditure of Rs. 5,726.69 M incurred by FGEIs has been audited. The major audit findings in this sector include irregular

[20]Ministry of Defence receives civil grant from the Federal Government for FGEI Directorate.
[21]Ministry of Finance vide letter No.F.2(6)/MTBF/2018-19/356
[22]http://data.uis.unesco.org/index.aspx?queryid=180
[23]Total Expenditure of Rs. 5,726,690,000/- Total Students of 186,279pro-rated over 12 months.

payment of honorarium, partial achievement of performance targets and procurement of services other than MES etc.

Thirdly, *'Provision of civic amenities through Cantonment Boards*'. This sector is administered by ML&C Department through Cantonment Boards. As per Cantonment Act 1924, the Cantonment Boards are autonomous bodies and self-financing entities with the mandate to provide civic amenities i.e. water supply, sewerage and sanitation, street lights etc. to the Cantonment residents. MoD does not provide regular budgetary grant to Cantonment Board for provision of civic amenities. However, some tied grants are released occasionally for specific purposes. During financial year 2018-19, ML&C department did not receive any budgetary support from defence services grant. The MTBF service delivery book does not mention any outcome on account of this sector, although, provision of clean water facility to approximately 500,000 residents has been defined as policy output. During audit of ML&C department, it was noticed that no data is available at department or cantonment board level which could reflect the achieved targets against planned goals. Therefore, it is not possible to draw any tangible conclusions that how much targets have been achieved in terms of provision of clean drinking water. During financial year (2018-19) 25 cantonment boards have been audited with expenditure of Rs.19.473 billion. The major audit findings include non-recovery of cantonment dues, unauthorized construction, irregular commercial activity in residential area etc.

The summary of the total units Audited during the Audit Year (2019-20) is given below:-

S. No	Description	Total No.	Audited	Expenditure Audited FY 2018-19 (Rs. In Million)	Revenue/Receipts Audited FY 2018-19 (Rs. In Million)
1	Formations[24]	3839	353	1,942,226.872	35,576.276
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities/Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Projects (FAP)	-	-	-	-

2.2 Comments on budget and accounts (variance analysis)

The final Grant No. 26 pertaining to Ministry of Defence for financial year 2018-19 was Rs.1,137,751.500 million against which expenditure of Rs.1,182,363.717 million was incurred. Thus, showing an overall excess of Rs.44,612.617 million. This issue has been highlighted by Audit during the course of Certification Audit 2018-19 and reported in Management Letter to the MAG. It is pertinent to mention here that Defence Audit also audits all other expenditure made by auditees out of funds made available through other sources for AFDP, UNRA, Defence Pension, Aid to civil power, Election duty, FWO accounts, Civil Grant of Defence-managed organizations, Defence receipts, Cantonment Funds, DP establishments, etc.

[24]The total formations include 2,932 formations under the Audit jurisdiction of DGADS (North), out of which 257 formations were audited during 2019-20. Whereas, 907 formations are under the Audit jurisdiction of DGADS (South), out of which 96 formations were audited during 2019-20.

2.3 Classified summary of Audit observations

Audit observations amounting to Rs.142,707.806 million, US$ 36,809.15 million and Euro 0.848 million were raised as a result of this audit. This amount also includes recoverables of Rs.33,289.341 million & US$ 3.8219 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S.No.	Classification	Amount (Million)
1	Non-production of record	624.388
2	Irregularities	
A	HR / Employees related irregularities	39.400
B	Procurement related irregularities	8,676.926
C	Unauthorized / Irregular	24,428.957
D	Recoverables / Overpayments	22,659.36 & US$ 0.937
E	Loss to State	19,906.185

2.4 Brief comments on the status of compliance with PAC directives

The status of compliance of Public Accounts Committee (PAC) directives for the Audit Reports from 1985-86 to 2018-19 discussed during its various meetings held from July, 1992 to December, 2019 is given below:-

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance awaited / Non Complied	Percentage of Compliance
1	**2**	**3**	**4**	**5**	**6**
1985-86	76	05	02	03	40%
1986-87	36	06	03	03	50%
1987-88	49	08	01	07	12.5%
1988-89	48	15	03	12	20%
1989-90	69	03	0	03	0%

1990-91	63	04	01	03	25%
1991-92	65	05	0	05	0%
1992-93	91	12	06	06	50%
1993-94	198	83	28	55	33.73%
1994-95	91	0	0	0	0%
1995-96	102	09	01	08	11.11%
1996-97	106	104	58	46	55.76%
1997-98	651	05	0	05	0%
1999-00	443	222	78	144	35.13%
2000-01	699	696	85	611	12.21%
2001-02	570	15	10	5	66.67%
2002-03	161	161	152	9	94.40%
2003-04	111	21	03	18	14.29%
2004-05	55	55	34	21	61.81%
2005-06	138	121	73	48	60.33%
2006-07	95	35	13	22	37.14%
2007-08	56	40	05	35	12.50%
2008-09	39	18	0	18	0%
2009-10	124	59	25	34	42.37%
2010-11	Report yet not discussed				
2011-12	Report yet not discussed				
2012-13	Report yet not discussed				
2013-14	82	49*	7	42	14.28%
2014-15	Report yet not discussed				
2015-16	Report yet not discussed				
2016-17	Report yet not discussed				
2017-18	55	29	8	21	27.58%
2018-19	Report yet not discussed				
Total	4273	1780	596	1184	33.48%

Ministry of Defence fully complied with 596 PAC directives out of 1780. The Principal Accounting Officer should take necessary steps to expedite further compliance of PAC directives.

*** Above 50 million paras discussed by PAC**

Pakistan Army

Pakistan Army is the first component of Defence Services. It is administered by the General Headquarters situated in Rawalpindi. There are a total of 9 Corps. Fighting and supporting Arms of the army include; Armoured Corps, Artillery, Army Air-Defence, Engineer Corps, Infantry and Army Aviation Corps. The Army is responsible for territorial integrity of the Federation and Aid of civil administration.

As per Appropriation Accounts 2018-19 in respect of Grant No.26, total budget allocation to Army was Rs.544,966.422 million and expenditure was Rs.552,411.856 million.

Audit Paras

2.5 Non-production of record – Rs. 362.962 Million

2.5.1 Non-production of auditable documents – Rs.337.962 Million

In terms of Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General's Ordinance 2001 and orders of the Supreme Court of Pakistan passed in CMA's 3330, 3471,3594/13 in constitutional petition No. 105-12, audit is the constitutionally mandated process and after 18th Amendment in the constitution there is no room for denial of disclosure and withholding of accounts from Auditor General for audit. Further, under section–14(3) of above Ordinance, 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 Disciplinary Rules, applicable to such person.

During audit on the accounts of following three Army formations for the financial year 2017-18, auditable record was

requisitioned by audit through written requisitions, but the formations did not produce the auditable documents/record throughout the stipulated/scheduled time of audit period.

S.No	DP No	Name of Unit	Details of record
1	DP-S-43	HQ SC Quetta	PC-1, admin approval, bidding documents, etc amounting to Rs 337.962 million
2	DP-S-239	HQ Log Area Karachi	Bidding documents, Comparative Statement, Bank Guarantee, etc.
3	DP-S-262	16 Div Pano Aqil	Approved TO&E, details of commercial activity on A-1 land, list of contractors, revenue register, cash book etc.

Audit was of the view that non-production of auditable documents to audit team constituted serious lapse tantamount to denial of audit in certain cases.

The matter was pointed out by audit in November 2018 to October 2019. In case of S.No. 02 & 03, the executive did not furnish reply. Whereas, in case of S.No. 01, the executive furnished irrelevant reply.

The DAC vide meetings held in December, 2019 and January, 2020 directed the executive to provide relevant record to audit for examination and ask GHQ to issue necessary instructions regarding provision of record in future. No progress was produced to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

2.5.2 Non-production of record relating to expenditure on general elections - Rs. 25.00 Million

As per Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance, 2001 and orders of the Supreme court of Pakistan passed in CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, audit is a

constitutionally mandated process and after 18th Amendment in the Constitution, there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

Under section 14(3) of above Ordinance, 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.

During audit of accounts of ISPR Rawalpindi it was noted that Election Commission of Pakistan released funds amounting to Rs.9,998,000,000/- to Military Operation Directorate GHQ for general elections-2018. Out of these funds Rs.25,000,000/- were allocated to ISPR. The amount was drawn from CMA (RC) in advance and spent accordingly. In this regard audit requisitioned following record which was not produced:-

a) allocation letter and detailed expenditure / paid vouchers in support of expenditure etc.
b) orders of Government / Election Commission of Pakistan, regarding role of ISPR in elections.
c) copies of evidences in support of the expenditure.

Audit pointed out the matter in December, 2018. The executives replied that auditable documents regarding allocation were produced to audit and case for provision of main Government allocation letter was taken up with GHQ and would be provided to audit on receipt therefrom. The reply was not acceptable as requisitioned documents were not provided to audit.

The para was reported to Ministry of Defence on 12th November, 2019. However, DAC meeting could not be held till finalization of this report.

Audit recommends for holding of an inquiry to fix responsibility besides provision of record and adoption of remedial measures to avoid such lapses in future.

DP-N-403/2019-20

2.5.3 Non-production of record regarding rent of shops / banks etc. running in Government buildings

As per Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance, 2001 and orders of the Supreme court of Pakistan passed in CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, audit is a constitutionally mandated process and after 18th Amendment in the Constitution, there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

Under section 14(3) of above Ordinance, 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.

During audit of accounts of CMH Rawalpindi, record regarding contracts of shops, cafeteria and banks was requisitioned which was not provided to audit.

The irregularity was pointed out by Audit in March, 2018. The executive replied that Board of Officers would be detailed to fix the assessment of rent and the same will be provided to audit for verification.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC directed that relevant documents be provided to audit within 15 days. However, no record was provided to Audit till finalization of this report.

Audit recommends for holding of an inquiry to fix responsibility besides provision of record and adoption of remedial measures to avoid such lapses in future.

DP-N-244/2018-19

2.5.4 Non-production of accounts of welfare / commercial projects running on A-I land

As per Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance, 2001 and orders of the Supreme court of Pakistan passed in CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, audit is a constitutionally mandated process and after 18th Amendment in the Constitution, there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

Under section 14(3) of above Ordinance, 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.

During audit of HQr 10 Corps Chaklala record regarding different commercial projects on A-1 land e.g. Petrol Pumps, Car Parkings, hoardings, banquet halls, topirakh marquee, shops / offices on mall road Rawalpindi, being run by Corps HQr and its under command formations in addition to several other projects in the jurisdiction of 10 Corps (23 Div, 12 Div and FCNA) was requisitioned but was not produced.

The irregularity was pointed out by Audit in January, 2018. The executive replied that all welfare activities / projects were being managed by respective formations and they were being instructed for audit of A-1 land projects during their respective audit.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC directed that relevant documents be provided to audit for scrutiny within 15 days. No record was provided to Audit till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility besides provision of record and adoption of remedial measures to avoid such lapses in future.

DP-N-306/2018-19

2.6 Procurement Related Irregularities – Rs.3,853.298 Million

2.6.1 Irregular / non-transparent award of contracts–Rs 2,006.383 Million

According to PPRA rule 35 read with S.R.O.1170(1)/2009 dated July 9, 2009, 'all procuring agencies whether within or outside Pakistan shall post contract awards over fifty million rupees on PPRA's website.'

During audit on the accounts of following two Army formations for the financial years 2016-17 to 2018-19, it was observed that 20 contracts amounting to Rs. 2,006.383 million were awarded to different contractors/ suppliers. The formations in contrast awarded contracts without hosting of report on PPRA website thereby compromising transparency.

(Rs. in million)

S.No	DP. No	Name of Unit	No of contracts	Amount
1	DP-S-115	GE (Army) –I, Malir	02	152.789
2	DP-S-180	HQ Log Area Karachi	18	1,853.594
		Total	**20**	**2,006.383**

Audit was of the view that incurring of public expenditure without compliance of PPRA rules could lead to misuse of government funds which indicated weak financial management and poor internal controls.

The irregularity was pointed out by audit from March to September, 2019. In case of S.No.1, the executive replied that contracts were awarded by E-in-C's Branch GHQ and GE office will approach E-in-C's Branch for acquisition of relevant record. In case of S.No.2, the executive did not furnish reply. The reply of management was not tenable as no documentary evidence of publication of evaluation report was produced.

The DAC vide meeting held in January,2020 directed the executive to hold fact-finding inquiry, along with fixation of responsibility and initiate disciplinary action against person(s) at fault within one month. No progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

2.6.2 Un-authorized expenditure on account of procurement of solar panels - Rs. 1,000.00 Million

As per Government of Pakistan, Cabinet Division, Cabinet Secretariat Islamabad letter No.5/1/2005-M-III/Admin (PPRA) dated 14th April, 2008, "only such objects will be exempted from the applicability of PPRA Ordinance, 2002 and the Public Procurement Rules, 2004 for which the Principal Accounting Officer of the concerned Ministry has certified that these are sensitive in nature, required for defence purposes and their procurement under the PPRA Ordinance 2002 and PPRA Rules 2004 will not be in the national interest".

As per Rule 12(2) of Public Procurement Rules, 2004"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".

During audit of accounts of HQr 10 Corps, Chaklala it was observed that an amount of Rs.1,000,000,000/- was incurred on procurement of solar panels and accessories for welfare of troops deployed at LoC during financial year 2017-18 without open competition as required under Public Procurement Rules. The store was neither accounted for in any ledger nor record relating to its distribution to unit / formations was provided to audit for verification.

The irregularity was pointed out by Audit in January, 2019. The executives replied that the procurement was secret in nature, therefore, quotations were called for from pre-qualified contractors. The reply was not justified as exemption from applicability of Public Procurement Rules from PAO was not obtained.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC was apprised that procurement was made for troops deployed at LoC and due to security concerns procurement was not advertised. DAC was not satisfied with the response as multiple issues were raised by Audit against the procurement. DAC directed to hold court of inquiry within 45 days to fix the responsibility. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations and regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

DP-N-207/2019-20

2.6.3 Irregular procurement of stores – Rs 622.482 Million

According to rule 12(1,2) of PPRA 2004, 'procurements over one hundred thousand rupees and up to the limit of Rs 2.00 million shall be advertised on the authority's website. Further, procurements over Rs 2.00 million should be advertised on the authority's website as well as in two national dailies, one in English and the other in Urdu.'

During audit on the accounts of the following four Army formations for the financial years 2016-17 and 2017-18, it was observed that different contracts works valuing Rs 622.482 million were awarded without advertisement.

(Rs in million)

S No	DP No	Name of Unit / Formation	Amount
1	DP-S-119	GE (Army) Services, Malir	394.769
2	DP-S-243	HQ 4 AD Div Malir	1.10
3	DP-S-181	HQ Log Area, Karachi	162.109
4	DP-S-252	GE (Army) Const, Pano Aqil	54.929
5	DP-S-131	CMH Sibi	9.575
		Total	**622.482**

Audit was of the view that incurring of public expenditure without compliance of PPRA rules could lead to misuse of government funds which indicated weak financial management on the part of the executive.

The irregularity was pointed out by audit from March to September, 2019. In case of S.No. 01,02 and 05, the executive replied that the contracts of stores and works were awarded to firms after advertisement. In case of S.No. 3, the executive did not furnish reply. In case of S.No. 4, the executive replied that tender was published but not opened due to rush of work. The replies were not tenable as documentary evidence regarding advertisement in newspapers and PPRA's website were not produced in support of management's contention.

The DAC vide meeting held in January, 2020 directed the executive regarding S.No. 01 & 02 to provide relevant tendering documents to audit for verification. Concerning S.No. 03, 04 & 05, DAC directed the executive to hold fact-finding inquiry, along with fixation of responsibility and initiate disciplinary action against person(s) at fault within one month. relevant documents be provided to audit for examination. No further progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

2.6.4 Irregular and non-transparent award of contract – Rs.84.420 million

According to rule 27 of PPRA Rules 2004, 'where a procuring agency has already prescribed a deadline for the submission of bids and due to any reason, the procuring agency finds it necessary to extend such deadline, it shall do so only after recording its reasons in writing and in an equal opportunity manner. Advertisement of such extension in time shall be done in a manner similar to the original advertisement".

During audit on the accounts of GE (Army) Hyderabad for the financial year 2018-19, it was observed that a tender for construction of a diesel oil tank having capacity of 1,000,000 liters at Bholari amounting to Rs 84.420 million was advertised on 16-10-2018 with 30-10-2018 as date of opening but the tender was not opened on due date. Rather, after expiry of 3 months, corrigendum was published on 26-01-2019 stating change in opening date of tender as 01-02-2019.

Audit was of the view that corrigendum was to be issued before the expiry of the closing date but the same was not done in the instant case. Therefore, award of contract stood irregular and non-transparent.

The irregularity was pointed out by audit in October, 2019. The executive replied that said work was advertised in leading newspaper and PPRA website before opening of tender. Reply was not tenable as corrigendum was published in newspaper after closing date of tender.

The DAC vide meeting held in February, 2020 directed the executive fact-finding inquiry be held, responsibility be fixed and action be taken against the individual(s) concerned within 02 months. DAC further directed that practice be stopped in future. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

DP-S-340/ 2019-20

2.6.5 Un-authorized expenditure on printing of Hilal magazine and ISPR calendars - Rs. 75.00 Million

As per para 1(v) of Government of Pakistan, Ministry of Defence letter No.7/6/4004-05/D-21 (Budget) dated 30th November, 2004, "the releases from Special Transfer Accounts shall be used for replenishment of stores and procurement under Armed Forces Development Plan".

As per rule 12(2) of Public Procurement Rules, 2004 "all procurement opportunities over 2 Million Rupees should be advertised on the authority's website as well as in 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".

Moreover, rule 115 of Financial Regulations (Vol I), 1986 provides that "all cash and store transactions, to which an individual in his official capacity is a party must be brought to account".

During audit of accounts of ISPR it was noted that a special allocation of Rs.75,000,000/- was allotted during financial year 2015-16 out of Al-Mizan Fund for printing of Hilal magazine and calendars. This special allocation was allotted in addition to normal budget allocation of Rs.23,500,000/- against head "TPT & Misc". Audit of the expenditure relating to above allocations revealed the following:-

a) Expenditure on printing of Hilal magazine and calendars was not authorized out of Al-Mizan Funds.
b) Open competitive bidding was not held and contract was awarded to M/s Sufian & Brothers on the basis of

three quotations, in violation of Public Procurement Rules.

c) The Hilal magazine and calendars printed out of Al-Mizan funds were not accounted for in any stock book / ledger. Whereas, the similar material printed out of normal allocation was properly brought on charge and issued in stock ledger.
d) Copies of record relating to above expenditure were requested vide audit team requisition No.04/LTA-16/AP-2018-19 dated 26th December, 2018 which were not provided.

The irregularity was pointed out by audit in December, 2018. The executive replied that DG ISPR was empowered to sanction the expenditure of Rs.1,000,000/- in a financial year. Further, as per para 26 of Annex 'D' to Financial Regulations (Vol I), 1986 activities of ISPR could not be opened publically due to survey and operational necessity. The reply furnished was not relevant to the observations raised by Audit as financial power to sanction expenditure does not provide impunity from Government policy and Public Procurement Rules.

The para was reported to Ministry of Defence on 23th September, 2019. It was requested vide DGADS letter dated 26th September, 15th October and 7th November, 2019 to convene DAC meeting. However, DAC meeting could not be held till finalization of this report.

Audit recommends for holding of an inquiry into the matter and regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

DP-N-225/2019-20

2.6.6 Irregular purchase of MRI machine in violation of PPRA rules - Rs.21.925 Million

As per rule 12(1) of Public Procurement Rules, 2004 "procurements over one hundred thousand rupees and up to the limit of two million rupees 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".

During audit of accounts of CMH Rawalpindi, it was noted that funds amounting to Rs.22,600,000/- were allocated for shifting of electro medical equipment. However, it was observed that the work was awarded to M/S Matora Digionics (Pvt.) Ltd. without advertising the procurement on PPRA website.

The irregularity was pointed out by Audit in March, 2018. The executives replied that non-publication of advertisement on PPRA's website was an oversight.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC was apprised that tender was floated / advertised in two newspapers. However, proof of uploading on PPRA website was not provided. DAC directed that inquiry be conducted to fix responsibility and take disciplinary action against the responsible person besides regularization within two months. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-278/2018-19

2.6.7 Award of contract in violation of PPRA rules – Rs 18.635 million

According to rule 12(1) of PPRA Rules 2004, "procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation of the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.' Further, according to 13(1) of PPRA, "under no circumstances the response time shall be less than fifteen days".

During audit on the accounts of GE (Army) Construction, Pano Aqil for the financial year 2017-18, it was observed that contracts of construction works were awarded to two contractors for an amount of Rs 18.635 million. It was noticed that contract amounting to Rs 14.110 million was awarded to M/s Zafar & Co without advertisement in violation of PPRA rules. Whereas, in the contract amounting to Rs 4.524 million awarded to M/s Mustafa & Bros, the response time allowed only 6 days instead of 15 days. Detail are given as under;

(Rs in million)

S No	CA No	Contractor	Observation	Amount
1	ACE 5 Corps 89/2018	M/s Zafar & Co	Contracts without advertisement on PPRA	14.110
2	CMES PA 31/2018	M/s Ghulam Mustafa	Allowed response time of only 6 days	4.524
			Total	**18.634**

Audit was of the view that the contracts awarded in violation of PPRA rules, deprived the government of economy and transparency.

The irregularity was pointed out by audit in May, 2019. The executive replied that the contracts were concluded by ACE after all codal formalities. Reply was not tenable as documentary evidence was not produced in support of reply.

The DAC vide meeting held in January, 2020 directed the executive to provide tendering documents to audit for verification. No further progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

DP-S-238/ 2019-20

2.6.8 Mis-procurement in hiring of transport – Rs. 11.218 Million

As per rule 12 of PPRA 2004, 'procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website. These procurement opportunities may also be advertised in print media, if deemed necessary by procurement agency.' Further, as per rule 40 of PPRA 2004, 'save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.'

During the audit on the accounts of School of Infantry and Tactics (SI&T) Quetta for the financial year 2017-18, it was observed that SI&T paid an amount of Rs.11,218,000/- to M/s Pak Umer Enterprises vide payment voucher No.76 dated May 10, 2018 against hiring of civil transport through single bill for services rendered from July 2017 to May 2018. Audit observed the following irregularities;

1. The contract was concluded on July 01, 2017 without tendering process.
2. After 10 months of conclusion of contract, tender was published on April 10, 2018 merely to complete the formality.
3. Deadline for bid submission was April 25, 2018 whereas the date mentioned on submitted quotations was May 01, 2019.
4. Comparative statement was prepared on May 02, 2018 and payment was made within 08 days.

Audit was of the view that public funds were utilized in violation of the principles of fair competition and transparent bidding which tantamount to mis-procurement. In the stated scenario, possibility of non-transparent payment cannot be ruled out.

The matter was pointed out by audit in April, 2019.The executive replied that courses in SI & T were run throughout the financial year, whereas, grant was allotted in April, 2018. Contract was signed in good faith. Payment was made to contractor on pre-decided rates. Reply was not tenable since irregularity was occurred and accepted by the management in their reply.

The DAC was apprised in its meeting held in January, 2020that Court of Inquiry had been conducted and warning was issued to the person(s) at fault. DAC directed the executive to share the findings of the inquiry report with audit for verification. No further progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

DP-S-168/ 2019-20

2.6.9 Un-authorized local purchases from non-participating firms - Rs. 7.269 Million

As per rule 38 of Public Procurement Rules, 2004, "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".

During audit of accounts of CEME Muzaffarabad, it was noted from record relating to tenders for local purchase of spares that a Board of Officer was convened on the authority of GHQ letter dated 1st September, 2014 for compilation of CST for financial year 2014-15. As

per annexure-R of the board proceedings, 17 firms participated in the process. However, it was observed from LPO register and relevant record that four firms who never participated in the above mentioned bidding process were issued LPOs amounting to Rs.7,269,410/- in violation of the public procurement rules.

The irregularity was pointed out by Audit in March, 2019. The executive replied that delivery time and quality of spares of these firms were better as compared to the performance of lowest bidder. Therefore, spares parts were purchased from these firms at the same lowest quoted CST rates. The reply was not justified as the procurement was made in violation of the public procurement rules.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC was apprised that HQ 12 Division was deployed in boarder defence area. Operational requirements and fluctuating situation across Line of Control warrants immediate provision of required spare parts at forward locations. DAC was not satisfied with the reply as requirements under Public Procurement Rules were not fulfilled. DAC directed to hold a fact finding inquiry within 60 days to fix responsibility. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations and regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

DP-N-367/2019-20

2.6.10 Mis-procurement of stores and services – Rs. 5.966 Million

According to rule 23(1) of PPRA Rules – 2004, "procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid."

During audit on the accounts of Headquarters Engineers Southern Command, Quetta for the financial year 2017-18, it was observed that tender valuing Rs 5.966 million was called for procurement of stores and hiring of services for installation of fencing and lighting at Pak-Afghan Border without preparation of precise and unambiguous bidding documents.

Audit was of the view that in absence of bidding documents, procurements were irregular and non-transparent.

The irregularity was pointed out by audit in November, 2018. The executive stated that procurement was made as per PPRA rules. The reply furnished by the executive was not tenable as the PPRA rules were not followed in letter and spirit.

DAC vide its meeting held in December, 2019 directed the executive that relevant record pertaining to bidding be produced to audit for verification. DAC further directed the management that a revised reply justifying confidentiality also be produced to audit. No further progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

DP-S-47/ 2019-20

2.7 Un-authorized / Irregular payments – Rs. 16,697.03 Million

2.7.1 Irregular payment to contractors before handing over of site – Rs 8,815.00 Million

According to para 297(f) of DSR, 1998, 'in contracts for large services, a site plan showing the grounds to be handed over to the contractor will be prepared and the contractor restricted to the areas shown therein.'

During audit on the accounts of Headquarters Engineers Southern Command, Quetta for the FY 2018-19, it was observed that an amount of Rs 8,815.00 million was paid to contractors against various works for installation and fixing of fencing at western border without handing over of site, site plan and demarcation of restricted areas by the management.

Audit was of the view that payment in violation of rules was irregular and possibility of non-transparent expenditure cannot be ruled out.

The matter was pointed out in September 2019. The executive replied that installation of fencing at western border carried out by the contractors under supervision of this HQ and under command unit. Hence there was no need of site plan regarding handover the site in terms of Km. The executive's reply was itself an admissibility of irregularity as pointed out by audit.

The DAC vide meeting held in February, 2020 directed the executive to provide documentary evidence regarding handing over of site, fixing of material, transportation, electric fitting and construction record to audit for verification. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-320/2019-20

2.7.2 Un-authorized expenditure out of Al-Mizan fund – Rs.2,270.795 Million

As per para 1(V) of Government of Pakistan Ministry of Defence letter No.7/6/4004-05/D-21 (Budget) dated 30th November, 2004, "the releases from Special Transfer Accounts shall be used for replenishment of stores and procurement under Armed Forces Development Plan".

During audit of following units / formations for the years 2014-15 to 2017-18, it was observed that contracts / package valuing Rs.2,270,795,000/- were sanctioned out of Al-Mizan fund, which were not covered as per above cited Government orders.

The same issue was also discussed by Sub-committee-I of PAC in its, meeting held on 25th September, 2019 under para 1.3.1 of Audit Report for the year 2017-18. The Sub-committee recommended the para for settlement subject to regularization from Finance Division and its verification by Audit.

(Rs. in million)

S #	DP No.	Name of Unit / Formation	Amount
1	DP-N-230/2018-19	GE (Army) GHQ Rawalpindi	28.853
2	DP-N-262/2018-19	GE (Army) Construction PMA Kakul	1,493.930
3	DP-N-382/2018-19	GE (Army) Construction PMA Kakul	189.688
4	DP-N-541/2018-19	GE (Army) Services, Kharian Cantt	18.379
5	DP-N-558/2018-19	GE (Army) Construction Lahore Cantt	42.572
6	DP-N-658/2018-19	701 PWS Muzaffarabad	63.340
7	DP-N-44/2019-20	607 Regional Workshop EME, Gujranwala Cantt	1.050

8	DP-N-387/2019-20	AGE (A) Risalpur	119.376
9	DP-N-390/2019-20	GE (A) Const-II Rawalpindi	313.607
		Total	**2,270.795**

Audit was of the view that incurring of expenditure other than the specified purpose was a violation of Government orders.

The irregularity was pointed out by Audit during 2017-18 and 2018-19. The executives replied that works were carried out on the basis of funds released by QMG's Branch GHQ Rawalpindi. The reply was not justified being in violation of above stated Government orders.

The para was discussed by DAC in its meetings held on 1st August, 9th & 17th December, 2019 and 4th February, 2020. DAC directed that expenditure out of Al-Mizan fund be got regularized from the competent authority and produced to audit for verification. Further progress was not intimated till finalization of this report.

Audit recommends an expeditious implementation of DAC directives, besides adoption of remedial measures to avoid such lapses in future.

2.7.3 Doubtful expenditure in violation of rules - Rs. 1,100.00 Million

As per rule 6(a) of Financial Regulations (Vol I), 1986 "every officer should exercise the same vigilance in respect of expenditure incurred form Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money".

During audit of accounts of PMA Kakul it was noted that a sum of Rs.2.500 billion was allocated as a special grant by Prime Minister of Islamic Republic of Pakistan for expansion of academy to PMA vide Ministry of Defence, Rawalpindi letter No.3605/114-656/Land-3A/1178/D-12/2016 dated 1st June, 2016. Subsequently, the funds were placed at the disposal of PMA Kakul vide GHQ (QMG Directorate) letter

No.3678/16853/Qtg-3 dated 4th June, 2016.Scrutiny of relevant record resulted into following observations:-

i) As per Government of Pakistan Ministry of Defence letter No. F-3(1)/198/D-15 dated 23rd February, 2008, the financial powers of IGT&E and COAS were Rs.100,000 and 4,000,000 respectively. However, all contingent bills, related documents were signed / approved by a junior officer of Major rank without obtaining approval of Competent Financial Authority. Therefore, the expenditure of Rs.1.100 billion stood unauthorized.

ii) Expenditure of Rs.1.100 billion was incurred without advertisement of procurement opportunities and without observing response time of bidding which was a violation of rule 12(2) and 13(1) of Public Procurement Rules.

iii) Certificate Receipt Vouchers (CRVs) and Stocks taking of material procured against paid voucher No. 275 dated 20th June, 2016 amounting to Rs.360 million were not prepared. Besides construction work was not executed through MES.

iv) Rs. 740 million were expended for procurement of solar system without certification from Alternative Energy Board as required vide Ministry of Finance, Revenue Division SRO No:369(1)/2011 dated 7th May 2011 against paid vouchers No.277&278 dated 20th June, 2016 and 493 dated 28th June, 2016.

v) Income tax and sales tax amounting to Rs.35.400 million and 98.803 million against paid vouchers, No. 277 dated 20th June, 2016 and 493 dated 28th June, 2016 was not deducted / credited, as per requirement of Ministry of Finance SRO 660 (1) 2007.

vi) Similarly, Income Tax and Sales Tax amounting to Rs.69.143 million against Payment Vouchers No.275 & 278 dated 20th June, 2016 was less deducted.

vii) Rs.19.183 million deducted on account of Income tax against Payment Voucher No.275 & 278 dated 20th June, 2016 was not deposited against relevant head of account as required vide para 341 of Military Account Code.

The irregularity was pointed out by Audit in June, 2019. The executive replied that it was a time gap requirement to avoid surrender of funds and to continue disbursement of land acquisition to affectees. Amount was replenished and paid on account of compensation to land acquisition. The reply was not acceptable as observations raised by Audit were not addressed.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC directed the formation for provision of revised comprehensive reply within 7 days and pended the para till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter and regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

DP-N-246/2019-20

2.7.4 Un-authorized recoupment of account - Rs.1,043.411 Million

As per rule 2 of Financial Regulations (Vol II), 1986"all transactions to which any officer of Government in his official capacity is a party, shall, without any reservation, be brought to account and all money received by or tendered to Government officer which are due to, or are required to be deposited with Government shall, without undue delay, be paid, in full, into a Government treasury or into the bank to be credited to the appropriate account or they shall be credited through the pay bill or other public account if it is so authorized".

During audit of accounts of PMA Kakul it was observed from cash book in respect of Askari Bank account "Ahsan Munafa" titled Commandant PMA bearing No.7213980000131 that the account was recouped by an amount of Rs.1,043,410,875/- without any supporting evidence on record in violation of above rules.

The irregularity was pointed out by Audit in June, 2019. The executive replied that it was a time gap requirement to avoid surrender of funds and to continue disbursement of compensation to land acquisition affectees. Amount was recouped and paid on account of compensation to land acquisition. The reply was not agreed to as receipt vouchers duly highlighting the source of receipt were not provided to Audit. Further, no justification under rules was furnished for such an arrangement.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC directed the formation for provision of revised comprehensive reply within 7 days and pended the para till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter for fixing responsibility and provision of documentary evidences in support of replenished amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-214/2019-20

2.7.5 Irregular conclusion of contract without obtaining bank guarantee – Rs 917.674 Million

According to rule 39 of PPRA - 2004, “the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount.”

During audit of the following Army formations for the financial years 2017-18 & 2018-19, it was observed that various contracts

were executed without obtaining performance guarantee amounting to Rs. 917.674 million.

(Rs in million)

S.No.	DP No.	Name of Unit/Formation	No of Contracts	Amount
1	DP-S-291	HQ Engr SC, Quetta	02	881.500
2	DP-S-255	GE (Army) Svcs, Pano Aqil	41	26.211
3	DP-S-185	GE (A) Cons Pano Aqil	01	5.493
4	DP-S-242	GE (Army) Maint Pano Aqil	03	2.371
5	DP-S-235	AGE (Army) R/Yar Khan	03	2.099
			Total	**917.674**

Audit was of the view that the conclusion of contracts in violation of rules reflects poor internal controls and weak financial management.

The irregularity was pointed out by audit during December 2018 to September 2019. In case of S.No. 01, the executive replied that supply of material/stores was made without any lump sum contract so no security was obtained. In case of S.No.02 & 03, the executive replied that contractor had been approached to provide bank guarantee. In case of S.No.5, the executive replied that contracts were concluded by E in C. In case of S.No. 4, the executive did not furnish reply. The replies were not tenable as documentary evidence was not produced to audit.

The DAC vide meeting held in January, 2020 directed the executive to provide the relevant record of bank guarantee to audit for verification. No progress on the case was reported till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

2.7.6 Irregular conclusion of contract with unregistered firm with PEC – Rs 675.679 Million

According to rule(3)(1) of PEC Engineering Bye-Laws, 1987, 'no engineering work shall be constructed except by a constructor or operated except by an operator licensed as such by the Council.'

During audit of following Army formations for the financial years 2017-18 & 2018-19, it was observed that various contracts valuing Rs 665.899 million were awarded to contractors which were either un-registered or already de-registered by Pakistan Engineering Council. This resulted into irregular award of contract.

(Rs in million)

S.No	DP No	Name of Unit/Formation	No of contracts	Amount
1	DP-S-118	GE (Army) Services, Malir	23	512.612
2	DP-S-187	GE (Army)-I, Malir	07	67.460
3	DP-S-224	GE (Army) Maint Pano Aqil	03	42.850
4	DP-S-236	AGE (Army) R/Yar Khan	02	18.631
5	DP-S-220	GE (Army) Services Pano Aqil	01	14.790
6	DP-S-61	AGE (Army) Badin	02	9.556
			Total	**665.899**

Audit was of the view that the contracts were in violation of rules which reflects poor internal controls and weak financial management.

The irregularity was pointed out by audit during December, 2018 to September 2019. In case of S.No. 01, 02 and 04, the executive replied that contractors were registered with PEC. In case of S.No. 03 &05, the executive replied that contractor was asked for renewal of the PEC certificate. In case of S.No. 6, the executive provided invalid PEC certificate. Replies furnished by the executives were not tenable as valid certificates by PEC were not produced to audit.

The DAC vide meetings held in December 2019 and January 2020 concerning S.No. 01,02,03 & 05 directed the executive to

provide PEC license of the concerned contractors to audit for verification. Regarding S.No. 04 & 06, DAC directed the executive to hold fact-finding inquiry, along with fixation of responsibility and initiate disciplinary action against person(s) at fault within one month. No progress of the case was reported till finalization of this report.

Audit recommends expeditious compliance of DAC directives, besides fixation of responsibility.

2.7.7 Un-authorized utilization of funds out of United Nations Re-imbursement Account – Rs.486.767 Million

As per Government of Pakistan, Ministry of Defence letter No. 7/7/2004/05/D-21(Budget) dated 27th November, 2004, expenditure out of UNRA could be utilized for:-

a) Purchase and replenishment of equipment and stores for Army contingents deployed on UN peace keeping missions.
b) Pay and allowances and transportation of troops.
c) Incidental and Misc expenditure of Army contingents directly related to UN peace keeping mission.

Further, as per amendment made by the Ministry of Defence vide letter dated 7th March, 2009, expenditure can be incurred on projects approved by the Chief of Army Staff and concurred by the Finance Secretary on case to case basis.

During audit of accounts of following MES formations for the year 2013-14, 2016-17 and 2017-18 it was observed that an amount of Rs.486,767,000/- was expended on different works out of UNRA which did not fall under the parameters mentioned above.

The same issue was also discussed by Sub-committee-I of PAC in its, meeting held on 25th September, 2019 under para 1.3.5 of

Audit Report for the year 2017-18. The Sub-committee recommended the para for settlement subject to regularization from Finance Division and its verification by Audit. The committee further directed to complete the procedure within seven days.

(Rs. in million)

S #	DP No.	Unit / Formation	Amount
1	DP-N-208/2018-19	703 Pak works section	7.076
2	DP-N-211/2018-19	GE (A-II) Bahawalpur	136.813
3	DP-N-286/2018-19	GE (A-Const.I) Rawalpindi	70.429
4	DP-N-316/2018-19	GE (A) Kohat	127.795
5	DP-N-361/2018-19	GE (A) GHQ Rawalpindi	28.078
6	DP-N-623/2018-19	GE (A) Svcs Mangla	25.160
7	DP-N-366/2019-20	GE (A) Const-II Rawalpindi	91.416
		Total	**486.767**

Audit was of the view that incurring of expenditure other than the specified purpose was unauthorized.

The irregularity was pointed out by Audit in 2013-14, 2014-15, 2017-18 and 2018-19. The executive replied that the expenditure was sanctioned by GHQ, QMG's Branch (Qtg & Land Dte) and MES was bound to execute the work as per orders of the Competent Financial Authority. The reply was not tenable as funds were used without any authorization.

The para was discussed by DAC in its meetings held on 1st August, 9th December, 2019 and 4th February, 2020. DAC directed that expenditure out of UNRA may be got regularized from the competent authority. Further progress was not intimated till finalization of this report.

Audit recommends for regularization of the expenditure and adoption of remedial measures to avoid such lapses in future.

2.7.8 Unauthorized conclusion of contracts beyond financial powers – Rs 433.580 Million

According to table-A of para-25 and para-389 of DSR 1998, as amended vide MoD letter No. 2/12/D-15/2001 dated 12-6-2006, the power of administrative sanction of QMG is up to Rs 30 million. The contractual powers of E-in-C and DW & CE are up to Rs 35 million and Rs 30 million respectively.

During audit of following Army units/formations for the financial years 2017-18 and 2018-19, it was observed that various contracts amounting to Rs 433.580 million were sanctioned by QMG beyond his financial powers.

(Rs in million)

S No.	DP No.	Unit / Formation	Amount
1	DP-S-232	GE (Army) Hyderabad	167.712
2	DP-S-116	GE (Army)-I, Malir	153.299
3	DP-S-135	GE (Army) Const. Pano Aqil	60.499
4	DP-S-68	GE (Army) Services Malir	52.070
		Total	**433.580**

Audit was of the view that the works were required to be sanctioned by the Government of Pakistan. This shows prevalence of weak internal controls within the organization.

The irregularity was pointed out during December 2018 to 2018 to October 2019. In case of S.No. 1, the executive replied that administrative approvals were issued by the QMG with the concurrence of Ministry of Finance (Military). In case of S.No.2, the executive replied that necessary clarification from E-in-C's branch would be obtained. In case of S.No. 4, the executive submitted evasive reply. The reply was not tenable as the nature of works and their location was the same.

The DAC vide meeting held in December, 2019 & January 2020 directed the executive concerning S.No. 01,02 & 03 to provide admin approval from FA Military Finance to audit for verification.

Regarding S.No. 4, DAC directed that fact-finding inquiry be held, responsibility be fixed, disciplinary action be taken within two months. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives, besides fixation of responsibility.

2.7.9 Double payment against the same work – Rs. 300.00 Million

According to rule 6(b) of Financial Regulations (Vol-I) 1986, 'no authority shall exercise its power of sanctioning expenditure to pass an order which will, directly or indirectly, be to its own advantage.'

During audit on the accounts of Headquarters Engineers Southern Command Quetta, for the financial year 2018-19, it was observed that an amount of Rs 300 million was paid to two contractors against the same job i.e. procurement of stores and execution of work at the same location in district Zhob.

Audit was of the view that duplicate payment of work at the same place caused loss to government exchequer which indicates prevalence of weak internal controls within the formation.

The matter was pointed out by audit in September, 2019. The executive replied that the work executed by the contractors is correct and there was no duplication as the work was of same nature in different tranches. The reply furnished by the executive was not tenable as the payment was made against the same job.

The DAC vide meeting held in January, 2020 directed the executive to provide relevant record to audit for verification within 02 months. No progress in the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-250/2019-20

2.7.10 Un-authorized expenditure without approval of competent authority - Rs. 159.857 Million

As per rule 5 of Financial Regulations (Vol I),1986 "defence expenditure may be sanctioned by the Ministry of Defence and by the authorities subordinate to it on the condition that the exercise of delegated power shall be subject to the observance of any general or special directions which the authority delegating power may issue at any time, whether generally or in reference to a particular case". Further, under Sl No. 5 "local purchase of stores" of Annexure-A to Ministry of Defence letter No. F.3/1/98/D-15 dated 23rd February, 2008, no powers have been delegated to CEME.

During audit of accounts of CEME Muzaffarabad, it was observed that local purchase orders valuing Rs.159,857,000/- were issued by CEME Muzaffarabad during financial year 2014-15 to 2017-18, without any delegation of powers by the Ministry of Defence.

Audit was of the view that approval of Competent Authority, as per delegation of financial powers, was required to be obtained, which was not done.

The irregularity was pointed out by Audit in March, 2019. The executive replied that CEME (as Lt. Col.) was equal rank of ADS&T, CO S&T Bn, ADOS and ADRV&FC who had financial power of Rs.0.100 million as per delegation of powers by the Ministry. EME Directorate had also quoted the same authority in EPS 2018. The reply was not agreed as no financial powers were delegated to CEME by the PAO.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC was apprised that CEME was not included in the delegation of power dated 23rd February, 2008. DAC directed that expenditure may be got regularized from competent financial authority. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations besides adoption of remedial measures to avoid such lapses in future.

DP-N-307/2019-20

2.7.11 Un-authorized issuance of CRV without delivery of store - Rs. 159.249 Million

As per clause 19(a),(b) & (d) of contract, "the supplier shall submit the advance sample (two quantity of each type of heavy duty Racks) to IV&EE, Chaklala within 45 days from the date of signing of contract and on approval of advance sample (Prototype), the firm will manufacture the bulk stores immediately and render to inspection authority for inspection. Bulk manufacturing shall not be commenced until the advance sample (Prototype) is approved". Further, as per clause 9(e) of Contract No.13-980-00 dated 9th June, 2018, "the consignee is to issue the Certificate Receipt Voucher (CRV) to the supplier as soon possible but not later than 30 days from the date of receipt of store by the consignee".

During audit of accounts of COD Kala, it was noted that contract No.13-980-00 dated 9th June, 2018 valuing Rs. 159,248,700/- was concluded by DGP (A) with M/S Techno-fire (Pvt.) Ltd. Lahore for procurement of "Heavy Duty Racks". It was however, observed that inspection note was issued by the inspecting authority on 9th June, 2018 i.e. the date of signing of contract and CRV was also issued on very next day vide RV No. 730 dated 10th June, 2018 by COD Kala. Audit was of the view that as per contract clauses referred to above, advance sample (prototype) were required to be got approved before initiation of bulk manufacturing, which was not done. Further, completion of the whole

process and delivery of store within one day was not possible. As such undue favor to the firm was extended by issuing Certificate Receipt Voucher without actual receipt of stores valuing Rs.159,489,700/-.

The irregularity was pointed out by Audit in January, 2019. The executive replied that contract was concluded by DGP(A) and COD was not responsible for payment. The reply was not relevant as CRV was issued without receipt of store, which lead to release of payment to the firm.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC was apprised by the formation that the store was actually delivered, taken on charge and CRV was issued accordingly. DAC directed that all record from bidding process to issuance of CRV may be provided to Audit for detail scrutiny to verify the fact that all requirements relating to the contract were fulfilled and the store was actually delivered within one day of signing of contract. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations besides adoption of remedial measures to avoid such lapses in future.

DP-N-205/2019-20

2.7.12 Un-authorized sanction by splitting of works - Rs.108.489 Million

As per para 27 of Defence Services Regulations (MES), 1998, "no projects will be split up merely to bring it within the powers of an approving authority". Further, as per Ministry of Defence letter No.2/12/D-15/2001 dated 12th June, 2006, “powers of DW&CE (A) to accord technical sanction are Rs.30.00 (M) and QMG’s financial powers to accord admin approval of new work are Rs.30.00 (M)”.

During audit of accounts of GE Construction-I, Rawalpindi it was noted that six separate admin approvals were issued with the

approval of QMG for "construction of 4 E Type Flats (G.F+F.F) and (2nd F+3rd F) Block No. 01, 02 & 03 ordnance road, Rawalpindi" on the same date i.e. 2nd March, 2012 for Rs.108,489,000/- and works were finalized during financial year 2017-18. All works were split up into separate sanctions to bring it within powers of QMG / DW&CE (A), which were not authorized under rules.

The irregularity was pointed out by Audit in September, 2018. The executives replied that project estimates for foundations were submitted due to shortage of funds and keeping in view the emergency to facilitate the families of troops who were fighting against terrorists during operation Al-Mizan. Later on remaining funds were issued and to avoid surrendering of funds, project estimates for 2nd and 3rd floor were also initiated and got approved from competent authorities. The reply was not relevant, splitting was done to bring it within power of QMG, in violation of rules.

The para was discussed in DAC meeting held on 9th December, 2019. DAC directed that a fact finding inquiry may be held for fixing responsibility within 45 days and expenditure may be got regularized. Further progress was not intimated till finalization of this report.

Audit recommends implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-531/2018-19

2.7.13 Unjustified advance payment to contractors – Rs 64.771 Million

According to para 15(c)(4) of DSR 1998, 'all payments to contractors and employees should correctly represent the services rendered (i.e., work done and stores supplied) in accordance with the contract or other agreement under which those services have been rendered.

During audit of following MES (Army) formations for the financial years 2017-18 & 2018-19, it was observed that an amount of Rs 64.771 million was paid in advance to various contractors without physical progress of works extending undue favor to them.

(Rs in million)

S.No	DP No	Name of Unit/Formation	Amount
1	DP-S-347	AGE (Army) Khuzdar	48.00
2	DP-S-87	AGE (Army) Chorr	12.746
3	DP-S-134	GE (Army) Constr Pano Aqil	4.025
		Total	**64.771**

Audit was of the view that payment without physical progress indicated weak financial management at the end of the executive.

The irregularity was pointed out by audit from January 2019 to October 2019. In case of S.No. 1, the executive replied that payment was made for procurement of material as the work was to be commenced in the end of June. In case of S.No. 2, the executive replied that the payment was made to the contractors against works done. In case of S. No. 3, the executive replied that funds could not be surrendered as per direction of higher authorities. Reply was not tenable as the works involving such hefty payments could not be executed in a week's time.

The DAC vide its meeting held in December 2019, January 2020 and February 2020, directed the executive that fact-finding inquiry be held, responsibility be fixed and disciplinary action be taken within two months. No progress on the matter was reported to audit till finalization of this report.

Audit recommends early implementation of DAC directives.

2.7.14 Irregular local purchase of stores – Rs 27.287 Million

According to rule 18 of Financial Regulations 1986, "the powers authorized by these regulations are personal and cannot be delegated to any subordinate officer. Furthermore, as per delegation of financial powers issued vide MoD letter No. F.3/1/98/D-15 dated 23-02-2008 the limit set for sanctioning of amount by CO/Col in case of local purchase is up to Rs. 100,000/-.

During audit of following Army units / formations for the financial years 2015-16 to 2017-18, it was observed that Commandant had accorded sanction for local purchase beyond his financial power in violation of rules/orders.

(Rs in million)

S.No.	DP No.	Unit / Formation	Amount
1	DP-S-209	16 Engr Bn Hyderabad	23.287
2	DP-S-70	317 Mech Engr Bn Malir Karachi	4.00
		Total	**27.287**

Audit is of the opinion that the expenditure incurred in violation of the rules stands irregular.

The irregularity was pointed out from January 2019 to October 2019. The executive replied that sanctions were accorded in the light of delegated financial powers. The reply is not tenable as the delegated powers cannot be delegated as per rule 18 of FR Vol-I, 1986.

The DAC vide meetings held in December, 2019 & January, 2020 directed the executive to take up the case for regularization with competent authority. No progress on the matter was reported to audit till finalization of this report.

Audit recommends regularization of expenditure by the competent authority.

2.7.15 Un-authorized acquisition of land in violation of land acquisition act – Rs.18.932 Million

As per para 6 of Government of Khyber Pakhtunkhwa, board of Revenue, Revenue & Estate Department vide Letter No.REV/IV/4/Notification/12280-312 dated 27th February, 2018 "in case of private negotiation, the acquiring department shall certify that permission for entering into private negotiation for the acquisition of land has been obtained from the head of Administrative Department".

Section 11-A & 11 B of Land Acquisition Act. 1894 notified vide Government of KPK, Revenue Department Notification No. Rev-V/4/2006/Notification/LA 10973 dated 17th August, 2006 describes the guidelines for assessment and determination of the price for land required to be carried out through Private Negotiation.

During audit of accounts of PMA Kakul it was noted that land measuring 3 kanal 7 marlas situated at Tobe Linkup was acquired by PMA Kakul for Rs.14,800,000. Similarly, another land situated at Tobe camp was also acquired for Rs.4,132,000. However, scrutiny of the record resulted into following observations:-

a. The lands were neither assessed in any survey nor included in award.
b. Government sanction for acquisition of land was not obtained in these cases.
c. The price assessment per kanal was neither made in accordance with the aforesaid provisions nor it was in conformity with Government of Khyber Pakhtunkhwa letter dated 17th August, 2006.

The irregularity was pointed out by Audit in June, 2019. The executive replied that land was required keeping in view the critical security locations. MEO was being approached for reclassification. The reply was not agreed as it was in contravention to aforesaid rules.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC directed the formation for provision of revised comprehensive reply within 7 days and pended the para till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter and regularization of irregularity besides adoption of remedial measures to avoid such lapses in future.

DP-N-210/2019-20

2.7.16 Non-recovery of liquidity damages – Rs 17.738 Million

As per para 52(a) of PAFW-2249 forming part of contract that, if the contractor fails to complete the works and clear the site as stated in clause-53, such breach shall be liable to payment of compensation amount equal to 1% of the sum or of the measured value of the works order for every week, provided that total amount of compensation so payable under this condition shall not exceed 10% of the contract sum.

During audit of accounts of following MES Army formations for the financial years 2017-18 & 2018-19, it was observed that the management did not impose liquidated damages of Rs 17.738 million on the contractors of seven contracts / works not completed within stipulated time.

(Rs in million)

S.No	DP No	Name of Unit/Formation	Amount
1	DP-S-120	GE (Army), Kashmore	12.309
2	DP-S-253	GE (Army), Karachi	5.429
		Total	**17.738**

The irregularity was pointed out by audit in May and September, 2019. In case of S.No. 01, the executive replied that the works were suspended due to some reasons and the extensions were granted. In case of S.No. 2, the executive replied that work was suspended due to non-

allocation of funds. The reply was not tenable as the executive failed to provide any documentary evidence.

The DAC vide meeting held in January, 2020 directed the executive that extension letters / correspondence justifying delay in works be provided to audit for verification. No progress in the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

2.7.17 Un-justified payment in violation of directives of DW&CE – Rs 14.110 Million

According to para 70 of DSR 1998, 'technical control is vested in the E-in-C and is exercised through DsW & CEs and the Engineer Executive. The preparation of detail drawings and specifications and letting of contracts, amendments to contracts and deviations thereto fall under technical control.'

During audit of GE (A) Construction, Pano Aqil for the financial year 2017-18, it was observed that payment amounting to Rs 14.110 million was made to contractor M/s Zafar & Co in violation of drawings approved by DW&CE (Army) vide letter No. 003/vetting/5C/44/E-10 dated 10-11-2017. The alterations were made regarding height of the porch, building interior and addition of verandah. Further, DW&CE also required following documents from GE concerned vide letter No. 603/Vetting/5C/202/E-10 dated 16-4-2018 which were not produced.

(a) NOC issued E-in-C Branch if private consultant was hired to design,
(b) Building computer design model on SAP 2000 or ETABs,
(c) Stability certificate of the structure,
(d) Soil investigation report for soil and further analysis

Audit was of the view that expenditure without fulfilling the codal requirements stands irregular and reflects weak financial management on the part of the executive.

The matter was pointed out by audit in May, 2019. The executive replied that ACE was the competent authority to vet the drawing, however due to non-availability of structure engineer drawing was forwarded to DW & CE which was vetted on 10-11-2017. Reply furnished by the executive was not tenable as the drawing and design was changed by the executive without vetting by the DW&CE.

The DAC vide meeting held in January, 2020 directed the executive that relevant record as mentioned in the DW&CE letter be provided to audit for verification. No progress in the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-132/2019-20

2.7.18 Irregular award of work against fake bank guarantee – Rs 3.850 Million

According to rule 19 of PPRA Rules 2004, "the procuring agencies shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Such barring action shall be duly publicized and communicated to the Authority."

During audit on the accounts of HQ Log Area Karachi for the financial years 2016-17 & 2017-18, it was observed that a contract for HMT cargo services was awarded to M/s United Traders on the basis of fake bank guarantee. On verification, United Bank Limited stated in its

letter dated 12/9/2017 that the guarantee amounting to Rs 3,850,000/- was not issued by the bank.

Audit was of the view that award of contract on the basis of fake bank guarantee was irregular. This indicated prevalence of financial indiscipline within the formation.

The matter was pointed out by audit in March, 2019. The management did not furnish reply.

The DAC vide meeting held in January 2020, directed that Court of Inquiry be held, responsibility be fixed and disciplinary action be taken against the concerned within 02 months. No progress of the case was reported till finalization of this report.

Audit recommends expeditious compliance of DAC directives, besides fixation of responsibility.

DP-S-264/2019-20

2.7.19 Irregular procurement from blacklisted contractors – Rs 2.337 million

As per rules 2(2) and (3) of the Sales Tax Special Procedure (Withholding) Rules, 2007 under S.R.O. 660(1)/2007, Islamabad, the 30th June, 2007, "all withholding agents shall make purchase of taxable goods from a person duly registered under Sales Tax Act, 1990, provided that under unavoidable circumstances and for reasons to be recorded in writing."

During audit on the accounts of HQ 4 AD Div Malir for the financial years 2015-2016 to 2017-18, it was observed that MT stores amounting to Rs 2,337,810/- were purchased from the contractors blacklisted by the FBR.

(Rs in million)

S.No	Name of firm	Contractor	Blacklisted by FBR	Amount
1	M/s Aimen Traders	Abdul Khaliq Shakir	25/05/10	0.258
2	M/s Yasir Traders	Yasir Ali	12/01/2010	0.891
3	M/s Zulfiqar Autos	Zulfikar Ali	31/07/2006	0.741
4	M/s Al- Fatah Auto Mobile	Sheikh Muhammad Munir	01/03/2004	0.289
5	M/s Salman Traders	Salaman Khan	24/4/2015	0.157
			Total	**2.336**

Audit was of the view that undue benefit was extended to the blacklisted contractors.

The matter was pointed out by audit in May, 2019. The executive submitted irrelevant reply, the contractors were blacklisted with FBR.

The DAC vide meeting held in January 2020, directed the executive that fact-finding inquiry be held, responsibility be fixed and disciplinary action be taken against the concerned within 45 days. No progress on the case was reported to audit till finalization of this report.

Audit recommends implementation of DAC directives, besides fixation of responsibility.

DP-S-257/2019-20

2.8 Recoverables / Overpayments – Rs.1,261.832 Million & US$ 0.770 Million

2.8.1 Excess payment of land acquisition cost and compensation despite deficiency of land – Rs.595.232 Million

As per rule 37(a) of Financial Regulations (Vol I), 1986 "all losses whether of public money or of stores, shall be subjected to a preliminary investigation by the officer in whose charge they were, to ascertain the cause of the loss and the amount involved".

During audit of accounts of PMA Kakul it was noted that funds of Rs.1,839,896,771 were allocated for acquisition of land measuring 737 kanals & 5 marlas situated at Mouza Nawan Shehr Shomali-I (Jhangi Area Ph-III) vide Ministry of Defence letter No. 3/(227)/LE&H/ ML&C/05(Atd)/1250/D-12/15 dated 11th May, 2015.Thefunds were subsequently placed at the disposal of LAC Abbottabad who announced the award bearing No.259 for acquisition of the said land.

Similarly, funds of Rs.306,292,356 were allocated for acquisition of land measuring 226 kanals & 5 marlas (Ph-II) Jhangi Area vide Ministry of Defence letter No. 3605/751/Land-3B/LE&H/ML&C/06/Kakul/2178/D-12/07 dated 17th August, 2007.Additional funds of Rs.189,960,434were also allocated during 2015making the total available funds of Rs.513,293,908 (including already held amount of Rs.17,041,118). The amount was subsequently placed at the disposal of LAC Abbottabad who announced the award bearing No.258 for acquisition of the said land.

However, it was observed from record that during demarcation process and as per topographical survey, following discrepancies in demarcation of land were pointed out:-

a. The area of award No.259 as per revenue record was 737 kanal 05 marlas but the land available at site was 625 kanal resulting in deficiency of 112 kanals 01 Marla approximately.

b. The area of award No.258 as per revenue record was 226 kanal 05 marlas but the land available at site was 219 kanal resulting in deficiency of 7 kanal 08 marlas approximately.

Audit was of the view that payment of deficient land and subsequent payment of compensation by the management of the PMA Kakul was a loss to public exchequer. Therefore, cost of deficient land measuring 119 kanals 9 marlas amounting to Rs.595,232,043/- needed recovery besides fixing responsibility.

The irregularity was pointed out by Audit in June, 2019.The executive replied that case was under review at Revenue Department. The reply was not agreed as the payment for deficient land was a loss to State.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC directed the formation for provision of revised comprehensive reply within 7 days and pended the para till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter and recovery of the overpaid amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-211/2019-20

2.8.2 Non-recovery of lease money - Rs. 141.473 Million

As per rule 2 of Financial Regulations (Vol II), 1986, "all transactions to which any officer of Government in his official capacity is a party, shall, without any reservation, be brought to account and all moneys received by or tendered to Government officer which are due to, or are required to be deposited with Government shall, without undue delay, be paid, in full, into a Government Treasury."

During audit of the accounts of Military Farm Sargodha, it was noted that land of Chak No.39 & 44 was leased out to tenants for cultivation. However, it was observed that Government share was not being recovered from the tenants. As per available record, an amount of Rs.141,473,226/- was outstanding against tenants for the year 2016-17 and 2017-18.

The irregularity was pointed out by Audit in February, 2018. The executive replied that the matter was already in litigation.

The para was discussed by DAC in its meeting held on 5th December, 2019. DAC was apprised that the court case was decided in favour of Government with the order to deposit 25% of the outstanding amount. However, the tenants have again filed a case in Lahore High Court and got stay order. DAC directed to pursue the court case. Further progress was not intimated till finalization of this report.

Audit recommends implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-694/2018-19

2.8.3 Non-recovery of outstanding dues from foreign trainees - USD $ 0.770 Million

As per Joint Services Instructions 4/2006, "training charges will be recovered from foreign trainees / cadets when they are provided such facilities in various institutions of Pakistan Armed Forces training institutions". Further as per para 2 of Army Instructions No.112/61, "all charges recovered from Ministries/ Central/ Provincial Governments and foreign countries on account of tuition fee, accommodation (including water, electricity and furniture) and bedding hire charges will be credited to the relevant Heads of Accounts of the Defence Services Estimates by the CMAs concerned".

During audit of accounts of following formations it was observed that an amount of US$ 770,736/- was outstanding against foreign trainees.

(Rs. in million)

S #	DP No.	Name of Unit / Formation	Amount in US$
1	DP-N-225/2018-19	PMA Kakul	0.587
2	DP-N-308/2018-19	Military College of Signal Rawalpindi	0.015
3	DP-N-402/2019-20	Junior Leaders Academy, Shinkiari	0.168
		Total	**0.770**

The irregularity was pointed out by audit in December, 2017, August, 2018 and February, 2019. The executive replied that efforts were being made for recovery of the amount.

The para was discussed by DAC in its meeting held on 5th July, 2019 and 4th February, 2020. DAC directed that cases for early recovery of training / allied charges from foreign trainees may be pursued. Further progress was not intimated till finalization of this report.

Audit recommends early recovery besides adoption of remedial measures to avoid such lapses in future.

2.8.4 Un-authorized payment on account of un-titled land (Shamilat) - Rs.107.660 Million

As per rule 6(a) of Financial Regulations (Vol I) 1986, "every officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as person of ordinary prudence would exercise in respect of the expenditure of his own money". Furthermore, as per Land Revenue Act (West Pakistan Land Revenue Act XVII of 1967) Shamlat-e-Deh is the joint holding of entire village.

A. During audit of accounts of PMA Kakul, it was noted from award No. 253 that LAC announced the award including Khasra Nos. 6604/954/2 & 987 Khasra Nos. 6144, 6145 as Shamilat-e-Deh. The title of ownership was not in possession of any individual and the same was to be decided by the Honorable Court of Law. Accordingly, the LAC withheld the payment of said Khasra as evident from Qabz-ul-Wasool / Payment. However, it was observed from record that PMA paid an amount of Rs.51,605,951/- and Rs.49,754,019/- on account of Shamilat-e-Deh in contravention to aforesaid provision of Land Revenue Act and in contravention to action taken by Land Acquisition Collector.

B. Similarly, in another case land measuring 3 kanal 7 marla (including 1 kanal 16 marla as Shamilat) of Sardar Nasir Gul at Tobe Linkup was purchased for Rs.14,800,000/-. It was observed that the above payment included payment for Shamilat amounting to Rs. 6,300,000/- without decision by Court of Law in contravention of provisions of land revenue Act.

The irregularity was pointed out by Audit in June, 2019. The executive replied that Revenue Department would be consulted and

final outcome would follow. The reply was not agreed because payment was made in contravention to aforesaid rule provision.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC directed the formation for provision of revised comprehensive reply within 7 days and pended the para till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter for fixing responsibility and recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-212/2019-20

2.8.5 Non-recovery of allied charges – Rs 86.581 Million

According to para 442 of DSR, 1998, 'the GE is responsible for making demands for payment of all revenue and for taking steps for its prompt realization.'

During audit of following MES (Army) formations for the financial years 2016-17 to 2017-18, it was observed that allied charges (electricity, gas & water) amounting to Rs 86.581 million were lying outstanding against various consumers / occupants.

(Rs in million)

S No.	DP No.	Name of Unit / Formation	Amount
1	DP-S-69	GE (Army) Svs Malir	36.473
2	DP-S-172	GE (Army) Khi	34.150
3	DP-S-233	GE (Army) Hyd	7.527
4	DP-S-01	GE (Army) Quetta II	2.900
5	DP-S-219	GE (Army) Svcs P/Aqil	2.509
6	DP-S-63	AGE (Army) Badin	1.470
7	DP-S-227	GE (Army)-I Quetta	0.943
8	DP-S-88	AGE (Army) Chhor	0.609
		T o t a l	**86.581**

Audit was of the view that non-recovery of allied charges indicated weak financial management.

Non-recoveries were pointed out by audit from November, 2018 to October, 2018. In case of S.No. 1, 4, 5, 6, 7 & 8, the executive replied that all the concerned consumers had been approached for recovery. In case of S.No. 2 & 3, the executive did not furnish reply.

The DAC vide meeting held in December, 2019 and January 2020 was informed that partial recoveries had been made and action was being taken for recovery of the balance amount. The DAC directed that recovery made so far be got verified from audit and balance amount be recovered expeditiously. No progress was reported to audit till finalization of this report.

Audit recommends expeditious recovery of amount and its verification by audit.

2.8.6 Non-deposit of ground rent and sky charges - Rs. 49.034 Million

As per para 12(ii) Government of Pakistan, Ministry of Defence, ML&C Department, Rawalpindi letter No: 1-4 / Gen / Hoarding Policy / ML&C / 2012, Dated 4th July, 2012, "in case of installation of advertisement / billboards on A-1 land, ground rent will be recovered by the respective MEOs and sky charges by the respective Cantt Boards".

During audit of accounts of COD Rawalpindi, it was noted that 4 hoardings were installed in the premises of COD Rawalpindi on A-1 Land since 28th February, 2015. However, evidence regarding deposit of Government and Cantonment Board share Rs.49,034,000/- (Rs. 27,648,000/- Government share + Rs. 21,386,000/- Cantt Board share) was demanded through written requisitions but the same was not provided to audit.

The irregularity was pointed out by Audit in September, 2018. The executive replied that as per Government policy installation of bill boards on A-1 land were authorized on rent basis, further, it was

clarified that recovery of these types of commercial activities would be deposited in concerned MEOs and sky charges will be deposited in concerned Cantonment Board. All necessary documentation and contract copy was held with station HQr. The reply was not acceptable as hoardings were installed in the premises of COD. Audit was of the view that Government rent and sky charges may be deposited into Government Treasury and Cantonment Board Chaklala.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC was informed that ground rent was being calculated @ 6% of DC rate and 25% of Ground rent will be deposited into Government Treasury in the light of A-I land policy 2008.DAC did not accept the reply and directed that fresh reply with supporting evidence in the light of Government policy dated 4th July, 2012 be produced to audit within 15 days. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-305/2018-19

2.8.7 Non-recovery of rent and allied charges - Rs.46.705 Million

As per para 442 of Defence Services Regulations 1998, "the GE is responsible for making demands for payment of all revenue and for taking steps for its prompt realization".

During audit of accounts of following MES formations for the years 2017-18 and 2018-19, it was observed that rent and allied charges amounting to Rs.46,705,000/- were lying outstanding against various consumers, which needed immediate recovery.

(Rs. in million)

S #	DP No.	Unit / Formation	Amount
1	DP-N-744/2018-19	GE(A) Services, Rawalpindi	33.429
2	DP-N-795/2018-19	GE (A) Murree	6.084
3	DP-N-15/2019-20	GE (A) Murree	7.192
		Total	**46.705**

Audit was of the view that non-recovery of Government dues was a loss to State caused due to weak internal controls.

The irregularity was pointed out by Audit during the year 2018-19. The executives in case of Sl. No.1replied that notices were issued for recovery of outstanding dues. Whereas, no reply was furnished by executive for Sl. No.2-3.

The para at Sl. No.1 was discussed by DAC in its meeting held on 5th December, 2019. DAC directed that partial recovery effected may be got verified and balance may be recovered within six months with the direction that military accounts department may direct the unit accountants to not clear the posted out officers before recovery of allied charges. Whereas, in case of para at Sl. No.2 DAC directed that recovery may be made in the light of BTS tower policy of 2005 & 2011-12. The para at Sl. No.3 was discussed by DAC in its meeting held on 17th December, 2019. DAC directed that recoverable amount may be reconciled and recovery may be effected. Further progress was not intimated till finalization of this report.

Audit recommends expeditious recovery of the amount involved besides adoption of remedial measures to avoid such lapse in future.

2.8.8 Less recovery of Income Tax from contractors – Rs.44.161 Million

As per section 153 of Income Tax Ordinance 2001, as amended from time to time, every prescribed person making a payment for rendering or providing of services is liable to deduct Income Tax from the gross amount of the bills at prescribed rates.

During audit of following Army units for the financial years 2017-18 & 2018-19, it was observed that Income Tax amounting to Rs 44.161 million was less deducted from various contractors' payments.

(Rs in million)

S. No	DP No	Name of Unit/Formation	Amount
1	DP-S-234	GE (Army) Hyderabad	17.512
2	DP-S-226	GE (Army) I, Quetta	15.879
3	DP-S-223	GE (Army) Maint Pano Aqil	2.994
4	DP-S-221	GE (Army) Services Pano Aqil	2.518
5	DP-S-62	AGE (Army) Badin	2.378
6	DP-S-237	AGE (Army) Rahim Yar Khan	0.931
7	DP-S-86	AGE (Army) Chorr	0.765
8	DP-S-123	CMH Sibi	0.745
9	DP-S-330	23 S & T Bn	0.439
		T o t a l	**44.161**

Non-recovery of government tax reflected poor financial management and weak internal controls.

The matter was pointed out by audit during December, 2018 to October, 2019. In case of S.No. 01, 5, 6, 7 & 9, the executive replied that all the contractors were filers. In case of S.No. 02, the executive replied that contractors were asked for active tax payer certificate. In case of S.No. 03 & 04, the executive did not furnish any reply. In case of S.No. 8, the executive replied that matter has been referred to GHQ Medical Directorate for clarification. The contentions of the executive were not supported by the relevant documents.

The matter was discussed in the DAC meetings held in December 2019, January 2020 and February 2020. DAC directed the

executive to provide evidence that the contractors were active tax payers from FBR. In case of non-filer contractors amount of income tax be recovered from the concerned according to provisions of income tax law. No response on the matter was reported by executives to audit till finalization of this report.

Audit recommends implementation of DAC directives regarding recovery of income tax as per rules.

2.8.9 Over payment made to contractor - Rs 37.659 million

(A) According to rule 53 of Financial Regulation (Vol-II), 1986, "the countersigning officer shall see that the charge made in a contingent bill are of obvious necessity, and are at fair and reasonable rates; that previous sanction for any item requiring it is attached; that the requisite vouchers are all received and in order; that the calculation are correct; specially, that the allotment have not been exceeded or are likely to be exceeded."

During the audit on the accounts of Headquarters Engineer Southern Command, Quetta for the financial year 2017-18, it was observed that in Tranche No. 01 "Installation of Fencing and Lighting at Pak-Afghan Border", 150 poles each having 11 ft height were procured whereas labour charges for erection of 600 Nos. of poles were paid to the contractor M/s Pak Umar Enterprises. It resulted into excess payment of labour charges against erection of additional 450 Nos. of poles amounting to Rs 31,680,000/-.

Audit was of the view that overpayment on account of labour charges caused loss to the government which indicates prevalence of weak financial discipline.

The matter was pointed out by audit in November, 2018. The executive replied that no overpayment was made to the contractor. Reply furnished by the executive is not tenable as they failed to justify the difference as pointed out by audit.

The DAC vide meeting held in December 2019, directed the management that excess payments to contractor be worked out within one month. No progress was reported to audit till finalization of this report.

Audit recommends expeditious recovery of overpayment in compliance of the DAC directives.

DP-S-45/2019-20

(B) According to rule 53 of Financial Regulation (Vol-II), 1986, 'the Countersigning officer shall see that the charge made in a contingent bill are of obvious necessity, and are at fair and reasonable rates; that previous sanction for any item requiring it is attached; that the requisite vouchers are all received and in order; that the calculation are correct; specially, that the allotment have not been exceeded or are likely to be exceeded.'

During the audit on the accounts of Headquarters Engineer Southern Command, Quetta for the financial year 2017-18, it was observed that in Tranche No. 01 "Installation of Fencing and Lighting at Pak-Afghan Border" a sum of Rs 7.979 million was paid in excess to M/s Pak Umar Enterprises on account of wrong calculation of rates of steel no.6 Bar.

Audit was of the view that government sustained loss due to overpayment and weak financial management.

The matter was pointed out by audit in November, 2018. The executive replied that no overpayment was made to the contractor. Reply furnished by the executive is not tenable as tempered copies of bills/invoices were provided in support of the claim.

The DAC vide meetings held in December 2019, directed the management that excess payments to contractor be worked out within one month. No progress was reported to audit till finalization of this report.

Audit recommends expeditious recovery of overpayment in compliance of the DAC directives.

DP-S-44/2019-20

2.8.10 Non-recovery of Income Tax from contractors – Rs 33.148 Million

As per section 153 of Income Tax Ordinance 2001, as amended from time to time, every prescribed person making a payment for rendering or providing of services is liable to deduct Income Tax from the gross amount of the bills at prescribed rates.

During audit of following army formations for the financial years 2015-16 to 2018-19, it was observed that Income Tax amounting to Rs 33.148 million was not deducted from the contractors' payments as required under the rules.

(Rs in million)

S. No	DP No.	Name of Formation	Amount
1	DP-S-288	Central Ordinance Depot, Karachi	12.955
2	DP-S-319	GE (Army)-I, Quetta	9.217
3	DP-S-124	CMH Sibi	7.454
4	DP-S-122	CMH Sibi	2.468
5	DP-S-92	CMH Malir Cantt	1.054
		Total	**33.148**

The issue was pointed out by audit from December 2018 to August, 2019. In case of S.No. 01 &04, the executive replied that income tax has been deposited into government treasury. In case of S.No. 02, the executive replied that exemption certificate will be provided when received from the contractors. In case of S.No. 03, the executive replied that matter had been referred to GHQ Medical Directorate for clarification. The contentions of the executive were not supported by the relevant documents.

Non-recovery of government tax reflects poor financial management and weak internal controls.

The matter was discussed in DAC meeting held in December 2019, January 2020 and February 2020. Concerning S.No. 01 & 03, DAC directed that relevant record of recovery be provided to audit for verification. As regards S.No. 02 DAC directed the executive to either produce exemption certificates from FBR for concerned contractors or amount of income tax be recovered from the concerned. Regarding S.No. 04 & 05, DAC directed that the difference of income tax be recovered from the concerned and got verified. No progress in terms of recovery was reported by executive to audit till finalization of this report.

Audit recommends implementation of DAC directives regarding recovery of income tax as per rules.

2.8.11 Non-recovery of house rent allowance - Rs.28.837 Million

As per rule 66 of Pay and Allowance (Vol II), 1997 married officers not provided with Government / hired / requisitioned / married accommodation, shall be entitled to House Rent Allowance on the same conditions as in the civil. Further, as per Ministry of Housing and Works O.M No. F-11(33)/2012-Policy dated 17th May, 2013 endorsed by Finance Division (Military Finance Wing) Rawalpindi vide U.O No. 134/R-1/ASMF/2014 dated 31st January, 2014, armed forces officers allotted residential accommodations may not be paid 45% house rent allowance and 5% of their running basic pay should be charged to bring them at par with civilian set up".

During audit of following formations for the year 2017-18 and 2018-19, it was observed that officers availing the facility of Government married accommodation were also drawing house rent allowance which was un-authorized and resulted into overpayment amounting to Rs.28,837,000/- which needed recovery.

(Rs. in million)

S #	DP No.	Unit / Formation	Amount
1	DP-N-217/2018-19	56 S&T Bn. Bahawalpur	1.432
2	DP-N-222/2018-19	62 S&T Bn. Islamabad	1.454
3	DP-N-237/2018-19	Headquarters 2 Corps Multan	2.050
4	DP-N-251/2018-19	124 Surveillance Counter Reporting AD Regt Multan Cantt	1.432
5	DP-N-339/2018-19	School of Military Intelligence Murree	2.717
6	DP-N-431/2018-19	05 Sindh Regt. Okara	1.519
7	DP-N-435/2018-19	4 Light Commando Bn. Multan Cantt	1.391
8	DP-N-715/2018-19	SSG HQ, Tarbela	2.215
9	DP-N-730/2018-19	Army Transit Camp, Rawalpindi	0.598
10	DP-N-764/2018-19	Army School of Logistics, Murree	2.138
11	DP-N-794/2018-19	Military College, Murree	1.385
12	DP-N-800/2018-19	CMH, Mangla	1.088
13	DP-N-20/2019-20	CMH, Gujranwala Cantt	1.227
14	DP-N-236/2019-20	HQ 11 Corps, Peshawar	3.449
15	DP-N-272/2019-20	CMH, Mangla	0.994
16	DP-N-291/2019-20	CMH, Peshawar	2.676
17	DP-N-313/2019-20	FF Centre, Abbottabad	1.072
		Total	**28.837**

Audit was of the view that payment of house rent allowance to the Army officers availing married accommodation was loss to state.

The irregularity was pointed out by Audit during 2017-18 and 2018-19. The executives replied that HRA was authorized to all married officers who were residing in MOQ vide MAG letter No. AT/MES/2254-XVIII dated 15th February, 2003. The reply was not acceptable as payment of HRA was unauthorized and needed recovery from concerned.

The para was discussed by DAC in its meetings held on 05th & 17th December, 2019 and 4th February, 2020. DAC directed that

PAC directives dated 10th October, 2019 on paras 1.4.5 and 1.15.1 for the year 2017-18 may be implemented and recovery be effected. In case of Sl. No. 15 DAC further directed that amount already recovered by the formation on account of HRA may be deposited into Government Treasury. Further progress was not intimated till finalization of this report.

Audit recommends that recovery of HRA may be made from the officers residing in the Government accommodation as per existing rules till finalization of policy.

2.8.12 Non recovery of rent of guest rooms - Rs 20.70 Million

As per rule 442 of Defence Services Regulations 1998, "GE is responsible for making demand of all revenue and making prompt action for its realization".

During audit of account of GE (A), Murree it was noted from Return and Recovery statement that rent charges approximately Rs.20,700,000/- (Rs.15000 / pm x 115 x 12 / month) against 115 guest rooms under the management of HQr 12 Div Murree were outstanding since July, 2016 to June, 2017. However, it was observed by audit that no efforts were being made for realization of recovery.

The irregularity was pointed out by Audit in October, 2017. The executive replied that they had intimated HQ 12 Div. for recovery. However, no recovery was intimated so far.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC was informed that out of 115 buildings 14 buildings were constructed on self-help basis. Remaining 101 buildings are used for visiting foreign delegations / in country visits. However, serving officers and their families coming from other part of country are also accommodated. DAC directed that fresh reply alongwith list of all guest rooms and detail of recoverable amount against the guest rooms be

provided to audit within 15 days. Further progress was not intimated till finalization of this report.

Audit recommends implementation of DAC directives and prompt realization of recovery and adoption of remedial measures to avoid such lapses in future.

DP-N-351/2018-19

2.8.13 Non-recovery of risk and expense[25] amount - Rs.20.26 Million

As per para 7(b) of General Tender Form PAFZ-2120, "in event of contractor failing, declining, neglecting or delaying to comply with any demand or requisition or otherwise not executing the same in accordance with the terms of contract, the officer operating the contract shall be at liberty to procure or to arrange from Government stocks or otherwise, at contractor's expense".

During audit of accounts of Base Supply Depot Rawalpindi, it was noted that 2 contracts were concluded with M/s Malik Dost Mohammad & Co for supply of Chicken/ Eggs. However, it was observed that the firm was failed to supply the contracted stores which was arranged through local purchase but the extra cost of Rs.20,255,110/- was not recovered from defaulting firm.

The irregularity was pointed out by Audit in February, 2018. The executive replied that case was under process with Log Area for recovery of amount.

[25]Risk and Expense refers to such occasions where it may be necessary to cancel certain contracts at firm's risk and expense and consequently the requirements of those very stores may have to be re-tendered in certain cases. If as a result of such re-tender a contract is placed, the value of which is more than the previous contracts, then the competent purchase officer will ensure that such an extra cost to the state is notified to the firm at whose risk and expense the previous contract was cancelled directing them to deposit the amount involved in a Government Treasury. For further details please see Chapter-X 1 of Defence Purchase Procedure and Instructions-35 (Revised 2017), Ministry of Defence Production Rawalpindi.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC was informed that a suit has been filed in the District Court against the firm. DAC directed that court case may be perused vigorously. The firm may be black listed and recoverable amount may be circulated to the concerned offices for early recovery. Further progress was not intimated till finalization of this report.

Audit recommends for early compliance of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-229/2018-19

2.8.14 Non-recovery of Sales Tax on services – Rs 16.332 Million

According to Balochistan Sales Tax on Services Act, 2015 dated 3rd July, 2015, as amended time to time, services provided or rendered by persons engaged in contractual execution of work or furnishing supplies are liable to pay Sales Tax on their rendered services at the prescribed rate.

During audit of following army units covering period 2015-16 to 2017-18, it was observed that Sales Tax on services at the prescribed rate amounting Rs 16.332 million was not recovered from the contractor's payments.

(Rs in million)

S. No	DP No	Name of Unit/Formation	Amount
1	DP-S-125	C.M.H Sibi	12.021
2	DP-S-152	Military College Sui	1.682
3	DP-S-128	SI&T, Quetta	1.329
4	DP-S-329	23 S&T, Quetta	1.300
		T o t a l	**16.332**

Audit was of the view that non-recovery of the government dues reflects poor internal controls on the part of the management which deprived public exchequer of hefty revenue.

Non-recoveries were pointed out by audit during November 2018 to June 2019. The executive at S. No. 1 replied that the unit being federal entity was not authorized to deduct Sales Tax on services. The executive at S.No. 4 replied that deduction of tax was the responsibility of provincial government. The contention of the management was not tenable as the Sales Tax on services was a provincial subject and was recoverable.

The DAC vide meetings held in January, 2020 pended the draft para still formulation of policy/decision at MoD level. No progress was reported to audit till finalization of this report.

Audit recommends expeditious recovery of the Sales Tax on services.

2.8.15 Duplicate payment of compensation to landlords - Rs.12.350 Million

As per rule 37(a) of Financial Regulations (Vol I), 1986"all losses, whether of public money or of stores, shall be subjected to a preliminary investigation by the officer in whose charge they were, to ascertain the cause of the loss and the amount involved".

Ministry of Defence letter No.3/(227)/LE&H/ ML&C/05(Atd)/1250/D-12/15 dated 11th May, 2015 subsequently notified by GHQ, QMG Br (Qtg& Land Dte) Rwp vide letter No.3605/950/Land-3A dated 13th May, 2015 for Rs.1,839,896,771 for land measuring 737 kanals & 5 marlas Mouza Nawan Shehr Shomali-I (Jhangi Area Ph-III). The amount was placed at the disposal of LAC Abbottabad which announced the Award bearing No.259 for acquisition of land.

During audit of accounts of PMA Kakul it was noted that an amount of Rs.1,839,896,771/- was sanctioned by MoD for land measuring 737 kanals & 5 marlas Mouza Nawan Shehr Shomali-I (Jhangi Area Ph-III). The amount was placed at the disposal of LAC Abbottabad which announced the Award bearing No.259 for acquisition of land.

However, it was observed from record that out of said acquired land, an area of 02 kanal 14 marlas was already acquired by the Sui Northern Gas Pipe Lines Limited vide award dated 2nd October 1990, yet it was re-acquired vide LAC award No.259 dated 19th May, 2016 resulting into duplicate acquisition of land. Audit is of the view that Khasra Numbers of already acquired land were required to be excluded from the notification / award reducing the compensation by an amount of Rs.12,350,523/-on account of land acquisition charges and compensation which was not done and resulted into duplicate payment.

The irregularity was pointed out by Audit in June, 2019. The executive replied that case was under review at Revenue Department. The reply was not agreed as no further progress was intimated.

The para was discussed by DAC in its meeting held on 4th February, 2020. DAC directed the formation for provision of revised comprehensive reply within 7 days and pended the para till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter for fixing responsibility and recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-215/2019-20

2.8.16 Non-deposit of BTS tower fee into treasury – Rs 11.388 Million

As per policy for installation of Base Transmission Towers in Cantonment area circulated through ML&C Department Rawalpindi vide letter No.51/1411/Lands/ML&C/2005 dated June 24,2005 "on provision of NOC "an agreement will be executed with cellular companies to install Base Transmission Station Towers/ antennas in Cantonment area." The cellular companies will require to pay an antenna/tower fee @ Rs. 40,000 (at A-1 Land) and Rs. 20,000 (at C-I Land) per month with an annual increase of 10%.

During audit on the accounts of 16 Div, Pano Aqil for the financial year 2017-18, it was observed that 10 towers (Warid/ Mobilink, Zong, Telenor & U-fone) were installed on the A-1 land since 2008-09. The antenna charges amounting to Rs 11.318 million were not deposited into government treasury.

Audit was of the view that non-implementation of government orders resulted in less recovery of the fees due and it exhibited weak financial management on the part of the executive.

Non-deposit of tower fee was pointed out by audit in October, 2019. The executive however did not furnish any reply nor did it hold discussion on the specified date.

The DAC vide meeting held in January 2020, directed the executive to reconcile the recoverable amount with audit and recovery thereof be made expeditiously. No progress was reported to audit till finalization of this report.

Audit recommends expeditious deposit of BTS fees as per government orders, their deposit into treasury and verification by audit.

DP-S-240/2019-20

2.8.17 Non-recovery of House Rent Allowance (HRA) – Rs 5.949 Million

As per Government of Pakistan Ministry of Finance OM No.F.2 (2) R.5/2010-530, dated 19th November, 2019, a) HRA will not be admissible to Armed Forced Officer who have been allotted Government accommodation/ MOQs. b) recovery of 5% Rent presently be deducted from the married officer will continue as per Rules.

During audit of accounts of following Army formations for the financial years 2015-16 to 2018-19, it was observed that army officers were availing the facility of married officer quarters (MOQ) and House

Rent Allowance simultaneously. This resulted into irregular payment amounting to Rs 5.949 million.

(Rs in million)

S. No	DP No	Name of Unit/Formation	Amount
1	DP-S-341	GE (Army) Karachi	4.825
2	DP-S-245	HQ 4 AD Div, Malir	1.124
		T o t a l	**5.949**

Audit was of the view that non-recovery caused loss to public exchequer which reflects weak financial management on the part of the management.

Non-recovery was pointed out by audit in May & September 2019. In case of S.No. 01, the executive did not furnish reply. Whereas, in case of S.No. 02, the executive replied that HRA policy was already under process with MoD for decision and the same will be implemented as and when instructed. The reply was not tenable as HRA was not admissible to those who availed of government accommodation as a policy.

The DAC vide meeting held in January 2020 and February 2020 pended the para till finalization of HRA policy from MoD. No progress was reported to audit till finalization of this report.

Audit recommends finalization of HRA policy expeditiously.

2.8.18 Double payment to contractor - Rs. 2.788 Million

As per rule 6(a) of Financial Regulations (Vol I) 1986, "every officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as person of ordinary prudence would exercise in respect of the expenditure of his own money".

During audit of accounts of CMH Rawalpindi, it was noted that M/S Metora Digionics (Pvt.) Ltd. was paid a sum of Rs.2,788,000/-for

de-installation, transportation and then re-installation of Gas and liquid \Helium, as one job vide C/Bill No. 1506/M/S/02/2015-16 on 07th June, 2016. Payment for the same job was again made through another C/Bill No.1506/M/S/03/2015-16 dated 07th June, 2016 which resulted into double payment, needing recovery from the firm.

The irregularity was pointed out by Audit in March, 2018. The executive replied that for dismantling and shifting of MRI Machine, Gas and Liquid was required for ramping down work. After completion of shifting process Gas and liquid Helium was required for installation / commencing of MRI Machine up to 90% of LH level. The reply was not acceptable, as the firm was already paid for the complete one job. Therefore, submission of contingent bill against the same job was not justified and the amount paid needed to be recovered from the firm.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC directed that both contract documents be provided to audit for verification within 15 days. No contract documents were provided to Audit till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility besides recovery of amount involved and adoption of remedial measures to avoid such lapses in future.

DP-N-298/2018-19

2.8.19 Non-deposit of revenue into government treasury– Rs.1.644 Million

According to policy on use ofA-1 land circulated vide MoD letter dated 2nd April, 2008, for launch of essential commercial activities required to serve the residents of the respective garrison, survey will be conducted by a Board of Officers to determine the actual area under usage. The entire amount of rent charged for use of A-1 land for agricultural purposes will be deposited into government treasury.

Further, as per A-1 Land Policy, rule 05 of CLA Rules-1937 be got amended for commercial activities.

During scrutiny of record relating to Central Ordinance Depot, Karachi for the financial year 2017-18, it was observed that a contract in respect of 42 acres agricultural land at COD Karachi was concluded with M/s Syed Wasif Imam and M/s Shahid Jamil for the period of 02 years w.e.f. 16 July, 2016 to 15 July, 2018. However, the rent of agricultural land amounting to Rs 1,644,048/- was not deposited into treasury in violation of A-1 Land Policy.

Audit was of the view that government sustained loss due to non-realization of receipts which shows ignorance of executive authorities towards government rules.

. The irregularity was pointed out by audit in June, 2019. The management replied that the agricultural land of COD is dealt in accordance with MoD policy 1993 or Ord Estate Land 1993 and not according to A-1 land policy issued by MoD. Reply was not tenable as A-1 land policy issued by MoD is applicable.

The DAC vide meeting held in January, 2020 directed the executive to take up the case with Military Finance for interpretation of MoD letter issued on 27-09-2019 regarding Army Ordnance Corps land and A-1 land policy. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-286/2019-20

2.9 Loss to State – Rs. 8.100 Million

2.9.1 Loss due to less recovery of water charges from consumers – Rs 5.760 million

According to notes at the end of rule 2 of annexure-A (appendix 'O') of DSR 1998, any increase of rates as and when notified/imposed by the provincial government/supplying agency shall be recovered in addition to the rates specified in this rule. Likewise, according to Government of Sindh, Housing and Town Planning, Local Government Department Notification dated 14-07-2016, the rate of per thousand gallons of water is Rs 169/-.

During audit on the accounts of GE (Army) Hyderabad for the financial year 2018-19, it was observed that rates notified by Government of Sindh were not recovered from consumers. Audit further observed that flat rate of Rs 44/1000 gallons was charged instead of Rs 169/1000 gallons which resulted in less recovery of Rs 5.760 million.

Audit was of the view that the government sustained loss of Rs 5.760 million due to less charging of government rates.

The matter was pointed out by audit in October, 2019. The executive replied that recovery of water charges was being made from officers & civil contractors as per rates approved by Board of Officer dated 07-01-2010. Reply was itself admission of irregularity as the recovery of water charges was being made on the basis of Board of Officer held a decade earlier instead of the rate notified by the government.

The DAC vide meeting held in January 2020, directed the executive to convene Board of Officers for revision of recovery of water charges within 30 days in light of appendix O, annexure A of DSR 1998.No progress of the case was reported till finalization of this report.

Audit recommends implementation of DAC directives.

DP-S-231/2019-20

2.9.2 Doubtful payment on procurement of Steel – Rs 2.340 million

As per para 6(a) of Financial Regulations (Vol-I), 1986, 'every officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money.'

During audit on the accounts of GE (Army) Construction, Pano Aqil for the financial year 2017-18, it was observed that M/s Zafar & Co. was paid an amount of Rs. 2.340 million for procurement of steel against same invoice No. 10642 with different dates of M/s Metropolitan Steel Corporation Ltd, Landhi, Karachi.

Audit was of opinion that payment was doubtful as it was made against apparently fictitious invoices.

The matter was pointed out by audit in May, 2019. The executive stated that the complete record evaluated will be produced to audit for verification. Reply was not tenable as the executive paid the amount against doubtful invoices and mislead the competent authorities.

The DAC vide meeting held in January, 2020 directed the executive to hold fact-finding inquiry, along with fixation of responsibility and initiate disciplinary action against person(s) at fault within one month. No further progress in the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-251/2019-20

Military Lands and Cantonments

Military Lands and Cantonments is an attached department of the Ministry of Defence which provides advisory input on defence land and local Government matters in Cantonment areas to the Federal Government and all related stakeholders. Major responsibilities include acquisition of property for Defence Service, de-limitation of Cantonments areas, local self-government and provision of civic amenities in Cantonment areas. It also ensures implementation of Cantonment Act 1924, policies, executive instructions and all rules and regulations in the Cantonment areas. The department comprises 6 regions including 11 MEOs and 44 CBs.

Audit Paras

2.10 Non-Production of Record

2.10.1 Non-production of auditable record

In terms of Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General's Ordinance 2001 and orders of the Supreme Court of Pakistan passed in CMA's 3330, 3471,3594/13 in constitutional petition No. 105-12, audit is the constitutionally mandated process and after 18th Amendment in the constitution there is no room for denial of disclosure and withholding of accounts from Auditor General for audit. Further, under section–14(3) of above Ordinance, 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 Disciplinary Rules, applicable to such person.

During audit of MEO Karachi for the financial year 2017-18, the auditable record was requisitioned by audit through written requisitions dated 25-03-2019, 01-04-2019 and 10-04-2019. But the formation did not produce the 36 auditable documents/records during stipulated audit period.

Audit was of the view that non-production of auditable documents to audit team constituted serious lapse and amounts to denial of audit.

The matter was pointed out by audit in April, 2019. The executive replied that the auditable record/documents pertaining to the year 2017-18 were already produced to the audit team. However, Grant Register (Agricultural Land, Miscellaneous Site, Temporary License) are not maintained by this office and no separate survey report register was available. Reply was not based on the facts as record/documents stated above were not produced to the audit team despite repeated written and verbal requests.

The DAC vide meeting held in December 2019, directed that record requisitioned by audit authorities, dt: 25-03-2019, 01-04-2019 and 10-04-2019 be produced to audit for examination within 15 days. No further progress was reported to audit till finalization upon this report.

Audit recommends that requisitioned record be provided to audit for necessary verification and fact-finding inquiry may be held to ascertain the reasons for non-production of auditable record and initiation of E&D proceedings against the person(s) at fault.

DP No S-79/2019-20

2.11 Mis-procurement of stores – Rs 97.241 Million

2.11.1 Irregular award of contract – Rs 95.20 Million

According to PPRA rule 35 read with S.R.O.1170(1)/2009 dated July 9, 2009, 'all procuring agencies whether within or outside Pakistan shall post contract awards over fifty million rupees on PPRA's website.'

During audit on the accounts of Karachi Cantonment Board for the financial year 2018-19, it was observed that contract for Construction of CB School at Bizerta Line amounting to Rs 95.20 million was awarded to M/s Waqeel Enterprises without announcing the results of bid evaluation in the form of a report giving justification for acceptance or rejection of bids ten days prior to the award of contract. Also, the Contract Awards was not posted on PPRA's website. Audit is of the opinion that expenditure incurred in violation of rules was irregular.

The matter was pointed out by audit in August 2019. The executive replied that the contract was awarded after completion of all legal formalities and due publication in print media and PPRA website. Reply was not tenable as contract award was not posted on PPRA website.

The DAC vide meeting held in January 2020, directed the executive to furnish revised reply along with documentary evidence in support of management's stance.

Audit recommends expeditious implementation of DAC directives.

DP-S-104/2019-20

2.11.2 Award of contracts without open tendering – Rs 2.041 Million

According to rule 12(1,2) of PPRA Rules 2004, "all procurements over one hundred thousand rupees and up to the limit of Rs 2.00 million shall be advertised on the authority's website." Further,

procurements over Rs 2.00 million should be advertised on the authority's website as well as in two nation dailies, one in English and the other in Urdu.

During scrutiny of the record relating to Cantonment Board Quetta for the financial year 2018-19, it was observed that an amount of Rs 2.041 million was paid to M/s Askari Guards against private security but the provision of the said service was not advertised by the executive in newspapers and on PPRA website in violation of PPRA rules. Details are given in the attached annexure.

The matter was pointed out by audit in August. 2019. The executive replied that services of Askari Guards were required for newly constructed CB Schools & Colleges due to security concerns as both the Schools & Colleges are situated outside Garrison. Since the Askari Guards provides the personals armed forces and they are well trained/qualified as compared to other companies, therefore the services of these companies were availed. Reply furnished by the executive is not tenable as the expenditure was incurred in violation of PPRA rules.

The DAC vide meeting held in January 2019, directed the executive that fact-finding inquiry be held, responsibility be fixed and disciplinary action against person(s) at fault be taken within 30 days. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-229/2019-20

2.12 Un-authorized / Irregular payments – Rs.3,335.072 Million

2.12.1 Un-authorized use of residential buildings – Rs.3,136.369 Million

As per para 3 "General Conditions" sub para-b to Government of Pakistan, Ministry of Defence policy letter dated 31st December, 2007 on conversion of properties and change of purpose, residential property being used for commercial purposes, will be charged premium on revenue rates applicable for the said purpose. Government of Pakistan, Ministry of Defence vide letter No. 55/305/Lands/ML&C/2007 dated 29th December, 2008 clarified that in all cases of unauthorized change of purpose for commercial lease, whether inside or outside bazaar area premium will be charged at 100% of commercial rates as fixed by the Revenue authorities as the property has been used for commercial purpose. Further, Government of Pakistan vide letter dated 4th June, 2018 extended the conversion policy 2007 for further 05 years w.e.f. 1st July, 2017 on payment of surcharge @ 5% of the given premium per annum.

During audit of accounts of Cantonment Board, Mardan it was observed from record that lease in respect of eleven (11) properties was presently held for "Residential purpose". However, these properties were being used for commercial purposes since long. Notices were issued by the Cantonment Board with the directions to stop the unauthorized commercial use but the lessees did not comply with the instructions.

Audit was of the view that due to unauthorized change of purpose, leases of these properties were required to be determined or regularized in compliance of Government policy through recovery of Rs.3,136.369 million on account of 100% premium and other charges.

The irregularity was pointed out by Audit in February, 2019. The executive replied that notices were issued and further outcome would be intimated in due course of time.

The para was discussed by DAC in its meeting held on 18th December, 2019. DAC directed that the properties may be got restored and facts be verified to Audit. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry into the matter to fix responsibility besides determination or regularization of the leases and adoption of remedial measures to avoid such lapses in future.

DP-N-188/2019-20

2.12.2 Un-authorized sanction / approval of housing schemes - Rs. 157.137 Million

A Procedure has been laid down at para 8 of Government of Pakistan, Ministry of Defence (ML&C Department) Rawalpindi letter No.55/45/Lands/ML&C/99 dated 17th February, 2011, regulating the preparation / operation of housing schemes on private land in Cantonment areas of Pakistan. According to para-16 of the said policy, the conversion charges were to be levied as per valuation Table. Each cantonment Board is required to frame a Valuation Table of its own for calculation of charges. Further, as per para 3(b)(1) of Government of Pakistan, Ministry of Defence (ML&C Department) letter No.55/111/Lands/ML&C/2003 dated 22nd November, 2003 "the valuation table would be initially prepared for one year starting from 1st January, 2004 to 31st December, 2004 which will be revised on 1st January, of every successive year on annual basis. In case the table is not revised, the rates will be increased by 5% every year."

During audit of accounts of Cantonment Board, Sargodha it was noted that seven housing societies submitted plans to the Cantonment Board, Sargodha for approval. The Cantonment Board Sargodha was required to levy conversion charges of different land use according to valuation table. However, it was observed that Cantonment Board Sargodha did not formulate its valuation table as required under the above

mentioned policy. Land use charges amounting to Rs.114,152,702/- were levied in contravention of rules on the basis of revenue rates. Whereas, according to valuation table, the requisite charges comes to Rs.271,289,980/-. This resulted in loss to Cantonment Board amounting to Rs.157,137,278/- (271,289,980 - 114,152,702). Besides, approvals were issued to housing societies without fulfillment of other requirements provided in procedure dated 17th February, 2011. Afterwards, some of the schematic plans were cancelled / withdrawn without assigning any reason.

The irregularity was pointed out by Audit in February 2019. The executive replied that amount received from some societies were incorrect and the approval of schematic plan was pended by the Board due to non-deposit of Cantt Board dues and non-completion / fulfillment of codal formalities. As far as the authority regarding rates for calculation of conversion charges, at the time of processing, it was replied that said housing scheme valuation table was not prepared by that office and the tentative rates were applied for conversion which were not final dues / charges. The valuation table was prepared and the conversion charges would be calculated as per housing policy / guide lines issued by the Ministry of Defence / ML&C Department letter dated 17th February, 2011. For the collection of remaining amount, notices would be issued to the owners / developers as per valuation tables rates. As and when full / remaining amount recovered proper NOC would be issued to the Housing Scheme. The reply was not justified as the conversion charges were required to be levied as per valuation table of the Cantonment Board.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that a Departmental Inquiry into the matter was already held and is presently under finalization. DAC pended the para and directed the executive to provide departmental inquiry to audit within 15 days. In pursuance of the directives of the DAC, ML&C Department was requested to share the findings of inquiry which were not received. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of the DAC recommendations and referring the matter to investigating agencies for fixing responsibility besides recovery of the amount involved and adoption of remedial measures to avoid such lapses in future.

DP-N-756/2018-19

2.12.3 Un-authorized occupation of Cantonment land by owner of a commercial plaza - Rs.28.60 Million

As per rule 8 of the Pakistan Cantonment Board Property Rules, 1957, "immovable property which vests in and belongs to the Board shall not be transferred to any person by the Board by way of sale, mortgage, exchange or otherwise except with the previous sanction of the Government and in such manner and on such terms and conditions as the Government may approve either generally for any class of cases or specially in any particular case".

During audit of accounts of Cantonment Board, Rawalpindi it was observed from record and site verification that owner of Faisal plaza Kashmir Road Rawalpindi constructed double story latrines on cantonment land valuing Rs.28,600,000/- (777.75 Sft) beyond his plaza without any lawful rights. As per Building plan there was a 5 ft. wide passage from Haider Road. However, the owner of Plaza closed the access to latrines for public by installing a steel gate on passageway. Thereby using the latrines entirely for the benefit of his own plaza. Audit was of the view that due to illegal occupation of Cantonment land, the Cantonment Fund sustained a loss of Rs.28.60 million.

The irregularity was pointed out by Audit in November, 2018. The executive replied that the latrine was a property of the Cantonment Board and being used by the public at large and not by the lessee himself. The steel gate fixed by the lessee of plaza was removed towards Haider Road through the agency of this office. The reply was not convincing as no documentary evidence i.e. contract agreement or approval of competent authority for construction of latrines on Cantonment land was provided. Therefore, it was a case of encroachment.

The para was discussed by DAC in its meeting held on 18th December, 2019. DAC was apprised that the latrine was being used by public and the steel gate had already been removed. DAC directed that record relating to status of the land may be provided to Audit and a site verification by audit may also be arranged. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations and repossession of Cantonment land besides adoption of remedial measures to avoid such lapses in future.

DP-N-12/2019-20

2.12.4 Irregular / split up expenditure on procurements – Rs 7.180 million

Under rule 19 of Cantonment Account Code 1955, the Executive Officer shall have power to sanction expenditure out of the Cantonment Fund in a Class-B Cantonment up to Rs 30,000/- in each individual case. Provided that no expenditure over and above this limit shall be incurred unless the same was sanctioned by the Board. Likewise, according to rule–9 of PPRA Rules-2004, "a procuring Agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurement so planned."

During audit on the accounts of Karachi Cantonment Board for the financial year 2018-19, it was observed that CB Karachi incurred an expenditure of Rs 9.870 million on gardening work. Out of the total amount, approval of Board and compliance of PPRA rules was made to the tune of Rs 2.68 million. The remaining amount of Rs 7.18 million was incurred in piecemeal to avoid sanction of the Board and compliance of PPRA rules.

Audit was of the view that expenditure incurred in violation of government rules was irregular.

The matter was pointed out by audit in August 2019. The executive replied that works were carried out to maintain green belt where important offices were located. Reply was not tenable as the gardening works were carried out in violation of rules.

The DAC vide meeting held in January 2019, directed the executive to produce relevant documents to audit for verification within one month.

Audit recommends expeditious implementation of DAC directives.

DP-S-105/2019-20

2.12.5 Loss due to construction of commercial building without approval of building plan - Rs.5.786 Million

As per section 178(a) of Cantonment Act, 1924 "no person shall erect a building on any land in a Cantonment without getting building plan sanctioned by the Board. Further, Ministry of Defence letter No.75/853/Lands/92/4970/D-12/ML&C/94 dated 6th November, 1994 provides that unauthorized construction within the limits of a Cantonment is an offence and Board is empowered to demolish the unauthorized construction or regularize it on payment of composition[26] fee which in case of commercial construction should not be less than 10% of the assessed capital cost of land and building.

During audit of accounts of Cantonment Board Rawalpindi, it was observed from file in respect of a property measuring 11 Marlas situated at Khasra No. 481/25,26,27 & 28, Range Road, Rawalpindi that four shops including a bakery and saloons were constructed without approval of building plan from the Board. The owner of the property was served with notices for illegal construction of building in 2015-16. However, no further action was taken. Audit was of the view that due to

[26]Composition refers to a process whereby the board by order compound any offense made, under the Cantonment Act, 1924. For further details please see section 267 of Cantonment Act, 1924.

non-regularization of the unauthorized construction the Cantonment Fund sustained a loss of Rs.5,785,656/- on account of development charges, commercialization charges and composition fee.

The irregularity was pointed out by Audit in November, 2018. The executive replied that the construction on plot was carried out without approval of building plan. Notices were served to the owner but he failed to pay the Cantonment dues. However, a final notice was issued to him for demolition of unauthorized construction vide letter dated 21st December, 2018. The reply was not agreed as no concrete action was taken despite lapse of considerable time.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that the owner of the property failed to submit building plan alongwith ownership documents for regularization of unauthorized construction. The case is being placed before the Board for decision. DAC directed that a fact finding inquiry be held to fix responsibility and take action within 45 days. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations and recovery of Cantonment dues besides adoption of remedial measures to avoid such lapses in future.

DP-N-771/2018-19

2.12.6 Un-authorized grant of provisional permission to development works in N.B.P society in violation of "Housing Schemes Policy"

As per to para 3 of ML&C Department, Rawalpindi letter No.55/45/Land/ML&C/99 dated 17th February, 2011 issued on Policy on Preparation/Operation of Housing Schemes on Private Land in converted areas in Pakistan, "no Housing Scheme can be approved by the Board without completion of Pre-requisites of Scheme by the Developers".

During audit of accounts of Walton Cantonment Board, Lahore it was noted that developer of "National Bank Co-Operative Housing Society, Walton" was allowed to carry out development works in the name of "Provisional Permission" vide CBR No.7 dated 23rd April, 2018. However, the developer neither fulfilled the required Pre-requisites of the Scheme nor Government as well as Cantt Board dues were recovered. Thus, Walton Cantonment Board devised a middle way to benefit the developer in the name of "Provisional Permission". The Government Land measuring 10 feet passage and water connection course measuring 13 kanal 6 marlas was used by National Bank of Pakistan Co-operative Housing Scheme without payment of dues. The President of the Society did not execute Surrender Deeds in favor of Cantonment Board showing Pledge of its 30% Plots as security against the development work. The Society was allowed development work without depositing into the Government Treasury the Cost of Land owned by the Central Government i.e 04 kanal & 04 marlas out of Khasra No.93 (Passage), 261, 313, 354 (abandoned Water Course). TIP Tax, Development Charges & Scrutiny Fee was not deposited. Place for WAPDA Grid Station i.e. 08 Kanal was required to be specified but the same was not done.

The irregularity was pointed out by Audit in February, 2019. The executive replied that National Bank Co-operative Housing Society was still un-approved Housing Scheme. Provisional permission was granted by the Board subject to certain terms and conditions including payment of Government as well as Cantt Board dues, which not fulfilled by the Society as yet. The reply advanced by the auditee was not acceptable as the developer executed development works without fulfilling the terms & conditions. It was clear that undue benefit in the shape of provisional permission was granted without recovering the Government dues.

The para was discussed by DAC in its meeting held on 18th December, 2019. DAC was apprised that the society has not completed the formalities and the development work has not been started at site and it

will only allowed after completion of all legal and codal formalities including payment of dues. DAC was not satisfied and directed that CBR No.7 dated 23rd April, 2018 may be revoked within 15 days. Further progress was not intimated till finalization of this report.

Audit recommends for holding an inquiry into the matter and recovery of government dues besides adoption of remedial measures to avoid such lapses in future.

DP-N-101/2019-20

2.13 Recoverables / Overpayments – Rs.20,944.811 Million

2.13.1 Non-recovery of various taxes on commercial buildings – Rs 14,452.798 Million

According to rule 178(A) of Cantonment Act, 1924, "no person shall erect or re-erect a building on any land in a cantonment, except with the previous sanction of the Board." Further, under section 184, "The Board may direct the alteration or demolition of the building or accept, by way of composition, such sum as it thinks reasonable." Likewise, according to para (d) of the minutes of meeting held on 15th June, 2015 at MoD, it was decided that building plan / maps of the buildings to be constructed on A-1 land for commercial purposes will be approved by the Cantonment Board concerned.

During audit on the accounts of Cantonment Board Faisal for the financial year 2018-19, it was observed that 60 buildings were constructed on A-1/B-4 and Board of revenue land without essential requirement, i.e. assessment by CBF. Due to non-assessment by the Board, CBF did not recover an amount of Rs 14,452.798 million on account of taxes and composition fee.

Audit was of the view that due to non-recovery of Cantonment Board fees / charges on construction of commercial buildings over A-1 land public exchequer was deprived of hefty revenue

The matter was pointed out by audit in August, 2019. The executive replied that case for approval of Policy for Cantonment dues on A-1 land commercial projects was under process with MoD while notices to other occupants were issued. Reply was not tenable, as MoD in its minutes had already clarified that building plan/ maps of the buildings to be constructed on A-1 land for commercial purposes will be approved by the Cantonment Board concerned.

The DAC vide meeting held in January 2019was apprised that subject buildings were on A-1 land. DAC pended the draft para till revision of A-1 land policy.

Audit recommends early recovery of Cantonment board dues.

DP-S-179/2019-20

2.13.2 Non-recovery of cantonment taxes – Rs 5,653.80 Million

Section-92 of Cantonments Act, 1924, states that if a person liable for payment of any tax does not, within thirty days from the service of the notice of demand, pay the amount due, or show sufficient cause for non-payment of the same to the satisfaction of the Executive Officer, such sum, with all costs of the recovery, may be recovered under a warrant, issued in the form set forth in Schedule II, by distress and sale of the movable property of the defaulter.

During audit of following Cantonment Boards for the financial year 2018-19, it was observed that an amount of Rs 5,653.80 million was lying outstanding against different properties on account of house tax, conservancy tax and water charges etc from the occupants in violation of rules.

(Rs. in million)

S.No	DP No	Name of Unit/ Formation	Amount
1	DP-S-212	CB Clifton	4,619.996
2	DP-S-176	CB Faisal	784.014
3	DP-S-102	CB Karachi	81.940
4	DP-S-146 & 159	CB Korangi Creek	129.703
5	DP-S-193 & 195	CB Malir	24.991
6	DP-S-197 & 228	CB Quetta	13.156
		Total	**5,653.8**

Audit was of the view that due to slow pace of recovery there accumulated arrears in huge amount.

Non-recoveries were pointed out by audit from July to September,2019. It was replied by the management of the concerned boards that partial recoveries had been made and efforts were afoot to recover the outstanding amount.

The DAC vide meeting held in January 2019, directed the executive that amount recovered so far be reconciled and got verified from audit while outstanding recoveries be pursued expeditiously.

Audit recommends implementation of DAC directives.

2.13.3 Non-recovery of Sales Tax on services – Rs 196.706 Million

According to Sindh Sales Tax Act No XII of 2011, issued by Sindh Revenue Board (SRB), Government of Sindh, vide Notification No. SRB/TP/51/2016/212146 dated 08th March 2017, Sales Tax would be charged @ 8% to 13% against different services.

During audit of following Cantonment Boards for the financial year 2018-19, it was observed that Sales Tax on services amounting Rs 196.706 million was not recovered from the contractors' payments.

(Rs in million)

S. No	DP No.	Name of Unit/Formation	Amount
1.	DP-S-150	Cantonment Board Clifton	181.706
2.	DP-S-260	Cantonment Board Faisal	15.00
		T o t a l	**196.706**

Audit was of the view that due to non-recovery of Sales Tax, public exchequer was deprived of hefty revenue on account of recoverable tax.

The matter was pointed out by audit in August, 2019. In case of S.No.1, the executive agreed to audit contention and stated that the matter would be pursued in light of directives of Ministry of Defence. In

case of S. No. 2, the executive replied that the ML&C Deptt vide letter dated 06-08-2018 directed all CEOs not to collect sales tax on behalf of Sindh Revenue Board. Reply was not tenable as the ML&C department was not competent to overrule the legal mandate of Provincial Revenue Authority.

The DAC vide meeting held in January 2020, pended the draft paras till formulation of policy / decision at MoD level. No progress was reported to audit till finalization of report.

Audit recommends expeditious recovery of the sales tax on services.

2.13.4 Loss to Cantt fund due to non-recovery of taxes from Marquee – Rs 172.704 Million

According to rule 178(A) of Cantonment Act, 1924, "no person shall erect or re-erect a building on any land in a cantonment, except with the previous sanction of the Board." Further, under section 184, "The Board may direct the alteration or demolition of the building or accept, by way of composition, such sum as it thinks reasonable." Likewise, according to para (d) of the minutes of meeting held on 15th June, 2015 at MoD, it was decided that building plan/maps of the buildings to be constructed on A-1 land for commercial purposes will be approved by the Cantonment Board concerned.

During audit on the accounts of Karachi Cantonment Board for the financial year 2018-19, it was observed that Global Marquee was constructed un-authorizedly and without required assessment by KCB. An amount of Rs 21.540 million and Rs 151.164 million was liable to be recovered by the Board on account of taxes and composition fee respectively.

Audit was of the view that non-recovery of taxes reflects poor financial management and weak internal controls.

The matter was pointed out by audit in August, 2019. The executive stated that KCB had already taken-up the matter for assessment of property with the Global Marquee. Reply was not tenable as recovery was not made till date.

The DAC vide meeting held in January 2020, was apprised that subject Marquee is on A-1 land. DAC pended the draft para till revision of A-1 land policy.

Audit recommends compliance of DAC directives.

DP-S-108/2019-20

2.13.5 Non-realization of composition fees on un-authorized construction – Rs 129.967 Million

According to section 185 of Cantonments Act, 1924, "a Board may direct the owner, lessee or occupier of any land in the cantonment to stop the erection or re-erection of a building in any case in which the Board considers that such erection or re-erection is an offence." Likewise, under section 184, "The Board may direct the alteration or demolition of the building or accept, by way of composition, such sum as it thinks reasonable."

During audit of following Cantonment Boards for the financial year 2018-19, it was observed that owners of various properties carried out unauthorized constructions without approved building plan from the concerned Board, which resulted into non-recovery of composition fee of Rs 129.967 million.

(Rs. In million)

S No	DP No	Formation	No of Properties	Amount
1	DP-S-101	CB Karachi	1	74.476
2	DP-S-217	CB Faisal	53	22.458
3	DP-S-149	CB Korangi Creek	2	19.926
4	DP-S-177	CB Faisal	1	7.144
5	DP-S-147	CB Korangi Creek	1	3.451
6	DP-S-196	CB Malir	10	2.512
			Total	**129.967**

Audit was of the view that non-recovery of taxes reflects poor financial management and weak internal controls.

The matter was pointed out by audit in August,2019. In case of S.No. 1, the executive replied that, recovery would be made after next meeting of Building & Works Committee. In case of S.No.2, the executive replied that the Board had issued letters for submission of regularization plans and actual composition fees would be worked out. In case of S.No. 03, 04, 05 &06, the executive agreed to recover the composition fees.

The DAC vide meeting held in January 2020, directed the executive that amount recovered so far be reconciled and got verified from audit while outstanding recoveries be pursued expeditiously.

Audit recommends expeditious implementation of DAC directives.

2.13.6 Non-recovery of various taxes on Marriage Lawns/ Banquets – Rs 105.158 Million

According to section 185 of Cantonments Act, 1924, "board may direct the owner, lessee or occupier of any land in the cantonment to stop the erection or re-erection of a building in any case in which the Board considers that such erection or re-erection is an offence." Further, under section 184, "the Board may direct the alteration or demolition of the building or accept, by way of composition, such sum as it thinks reasonable."

During scrutiny of record pertaining to Cantonment Board Faisal for the financial year 2018-19, it was observed that different marriage lawn/ banquet owners carried out unauthorized construction/ conversion of residential to commercial properties without permission. The unauthorized construction was required to be regularized against the fees/ taxes amounting to Rs 105.158 million. The amount of fees/taxes was not deposited into the cantonment fund by the lessee.

Audit was of the view that due to non-recovery of composition fee, the Cantonment Board sustained a loss of Rs 105.158 million. This indicates prevalence of weak internal controls within the formation.

The matter was pointed out by audit in August, 2019. The executive replied that in five cases challans / letters were issued, however in three cases of residential properties Honourable Supreme Court of Pakistan in CP No. 815-K of 2016 dated 22.01.2019 passed orders that residential properties cannot be converted into commercial.

The DAC vide meeting held in January 2020, directed the executive that amount recovered so far be got verified from audit while court case be pursued vigorously.

Audit recommends implementation of DAC directives.

DP-S-175/2019-20

2.13.7 Un-authorized payment of mutation fee in contravention of constitutional provisions - Rs. 59.743 Million

As per Article 165(1) of Constitution of Pakistan, "the Federal Government shall not, in respect of its property or income, be liable to taxation under any Act of Provincial Assembly". Further, Government of Khyber Pakhtunkhwa, Law, Parliamentary Affairs and Human Rights Division, Peshawar vide letter No.Op.15(04)/LD/09/1399 dated 19th February, 2009 also brought the attention of Revenue and Estate Department towards above constitutional provision.

During audit of accounts of MEO Abbottabad it was observed that Ministry of Defence issued financial sanctions for acquisition of land for Pakistan Military Academy, Kakul including 2% mutation fee amounting to Rs.59,743,000/- in contravention of above Constitutional provision.

The irregularity was pointed out by Audit in March, 2018. The executive replied that Ministry of Defence accords sanctions on the basis of assessment of concerned LAC and MEO places the sanctioned amount to LAC. The reply was not agreed because payment could not be released just on the plea that the same was demanded by LAC.

The para was discussed by DAC in its meeting held on 3rd February, 2020. DAC directed that case may be taken up for recovery of the amount within 15 days. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations and recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-231/2019-20

2.13.8 Non-deposit of Government share for commercial projects on A-1 land - Rs.41.867 Million

According to policy on use of A-I Land circulated vide MoD`s letter dated 2nd April, 2008 for launch of essential commercial activities required to serve the residents of the respective garrison, survey will be conducted by a Board of Officers to determine the actual area under usage. The rent shall be charged @ 6% per annum of existing revenue rate of the said land. Government's share @ 25% of the rent so charged will be deposited into government treasury.

During audit of MEO, Peshawar it was observed that certain commercial projects on A-1 Land at Mardan were being run by PRC Mardan. But Government share @ 25% amounting to Rs.41,867,187/- was not deposited into Government Treasury.

The irregularity was pointed out by Audit in February 2019. The executive replied that as per instructions contained in SPAONo.02/2016 dated 5th August, 2016 any settlement of audit objection on account of use of A-1 land was the sole responsibility of respective formations. The reply was not relevant. Audit asked for deposit of Government share which was not replied.

The para was discussed by DAC in its meeting held on 3rd February, 2020. DAC directed that recovery in all cases be expedited from the concerned formation. Further progress was not intimated till finalization of this report.

Audit recommends immediate recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-415/2019-20

2.13.9 Loss due to non-assessment of properties for property tax - Rs. 22.666 Million

As per section 63 of the Cantonment Act, 1924 "the Federal Government may authorize the Board to impose the tax either in the original form or, if any objection has been submitted, in that form or any such modified form as it thinks fit. Further, as per Ministry of Defence letter No. 52/2/24/D-5/LC dated 22nd July, 1952, only those buildings consisting Government property are exempted from House Tax which have been used for public service. The buildings, which are used for commercial purpose, will be assessed for levy of property tax.

During audit of accounts of following Cantonment Boards, it was observed that certain commercial activities were established by local military authorities. However, these properties were not assessed for property tax. This resulted into a loss of revenue Rs.22,665,927/-.

(Rs. in million)

S #	DP No.	Name of Cantonment Boards	Amount
1.	DP-N-483/2018-19	Cantt Board Shorkot	2.527
2.	DP-N-60/2019-20	Cantt Board Peshawar	20.138
		Total	**22.665**

The irregularity was pointed out by Audit in 2018. The executives replied that case for recovery of property tax on the buildings constructed on A-1 land for commercial purpose was pended till the decision of MoD.

The para was discussed by DAC in its meetings held on 3rd & 18th December, 2019. DAC directed for finalization of policy in consultation with MoD and property tax as per existing rules may be recovered till finalization of policy. Further progress was not intimated till finalization of this report.

Audit recommends that recovery of property tax may be made as per existing rules besides finalization of the policy and adoption of remedial measures to avoid such lapses in future.

2.13.10 Non-recovery of composition fee - Rs. 21.805 Million

In accordance with Section 181 of Cantonment Act, 1924 read with Ministry of Defence letter No.75/853/Lands/92/4970/D-/ML&C/94 dated 06th November 1994, "unauthorized construction within the limits of a cantonment is an offence and Board is empowered to demolish the unauthorized construction or regularize it on payment of composition fee".

During audit of accounts of Cantonment Board, Gujranwala it was observed that unauthorized construction was regularized by the Board by imposing composition fee amounting to Rs.21,805,000/- However, recovery was not effected for the owner / lessees.

(Rs. in million)

S #	DP No.	Name of Cantonment Board	Amount
1.	DP-N-141/2019-20	Cantt Board Gujranwala	5.040
2.	DP-N-142/2019-20	Cantt Board Gujranwala	16.765
		Total	**21.805**

The irregularity was pointed out by Audit in 2018-19. The executive replied that decision was intimated to the owner. Either recovery would be effected or un-authorized construction would be demolished.

The para was discussed by DAC in its meetings held on 18th December, 2019. In case of Sl. No. 1 DAC was apprised that an amount of Rs.3.00 million has been recovered. Whereas in case of Sl. No.2 owner of the property filed an appeal before Appellate Authority and the case has been remanded back to the Board for consideration by the Appellate Authority. The Board has revised the composition fee. The case has again been referred to the authority for concurrence. DAC directed that in case of Sl. No.1 recovery effected may be got verified to Audit and remaining recovery be expedited. In case of Sl. No.2 DAC directed that the case may be expedited and recovery made be got verified from Audit. Further progress was not intimated till finalization of this report.

Audit recommends early recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

2.13.11 Loss due to unauthorized possession of properties and non-recovery of Ground Rent – Rs 20.519 million

According to rule 16(1) & (2) of CLA Rules – 1937, "Building sites shall ordinarily be disposed off by lease for a minimum period of thirty years in the first instance renewable at the option of the lessee at equal intervals up to a maximum period of ninety years. The lease shall be subject to an annual rent which shall be fixed in the manner prescribed in rule 19 and which shall be liable to revision at each renewal of the lease."

During audit of MEO Karachi for the financial year 2017-18, it was observed that the lease of various buildings/ properties was not renewed by the MEO after expiry of 30 years which resulted in non-recovery of ground rent amounting to Rs 20.519 million. Details are given as under;

(Rs. in million)

S.No	Survey/Plot No	Name of Building	Lease expired	Ground Rent
01	95 Depot Lines, Khi	Kashif Centre	04-03-2009	8.962
02	86 N.I Lines	Residential	17-03-2004	4.287
03	97 Depot Lines	Burhan Centre	09-02-2010	3.751
04	90-A/1 Depot Lines	SICO Enterprises	03-08-2005	1.568
05	218 E.I Lines	Jeddah Centre	11-12-2007	0.825
06	264 RA Lines	SIDCO Centre	02-08-2006	0.598
07	250 R.A Lines	Residential	27-03-2007	0.528
			Total	**20.519**

Audit was of the view that non-renewal of rates and lease period caused financial loss to the government.

The matter was pointed out by audit in April, 2019. The executive replied that the case for renewal of main leases for further terms of 30 years had been forwarded to the competent authority and ground rent notices had already been issued. Reply furnished by the executive was not tenable as huge amount was outstanding against the persons using unauthorized properties.

The DAC vide meeting held in December, 2019, was apprised that the cases for renewal of lease agreement of various building/properties were in process. DAC directed that latest status of the properties be shared with audit/MoD. DAC further directed that due process be expedited. No further progress was reported to audit till finalization of audit this report.

Audit recommends that renewal of leases and recovery of revised ground rent may be undertaken expeditiously or possession of properties may be taken back.

DP-S-78/2019-20

2.13.12 Un-authorized retention of Government receipts - Rs.15.706 Million

As per rule 43(b) of Income Tax Rules, 2002, "the tax collected or deducted shall be deposited with the FBR by remittance to the Government Treasury or deposit in an authorized branch of the State Bank of Pakistan or the National Bank of Pakistan, within seven days from the end of each fortnight".

During audit of Cantonment Board Mardan, it was observed that income tax amounting to Rs. 15,706,729/- deducted from the payments made to the contractors and tax collected on account of different auctions was not deposited into Government Treasury and kept in the Cantonment Fund, which was in violation of rules.

The irregularity was pointed out by Audit in February, 2019. The executive replied that the objected amount will be remitted to Government Treasury in installments and all the objected amount will be deposited before 30th June 2019. The reply was not acceptable as income tax was required to be deposited immediately into Federal Government Treasury which was not done.

The para was discussed by DAC in its meeting held on 18th December, 2019. DAC was apprised that an amount of Rs.6.907 million has been deposited and remaining amount of Rs.8.799 million will be deposited in the current financial year 2019-20. DAC was not satisfied and directed to conduct a fact finding inquiry to fix responsibility and take disciplinary action against concerned person, and deposit the amount within 3 months. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility, immediate deposit of amount into Government treasury besides adoption of remedial measures to avoid such lapses in future.

DP-N-96/2019-20

2.13.13 Non-deposit of income tax into government treasury – Rs 12.846 Million

Section 160 of Income Tax Ordinance, 2001 provides thatany tax that was deducted shall be paid to the Commissioner by the person making the deduction within the time and in the manner as may be prescribed. Likewise, section 161 of Income Tax Ordinance 2001 provides that where a person fails to pay the tax to the Commissioner as required under section 160, the person shall be personally liable to pay the amount of tax to the Commissioner who may pass an order to that effect and proceed to recover the same.

During audit on the accounts of Cantonment Board Hyderabad for the financial year 2018-19, it was observed that an amount of Rs 12.846million on account of income tax was collected/deducted from the contractors. However, despite lapse of considerable time, the said amount was not remitted to FBR.

Audit was of the view that retention of government receipts un-authorizedly in violation of rules indicates prevalence of poor financial controls within the organization.

The matter was pointed out by audit in August, 2019. The executive stated that amount collected on account of income tax would be deposited. Reply was not tenable as deducted amount of income tax was required to be deposited immediately without delay.

The DAC vide meeting held in January 2020, directed that recovered amount be verified from audit and recovery for balance amount be expedited for verification from audit within 02 months.

Audit recommends implementation of DAC directives.

DP-S-143/2019-20

2.13.14 Non-realization of public money into Federal Treasury - Rs.11.805 Million

As per rule 2 of Financial Regulation (Vol II), 1986"all transactions be brought to account and all moneys received by or tendered to Government which are due to, or are required to be deposited with Government shall, without undue delay, be paid, in full, into a Government treasury or into the bank to be credited to the appropriate account".

During audit of accounts of MEO Abbottabad it was noted from GHQ QMG Br (Qtg & Land Dte) Rawalpindi letter No.3605/952/Land-3A dated 19th May, 2015 that a sum of Rs.204,622,635/- was allocated for acquisition of land measuring 109 kanal 06 marlas situated at Mouza Nawan Shehr Shomali-I,II and Kakul (area astride tobe camp).During scrutiny of record it was observed that a challan amounting to Rs.11,804,771/- dated 5th December, 2017 out of above grant was furnished by the Deputy Commissioner / LAC Abbottabad to Military Estate Officer, Abbottabad. However, neither the amount was deposited into Federal Treasury nor its realization was acknowledged by MEO office.

The irregularity was pointed out by Audit in March, 2019. The executive replied that amount was lying with LAC in Revenue Deposit Account which was non-lapsable. The reply was not agreed as the challan was prepared but its acknowledgement / credit to public fund was not made.

The para was discussed by DAC in its meeting held on 3rd February, 2020. DAC was apprised verbally by the formation that an official committed a fraud and FIR was lodged. DAC directed that the case may be referred to FIA for proper investigation within 15 days. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations and recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-230/2019-20

2.13.15 Loss due to non-recovery of advance tax – Rs 7.410 Million

According to section 236(A) of Income Tax Ordinance 2001, "any person making sale by auction, of any property or goods, shall collect advance tax. The rate of advance tax is 10% for filer and 15% non-filer".

During audit on the accounts of Cantonment Boards for the financial year 2018-19, it was observed that different contracts were awarded to contractors through public auction but advance tax amounting to Rs 7.410 million was not recovered/collected at the time of award of contract.

(Rs. in million)

S.No	DP No	Name of formation	Amount
1	DP-S-144	CB Hyderabad	4.500
2	DP-S-103	CB Karachi	2.910
		Total	**7.410**

Audit was of the view that due to non-recovery of advance income tax, interest of the government was not safeguarded. This reflected weak internal controls and poor financial management within the organization.

The matter was pointed out by audit from July to August, 2019. In case of S. No.1, the executive agreed to recover the amount of advance tax. In case of S. No. 2, executive did not furnish reply.

The DAC vide meeting held in January 2019, directed the executive concerning S.No. 1that recovered amount be verified from audit. Regarding S.No. 2, DAC was apprised that matter was sub-judice. DAC directed that the court case be pursued vigorously and progress be reported to audit.

Audit recommends that amount in question may be recovered from the contractors and deposited into the government treasury immediately.

2.13.16 Non-imposition of Composition fee on unauthorized construction - Rs. 6.714 Million

As per section 178(a) of Cantonment Act, 1924 "no person shall erect a building on any land in a Cantonment without getting building plan sanctioned by the Board. Further, Ministry of Defence letter No.75/853/Lands/92/4970/D-12/ML&C/94 dated 6th November, 1994 provides that unauthorized construction within the limits of a Cantonment is an offence and Board is empowered to demolish the unauthorized construction or regularize it on payment of composition fee which in case of commercial construction should not be less than 10% of the assessed capital cost of land and building.

During audit of accounts of Cantonment Board Rawalpindi, it was noted from CBR No.19 dated 8th January 2018 that as per approved building plan in respect of commercial plaza situated on plot No.29 Survey No.183 Haider Road / Kashmir Road Rawalpindi total approved area from basement to 10th Floor + roof top was 349,772.20 Sft. However,

the owner made construction on the area measuring 359,332.73 Sft which resulted into unauthorized construction of an area measuring 9,560.53 Sft. The file of the property was requisitioned by Audit for scrutiny but was not provided. However, it was verbally told that the file is with NAB.

Audit was of the view that unauthorized construction was required to be demolished or regularized on payment of composition fee amounting to Rs.6,713,714/-.

The irregularity was pointed out by Audit in November, 2018. The executive replied that the lessee of Property submitted revised building plan which was placed before the Board and the Board resolved vide CBR No 19 dated 08th January, 2018 to refer the case to MI Directorate for clearance due to increased height of building. The case was forwarded to Station HQrs Rawalpindi for advance clearance but the same was still awaited.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that the subject property was under investigation in NAB. DAC pended the para with the direction to the Cantonment Board for provision of certificate to the effect that construction work at site is suspended. Further progress was not intimated till finalization of this report.

Audit recommends for early finalization of the case and recovery of Cantonment dues besides provision of case file for audit scrutiny and adoption of remedial measures to avoid such lapses in future.

DP-N-739/2018-19

2.13.17 Non-recovery of income tax – Rs.6.02 Million

As per schedule I (Division VIII) of Income Tax Ordinance 2001, the rate of collection of tax under section 236A shall be 10% of the

gross sale price of any property or goods sold by auction for filers and 15% for non-filers.

During audit of accounts of Cantonment Board Sargodha, it was observed that contracts for collection rights of shops, advertisement charges, sign boards, poll box and bus stand were awarded to contractors through auctions. However, income tax amounting to Rs.6,020,000/-was not recovered which was in violation of above rules.

(Rs. in million)

S #	DP No.	Name of Cantonment Boards	Amount
1.	DP-N-726/2018-19	Cantt Board Sargodha	3.314
2.	DP-N-762/2018-19	Cantt Board Sargodha	1.155
3.	DP-N-781/2018-19	Cantt Board Sargodha	1.551
		Total	**6.02**

The irregularity was pointed out by Audit in February, 2019. The executives replied that efforts were being made for recovery of amount. However, any progress regarding recovery made was not intimated.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that nominal recovery was effected and cases have been referred to Cantonment Magistrate for recovery.DAC directed to pursue the Court Cases for recovery. Further progress was not intimated till finalization of this report.

Audit recommends early recovery of amount besides adoption of remedial measures to avoid such lapses in future.

2.13.18 Non-recovery of sky charges for hoardings installed on A-1 land – Rs. 3.876 Million

As per section 92(1) of Cantonments Act 1924, if a person liable to payment of any tax does not, within 30 days from the service of notice of demand, pay the amount due or does not show sufficient cause of non-payment of the same to the satisfaction of the CEO such sum with all costs of recovery may be recovered under a warrant. Further, as per Section-259 of Cantonments Act, 1924, arrears of any tax or any other money recoverable by Cantt. Board may be recovered either by a suit or an application to a Magistrate having jurisdiction in the Cantonment.

During audit of accounts of Cantonment Board Rawalpindi, it was observed that three different hoardings were installed on the Mall Road (A-1 land) during 2017-2018 but sky charges amounting to Rs.3,876,000/- were not recovered.

The irregularity was pointed out by Audit in November, 2018. The executive replied that Army / PAF authorities were already asked to deposit the sky charges amounting to Rs.3,876,000/-. Amount as and when recovered would be intimated. No recovery was however, intimated to audit till finalization of this case.

The para was discussed by DAC in its meeting held on 3rd December, 2019.DAC directed that a comprehensive policy on recovery of sky charges be finalized from MoD in consultation with three Services within 3 months and recovery may be effected. Further progress was not intimated till finalization of this report.

Audit recommends early finalization of the policy and recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-734/2018-19

2.13.19 Overpayment on account of hiring of accommodations – Rs 2.701 million

Under rule 8 of Quarter & Rent 1985, "Fixation of rental ceilings and scales of accommodation and instructions regarding assessment of rent at different stations in respect of private houses hired/ requisitioned, for allotment to officers/JC0s or equivalent shall subject to the Government orders issued from time to time."

During audit on the accounts of MEO Karachi for the financial year 2017-18, it was observed that MEO made payment of Rs 2,701,962/- in 20 cases in excess of their ceiling entitlement for hiring of accommodation.

Audit was of the view that such state of affairs indicates prevalence of week internal controls within the organization.

The matter was pointed out by audit in April, 2019. The executive replied that payments were made in the light of sanctions issued by the concerned Naval authorities i.e. HQ COMKAR. Reply was not tenable as payment was made in violation of the rules/ Government orders.

Audit recommends that overpaid amount may be recovered from the concerned and deposited into government treasury.

The DAC vide meeting held in December, 2019 directed that hiring/rental agreements documents reflecting covered area of hired accommodation as per ceiling of the officer/official be provided to audit for verification. Overpayments be recovered from the concerned. No further progress was reported to till finalization of this report.

Audit recommends that overpaid amount may be recovered from the concerned and deposited into Government treasury.

DP-S-84/2019-20

2.14 Loss to State – Rs.19,829.071 Million

2.14.1 Loss due to unauthorized occupation of land – Rs.16,430.656 million

According to rule 26 (note ix a) of CLA Rules-1937, "an encroachment is an unauthorized occupation of government land and should not be permitted to remain in existence under any circumstances unless it is properly regularized." Likewise, as per rule 16(2) ibid, "An initial premium shall be charged on the lease and the lease shall be put to public auction for sale to the person who agrees to pay the highest amount as premium".

During audit on the accounts of MEO Karachi for the financial year 2017-18, it was observed that land measuring 189.970 acres (Survey No.27) was occupied by DHA without lease from the Government. As a result, the state sustained loss of precious land amounting to Rs 16,430.656 million in terms of premium and ground rent of the land. Detail of loss worked out is given below;

(Rs in million)

Description	Calculation of Premium and Ground Rent	Amount
Premium	189.970 Acres x 4,840 Sq. yd/acre = 919,454 Sq yds x Rs 17,820 per sq yd (DC rates)	16,384.684
Ground Rent	189.970 Acres x 4,840 sq yd/acre = 919,454 Sq yds x Rs 5 per sq yd/per annum x 10 years	45.972
	Total	**16,430.656**

Audit was of the view that due to unauthorized occupation of government land by DHA Karachi, the government sustained loss.

The matter was pointed out by audit in April, 2019. The executive replied that sanction of the competent authority for lease of land measuring 172 acres out of 189.97 acres (excluding land under litigation) had been issued vide Government of Pakistan, Ministry of Defence ML&C Department letter dated 09-03-2018. The lease formalities are under process. Premium and Ground rent would be recovered from M/s DHA Karachi before execution of lease. Progress of the case would be

intimated as and when the same is finalized. The reply was not tenable as the premium and ground rent was not obtained.

The DAC vide meeting held in December 2019, directed that the amount paid by DHA Karachi be reconciled with audit. DAC further directed that ML&C department may take up the case with DHA regarding lease agreement under intimation to MoD. No further progress on the matter was reported to audit till finalization of this report.

Audit requires early recovery of premium and ground rent at DC rates and Government sanction of said land.

DP-S-81/2019-20

2.14.2 Loss due to encroachment on class 'C' land – Rs 1,368.030 Million

According to rule 4 (b) (iii) of CLAR 1937, class 'C' land is required for "local public purposes" of a municipal nature, such as streets, markets, hospitals, rubbish depots and so forth. Further, rule 7(iii)(f-A) of CLAR 1937, the Federal government reserves the right to resume possession of any such land if it is not used for the purpose for which it was granted by the government to the Cantonment Board.

During audit on the accounts of Cantonment Board Faisal for the financial year 2018-19, it was observed that class 'C' land measuring 15,142 Sq yd valuing Rs 1,368.030 million (cost of land & construction of CBR applied) situated near Askari-IV was encroached by the management of Askari-IV (Housing Directorate GHQ) and initiated commercial activities (McDonalds, Neuplex Cinema and Venue Banquet) without re-classification of land from Government of Pakistan.

Audit was of the view that Class 'C' land is only meant for amenity purposes which cannot be utilized for commercial purposes. The illegal encroachment has caused loss to public interest.

The matter was pointed out by audit in August, 2019. The executive replied that the land was part of Askari-IV Scheme and was converted into other classes of lands as per requirement. It was not "C" land as per real sense of word. Reply was not tenable as the subject land was reclassified from class B-4 to Class C vide para V of MoD (ML&C Deptt), Rawalpindi letter No. 42/975/Lands/ML&C/2005 dated 6-6-2006.

The DAC vide meeting held in January 2019, shifted the draft para to army authorities.

Audit recommends stoppage of illegal use of class C land and inquiry against the person(s) at fault.

DP-S-216/2019-20

2.14.3 Loss due to irregular lease of 60.240 acres land – Rs 878.222 million

According to rule 7 of CLA Rules 1937, "No alteration in the classification of land which is vested in the State or in the Board shall be made except by the Federal Government." Further, according to rule 16(2), "An initial premium shall be charged on the lease and the lease shall be put to public auction for sale to the person who agrees to pay the highest amount as premium."

During audit of MEO Karachi for the financial year 2017-18, it was observed that land measuring 60.240 was reclassified from A-1 land to B-3 land without government sanction. Further, it was leased out to AFOHS at premium of Rs 5/- per square yard whereas the existing DC rates of the area was Rs 2,970/- per square yard. Thus, the action of leasing of 60.240 acres land at lower rates caused loss to state amounting to Rs 878.222 million. The lease was also not put to public auction in order to fetch higher value. Detail of loss worked out is as under;

(Rs in million)

Premium Recovered @ Rs 5/Sq Yds	Amount of premium required to be recovered at DC Rates	Amount of loss to state
(1.457 million)	60.240 acres = 296,188.33 Sq Yds x Rs 2970/Sq yd =Rs. 879.679 million	Rs. 878.222 million

Audit was of the view that due to leasing of land to AFOHS without government approval and at nominal rates, the government sustained huge loss.

The matter was pointed out by audit in April, 2019.The executive replied that the premium was obtained on the basis of Government sanction dated 17-10-2018. Reply furnished by the executive was not based on facts as Government sanction was not produced.

The DAC vide meeting held in December, 2019 directed that Government sanction for reclassification of land and grant of lease be provided to audit for verification. No further progress on the matter was reported to audit till finalization of this report.

Audit recommends investigation of matter of leasing of land at nominal rates instead of open auction besides obtaining government sanction of reclassification of land from A-1 to B-3.

DP-S-77/2019-20

2.14.4 Loss due to encroachment of Cantonment Board land - Rs.506.472 Million

As per rule 26 (X) (a) of Cantonment Land Administration Rules, 1973 “an encroachment is an un-authorized occupation of Government land and should not be permitted to remain in existence under any circumstances unless it is properly regularized”.

During audit of accounts of following Cantonment Boards, it was observed that four pieces of Cantonment Board Land measuring 26.10 kanals valuing Rs.506,472,000/- was occupied by local military

authorities and private occupants. However, neither the land was got vacated nor cost thereof was recovered from the occupants.

(Rs. in million)

S #	DP No.	Name of Cantonment Boards	Amount
1.	DP-N-33/2019-20	Cantt Board Multan	428.237
2.	DP-N-50/2019-20	Cantt Board Sialkot	57.000
3.	DP-N-121/2019-20	Cantt Board Mardan	21.235
		Total	**506.472**

The irregularity was pointed out by Audit in 2018-19. The executive replied that the matter was taken up with local military authorities and notices were also issued to the private occupants. However, they filed an appeal in the court and matter was subjudice. The reply was not justified as cantonment land was not got vacated.

The para was discussed by DAC in its meeting held on 18th December, 2019. Para at Sl. No. 1 was pended due to improper representation by rep of concern CB. DAC was apprised that in case of Sl. No.2 that encroachers have filed a writ petition in the Lahore High Court. Whereas in case of Sl. No.3 the matter has been taken up with local Army authorities. DAC pended Sl. No.1 and directed to pursue the court case in Sl. No.2 whereas, in Sl. No.3 DAC directed that matter may be referred to Ministry of Defence for vacation of the land from local Army Authorities. Further progress was not intimated till finalization of this report.

Audit recommends early vacation of Cantonment Board Land or recovery of cost of land from the occupants besides adoption of remedial measures to avoid such lapses in future.

2.14.5 Loss due to non-imposition of composition fee and development charges - Rs. 277.883 Million

As per section 178 (a) of Cantonment Act, 1924, no person shall erect a building on any land in a Cantonment without getting building plan sanctioned by the Board. Further, Government of Pakistan, Ministry of Defence letter No.75/853/Lands/92/4970/D-2/ML&C/94 dated 6th November, 1994, provides that unauthorized construction within the limits of a Cantonment is an offence and Board is empowered to demolish the unauthorized construction or regularize it on payment of composition fee.

During audit of accounts of Cantonment Board, Mardan it was observed that CMH Mardan and local Army authorities constructed mega projects on A-1 Land without approval of building plan by the Board. However, any recovery on account of composition fee and development charges was not made from Army authorities. Resultantly, Cantonment Board sustained a loss of Rs.277,885,875/-.

The irregularity was pointed out by Audit in February, 2019. The executives replied that the case pertained to MEO Peshawar as re-classification from A-1 land to B-3 land was the jurisdiction of MEO Peshawar. Case will be forwarded to MEO Peshawar for further necessary action at their end. Reply was not acceptable being irrelevant.

The para was discussed by DAC in its meeting held on 3rd February, 2020. DAC was apprised that the construction was carried out on A-1 Land and local Military Authorities were informed to regularized the construction. DAC did not agreed with the reply and directed the formation to justify as to how the construction was carried out without approval of building plan and recovery of cantonment dues. Further progress was not intimated till finalization of this report

Audit recommends for holding an inquiry into the matter to fix responsibility and recovery of Cantonment dues besides adoption of remedial measures to avoid such lapses in future.

DP-N-250/2019-20

2.14.6 Illegal approval of building plan in excess than allotted land – Rs 186.781 million

According to Rule 178(A) of Cantonment Act, 1924, "no person shall erect or re-erect a building on any land in a cantonment, except with the previous sanction of the Board". Further, according to Bye laws of Cantonment Board Faisal published under SRO No. 513(1)/2008 dated 30-5-2008, para (20)(11) amenity building standards for hospital height up to B+G+4.

During audit on the accounts of Cantonment Board Faisal for the financial year 2018-19, it was observed that an amenity plot measuring 3,733 square yards was allotted to M/s Darul-Shifa International Limited dated 6-5-1984 for hospital. Whereas, construction was made on 4,246.66 square yards by the hospital. Moreover, original plan was approved for construction of building as Ground+4 but the hospital constructed 2 more floors without approval. However, Rs. 186.781 million was not recovered on account of composition fee as per Cantonment Board Resolution (CBR) 5.1 dated October 05, 2016.

Audit was of the view that illegal approval of building plan in excess of allotted land was in violation of the rules, which reflects weak internal controls.

The matter was pointed out by audit in August, 2019. The executive replied that allotment order was issued by Karachi Development Authority (KDA). Initially, the area allotted measured 3,733 square yards. But, thereafter site plan issued by the KDA showing the area of plot measuring 4,246.66 square yards and building plan of G+4 was approved by the KBCA in 1985. Reply was not tenable as building plan was submitted by hospital authorities in CBF for regularization which was

approved by calculating deviations in 2011, but violation was not pointed out by CBF. Further, allotment order of hospital was not revised, whereas possession letter indicates the excess land which was not acceptable.

The DAC vide meeting held in February 2020, directed the executive that the area of the hospital be reconciled with audit and illegal construction may be regularized through implementation of decision of board. No progress on the matter was reported to audit till finalization of this report.

Audit recommends inquiry against the person(s) at fault besides early realization of Cantonment Boards dues.

DP-S-335 & 336/2019-20

2.14.7 Loss due to non-recovery of premium & rent - Rs.110.90 Million

As per section 259 of Cantonment Board Act, 1924 any tax or any other money recoverable by a board may be recovered, together with the cost of recovery either by suit or, on application to Magistrate having jurisdiction in the Cantonment.

During audit of accounts of Cantonment Board Mardan, it was observed from CBR No. 12 dated 26th April, 2018 that cases for allotment of self-constructed shops at A and E Block of Ghareeb Market, were regularized by the Board on payment of premium and monthly rent within 15 days, failing which the shops were to be sealed at the risk & cost of tenants. Neither recovery of premium and monthly rent was effected nor shops were sealed by the Board. Resultantly, Cantonment Board suffered a loss of Rs.110,900,000/- on account of non-recovery of premium and monthly rent.

The irregularity was pointed out by Audit in February, 2019. The executive replied that shopkeepers filed appeal against the

resolution. Case was forwarded to DGML&C through DML&C Peshawar. Decision when arrived at would be intimated to audit.

The para was discussed by DAC in its meeting held on 18th December, 2019. DAC was apprised that Rs.78.712 million have been recovered in one case whereas remaining two cases, the matter is being placed before the Board. DAC directed that recovery effected may be got verified from Audit and remaining recovery be expedited. Further progress was not intimated till finalization of this report.

Audit recommends immediate recovery of premium and rent or resumption of shops besides adoption of remedial measures to avoid such lapses in future.

DP-N-120/2019-20

2.14.8 Irregular refund of Sea view Parking Contract – Rs.22.905 Million

As per rule 2(A)-5 of the Pakistan Cantonments Account Code 1955, "it is the duty of the Executive Officer and the staff employed by the Cantonment Board to see that dues of the Board are correctly and promptly assessed, collected and paid into the treasury." As per CBR No. 23 (d) dated July 10, 2018 regarding contract of parking fee and small business at sea-view area, "no refund/re-adjustment on any ground was published either in auction notice or approved by the Board or provided for in agreement, therefore any such relaxation will be against the rules."

During audit of Cantonment Board Clifton for the financial year 2018-19, it was observed that an amount of Rs. 18,780,000/- was outstanding against contractor M/s Sher Wali Khan in respect of contract concluded for parking fee & small business at sea-view for a period of 15 months from April 2017 to June 2018. Contrary to the rules, an amount of Rs 4,125,760/- was refunded to the contractor.

Audit was of the opinion that non-recovery of cantonment dues and refund resulted into loss to Cantonment Fund which reflects poor financial management on part of the executive.

The matter was pointed out by audit in August 2019. The executive replied that in compliance of the orders of the Honorable High Court of Sindh the concerned contract was stopped. The Board approved the proposal for refund of requisite excess amount and security deposit. Reply was not tenable as the refund was against the rules since an amount of Rs. 4,173,333/- was outstanding against the contractor for the period of execution of contract.

The DAC vide meeting held in February 2020, directed the executive to provide relevant record i.e. Board proceedings to audit for verification. No progress on the matter was reported to audit till finalization of this report.

Audit recommends recovery action may be taken besides fixation of responsibility against the person(s) at fault.

DP-S-343/2019-20

2.14.9 Illegal collection and retention of composition fee by DHA – Rs 20.144 Million

Para 5 of Govt. of Pakistan, Ministry of Defence letter No.75/853/Lands/92/4970/D-12/ML&C/94 dated 06-11-1994, states that, "The Board can impose any amount of composition fee keeping in view the gravity of the offence". According to section 24(7) of Pakistan Defence Officers Housing Authority Order, 1980 regarding bifurcation of Karachi Cantonment, "all taxes, fees, rates and cesses imposed or levied in the existing Cantonment immediately before the commencement of this Order shall continue to be imposed or levied in the Karachi Cantonment and the Clifton Cantonment."

During audit on the accounts of Cantonment Board Clifton for the financial year 2018-19, it was observed that composition fee was

imposed and collected by Defence Housing Authority (DHA) in violation of the rules. Collection of composition fee was responsibility of CBC, whereas collection and retention of 50% of the fee by DHA was unlawful.

Audit is of the opinion that illegal collection and 50% retention of composition fee by DHA reflects prevalence of poor financial discipline and the government sustained loss worth Rs. 20.144 million.

The matter was pointed out by audit in August 2019. The executive replied that since 2010 DHA withholds 50% of composition fee& remits remaining 50% in Cantonment Fund. Reply is admission of irregularity.

The DAC vide meeting held in January 2020, the executive to furnish revised reply to audit in for verification.

Audit recommends that the amount collected & retained by DHA since 2010 may be worked out for effecting recovery and matter may be investigated for fixing of responsibility on the person(s) at fault.

DP -S-171/2019-20

2.14.10 Un-authorized construction of commercial plaza resulting loss to Cantt. fund - Rs.15.078 Million

As per section 178(a) of Cantonment Act, 1924 no person shall erect a building on any land in a Cantonment without getting building plan sanctioned by the Board. Further Government of Pakistan Ministry of Defence letter No.75/853/Lands/92/4970/D-12/ML&C/94 dated 6th November, 1994, provides that unauthorized construction within the limits of a Cantonment is an offence and Board is empowered to demolish the unauthorized construction or regularize it on payment of composition fee which in case of commercial construction should not be less than 10% of the assessed capital cost of land and building.

During audit of accounts of Cantonment Board, Rawalpindi, it was observed that property No. 40/F & G Bank Road

Rawalpindi was held on old grant terms. Initially residential building plan was approved in 1992. Later the lessee constructed a commercial plaza without approval of building plan from the Cantt Board and without obtaining commercial lease from MEO. The building was neither demolished nor regularized. Resultantly, Cantonment Board sustained a loss of Rs.12,136,889/- on account of composition fee and development charges.

The irregularity was pointed out by Audit in November, 2018. The executive replied that the subject property was situated outside Bazar area under the management of MEO Rawalpindi and held on old grant terms for residential purpose. After conversion of above said old grant property into regular commercial lease, unauthorized construction would be regularized on payment of composition fee.

It was further observed from the site verification of said building that presently ground to 1st floor of the above plaza were occupied by shops and a hotel in the name of "Khurshid Hotel" was running on 2nd to 4th floor. The property was required to be assessed as one building for the purpose of recovery of property tax. However, only 28 shops were assessed. Resultantly, property tax amounting to Rs. 2,941,059/- was less recovered.

The irregularity was pointed out by Audit in November, 2018. The executive replied that notice under Section 68 of Cantonment Act, 1924 was served to the owner. Recovery as and when affected, audit would be intimated. Further progress was not intimated.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that the assessment of the property was still not finalized and case regarding lease of property is subjudice. DAC was not satisfied and directed MEO to initiate process for determination of the lease within seven days and recovery of the amount

may be expedited. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives and recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-732/2018-19 & DP-N-699/2018-19

2.14.11 Un-authorized commercial activity at amenity plot – Rs.12.00 Million

According to Rule-124 of Chapter-XIII of Cantonment Board Clifton, Building Bye-laws 2007, "no amenity plot reserved for the specific purpose shall be converted or utilized for any other purpose."

During audit on the accounts of Cantonment Board Clifton for the financial year 2018-19, it was observed that an amount of Rs 12 million was charged from conservancy contractors on account of conservancy vehicles parking space. It was noted that the site used for the purpose is an undeveloped amenity plot 'Hamza Park' which was handed over to CBC by DHA in February, 2017.

Audit was of the opinion that use of amenity plot for commercial purposes in violation of Supreme Court orders reflects weak internal controls and unhealthy management practices.

When pointed out by audit in August 2019, the executive replied that monthly rental amount of Rs 200,000/- per sector is charged from the contractor to provide the conservancy services to the larger public convenience. Reply was not tenable as the site used is an amenity plot which has not been developed due to the ongoing commercial use.

The DAC vide meeting held in February 2020, directed the executive to initiate the case with DHA for development of land for its original purpose.

Audit recommends that the matter may be investigated to fix the responsibility against person(s) at fault and plot may be developed for its intended purpose i.e. Park.

DP-S-344/2019-20

Pakistan Air Force

Pakistan Air Force (PAF) is the second component of Defence Services primarily responsible to safeguard the aerial territory of Pakistan. The Air Headquarter is situated in Islamabad. PAF comprises five Commands (Northern, Central, Southern, Air-Defence and Air Force strategic Command).

As per Appropriation Accounts 2018-19 in respect of Grant No.26total budget allocation to PAF was Rs.238,883.021 million and expenditure was Rs.263,425.206 million.

Audit Paras

2.15 Mis-procurement of stores – Rs 2,150.002 Million

2.15.1 Irregular / non-transparent award of contracts – Rs.1,433.717 Million

According to PPRA rule 35 read with S.R.O.1170(1)/2009 dated July 9, 2009, 'all procuring agencies whether within or outside Pakistan shall post contract awards over fifty million rupees on PPRA's website.'

During audit of GE (Air) Shahbaz for the financial year 2017-18, it was observed that three contracts amounting to Rs. 1,433.717 million were awarded to different contractors. Since all the contracts involved expenditure over Rs. 50 million, the same were required to be posted on PPRA's website. The entire expenditure thus incurred stood irregular and non-transparent.

Audit was of the view that expenditure in violation PPRA Rules could lead to misuse of government funds which indicated poor financial management and weak internal controls.

The irregularities were pointed out by audit in March, 2019. The executive replied that all rules and regulations were kept in view while awarding the contracts. Reply was not tenable as no documentary evidence in support of reply was furnished.

The DAC vide meeting held in December, 2019 directed that fact-finding Inquiry may be conducted. Responsibility be fixed and inquiry report be shared with audit/MoD within a month. No further progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives along-with fixation of responsibility against the person(s) at fault.

DP-S-95/2019-20

2.15.2 Procurement of stores without tender – Rs 425.465 Million

According to rule 12 of PPRA Rules 2004, "procurements over one hundred thousand rupees and up to the limit of Rs 2.00 million shall be advertised on the authority's website. Further, procurements over Rs 2.00 million should be advertised on the authority's website as well as in two national dailies, one in English and the other in Urdu".

During audit of accounts of the following MES (Air) formations for the financial years 2016-17 to 2017-18, it was observed that contract works valuing Rs 425,464,725/- were awarded to different contractors without advertisement on PPRA's website and newspapers in violation of PPRA Rules.

(Rs in million)

S.No	DP No.	Name of Formation	No. of contracts	Amount
1	DP-S-13	AGE (Air) Sat, Mirpur Khas	6	11.508
2	DP-S-351	GE (Air), Bholari	21	410.489
3	DP-S-338	AGE (Air) Sat, Mirpur Khas	1	3.467
		Total	**28**	**425.464**

Audit was of the view that incurring of public expenditure without compliance of PPRA rules could lead to misuse of government funds which indicated weak financial management and poor internal controls at the end of the executive.

The irregularity was pointed out by audit in January and October, 2019. The executive replied that PPRA rules were followed. The replies were not tenable as documentary evidence in support of management's stance was not produced to audit.

The DAC vide meeting held in December, 2019 and February, 2020 directed the executive concerning S.No. 01 that advertisement of 5 contracts got verified from audit and for one contract, fact-finding inquiry be held, and responsibility be fixed. Regarding S.No. 02 DAC directed the executive to provide original newspaper advertisement to audit for verification within 15 days. Concerning S.No. 03 DAC directed the executive to provide tendering documents to audit for verification. No further progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

2.15.3 Non-transparent advertisement without specifications – Rs. 259.525 Million

According to rule 10 of PPRA Rules -2004,'specifications shall allow the widest possible competition and shall not favour any single contractor or supplier nor put others at a disadvantage. Further, according to rule 12(4), a procuring agency utilizing electronic media shall ensure that the information posted on the website is complete for the purposes for which it was posted.

During audit on the accounts of CMES (Air) Faisal for the financial year 2017-18, it was observed that 79 contracts valuing Rs 259.525 million were concluded without mentioning

descriptions/specifications of works which was in violation of rules as stated above.

Audit was of the view that tendering without description/specification of work is tantamount to mis-procurement.

The irregularity was pointed out by audit in December 2018, the executive stated that nature of works/services were not mentioned in notice of tender published in newspaper since works were of operational nature and were sanctioned under para 17. Reply was not tenable as according to PPRA rule 14 deviation in case of procurement related to national security requires prior approval of the Authority.

The DAC vide meeting held in December, 2019 directed the executive that an inquiry be conducted and responsibility be fixed against the concerned. No further progress on the matter was reported to audit till finalization of this report.

Audit recommends early implementation of DAC directives.

DP-S-89/2019-20

2.15.4 Conclusion of contracts in violation of PPRA – Rs 31.295 Million

According to rule 13(1) of PPRA-2004, "under no circumstances the response time shall be less than fifteen days for national competitive bidding from the date of publication of advertisement or notice."

During audit of accounts of GE (Air) Shahbaz, Jacobabad for the financial year 2017-18, it was observed that 03 contracts amounting to Rs 31.295 million were awarded to different contractors wherein response time in different procurements was less than 15 days.

Audit was of the view that incurring of public expenditure without following PPRA rules could lead to misuse of government funds and indicated weak internal controls.

The irregularity was pointed out by audit in March, 2019. The executive replied that the observation pertained to Nawabshah and the same was shifted to GE(Air) Bholari. Reply was not tenable as works were awarded under the supervision of GE(Air) Shahbaz, Jacobabad.

The DAC vide meeting held in December, 2019 directed that an inquiry be conducted and responsibility be fixed against the concerned. No further progress on the matter was reported to audit till finalization of this report.

Audit recommends early implementation of DAC directives.

DP-S-94 /2019-20

2.16 Unauthorized / Irregular Expenditure – Rs.1,248.806 Million

2.16.1 Un-justified sanction of works in the name of emergent need – Rs. 683.739 Million

According to para 17(a)(c) of DSR, 1998, "unexpected circumstances may arise which make it imperative to short-circuit from normal procedure. Such circumstances may arise from operational military necessity or on urgent medical grounds when reference to the appropriate CFA would entail dangerous delay. If such circumstances arise, any of the authorities detailed in Table-A may order the commencement of a work by functioning in order 'writing' to the engineer office concerned and forwarding immediately and a copy of his order to superior engineer authority with his reasons for giving the orders and the engineer officer's estimates of the liability incurred. In all cases which may arise above the earliest possible steps must be taken to regularize matters by normal action contemplated by these Regulations".

During audit of accounts of following three MES (Air) formations for the financial year 2017-18 to 2018-19, it was observed that contracts of 05 construction works (residential and non-residential) valuing Rs 683.739 million were sanctioned by DCAS Admin invoking para-17 of DSR, which was apparently its misuse as the works did not involve operational military necessity or urgent medical requirement as required in above rule provisions.

(Rs in million)

S. No	DP No	Name of Unit	No of contracts	Amount
1	DP-S-50	AGE (Air), Mirpur Khas	02	28.989
2	DP-S-188	GE (Air) Faisal, Karachi	02	649.808
3	DP-S-230	AGE (Air), Mirpur Khas	01	4.942
		Total	**05**	**683.739**

Audit was of the view that the authority avoided normal procedures without sufficient justification which exhibited weak financial management and internal controls.

The irregularity was pointed out by audit in January to October, 2019. The executive replied that due to law & order situation in the country the works were essentially required. Normal procedures for CWP would entail inordinate delay thereby causing adverse effects on security. Reply was not tenable as in case of S.No. 1 &2, the works did not cover the criteria of para-17 since works were not completed in due course of time. In case of S.No. 2, work was started after 15 months of admin approval.

The DAC vide meetings held in December, 2019 and January 2020 directed that detailed justification/necessity of urgent/emergent works be provided to audit. No further progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

2.16.2 Irregular award of contract beyond the permissible limit – Rs 384.00 Million

According to para 64(a) of DSR 1998, "the final cost of any service of item of a service may exceed by not more than 10 percent. An officer will take no action without obtaining prior authority, which will commit his superior to expenditure in excess of that limit."

During audit on the accounts of Project Director, Project Bholari, AHQ, Islamabad for the financial year 2018-19, it was observed that contract BTAC-04 amounting to Rs 98,438,9212/- was concluded with M/s Tahir Builders Pvt Ltd. In this regard it was noticed that final cost of the project was exceeded by 40% in violation of rules. Details are given as under;

Approved Amount of CA	Rs 948,389,212/-
Final Cost of CA	Rs 1,332,524,531/
Percentage of Excess work	(40%) Rs 384,135,319/-

Audit was of the view that due to increase in scope of work beyond permissible limit, revised approval of the work was required to be obtained from competent authority. The increase of 40% percent in the works was in violation of rules.

The matter was pointed out by audit in July, 2019. The executive stated that contracts were awarded according to PEC/FIDIC rules. The variation orders (VO) were issued by Project Director, Project Bholari, after approval from Bholari Development Board. Reply was not tenable as the revised approval of the contract was not obtained for excess of 40% expenditure.

The DAC vide meeting held in January, 2020 directed the executive to furnish regularization from Bholari Development Board along with MoD letter for powers of the Board to regularize excess in VO/DO up to 25%. No progress on the matter was reported to audit till finalization of this report.

Audit recommends implementation of DAC directives.

DP-S-198/2019-20

2.16.3 Undue favour on defective works to contractor – Rs.81.580 Million

According to para 6(a) of Financial Regulations 1986, 'every officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money.'

During audit on the accounts of GE (Air) Bholari for the financial year 2017-18, it was observed that an amount of Rs 81,579,995/- was paid to M/s Myra Engineering (Pvt) Ltd. for "Rehabilitation of Operating Surfaces at PAF Nawabshah". The MES authorities noted technical faults i.e. cracks at newly carpeted surface and filling work of Charlie loop at taxiway of joint runway/airfield. The final payment was

released to contractor without clearance and rectification of technical faults.

The irregularity was pointed out by audit in June, 2019. The executive stated that letters were written by technical authorities to improve the quality of work. Later on, all observations were rectified by the contractor. Reply was not tenable as no documentary evidence in support of reply was produced.

The DAC vide meeting held in February, 2020 directed the executive for physical verification of site with audit. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-355/2019-20

2.16.4 Irregular conclusion of contract with unregistered / de-registered firm - Rs 35.468 Million

According to rule (3)(1) of PEC Engineering Bye-Laws, 1987, "no engineering work shall be constructed except by a constructor or operated except by an operator licensed as such by the Council."

During audit on accounts of GE (Air) Faisal for the financial year2018-19,it was observed that 3 contracts amounting to Rs 5.961 million were awarded to M/s Muhammad Zamir Khan & Co, which was ade-registered firm by Pakistan Engineering Council w.e.f. 31.12.1989. This resulted in irregular award of contract.

The irregularity was pointed out by audit in October, 2019. The executive stated that M/s Muhammad Zamir Khan & Co is registered firm and cited details of another contractor M/s Javedan Construction Co, (Pvt) Ltd in its place. Reply was not tenable as fictitious documents were presented in support of management's stance.

The DAC vide meeting held in January, 2020 directed the executive to furnish PEC license of the concerned contractor to audit for verification. No progress was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-191/2019-20

2.16.5 Non-recovery of liquidated damages – Rs 33.839 Million

Para-52(a) of PAFW-2249 forming part of contract provides that, if the contractor fails to complete the works and clear the site as stated in clause-53, such breach shall be liable to payment of compensation amount equal to 1% of the sum or of the measured value of the works order for every week, provided that total amount of compensation so payable under this condition shall not exceed 10% of the contract sum.

During audit of accounts of following two MES (Air) formations for the financial year 2017-18, it was observed that the management did not impose liquidated damages of Rs 33,839,551/- on contractors against 03 contracts not completed within stipulated time.

(Rs in million)

S.No	DP No	Name of Unit/Formation	Amount
1	DP-S-354	GE (Air) Bholari	29.244
2	DP-S-09	GE (Air) Mirpur Khas	4.595
		Total	**33.839**

The irregularity was pointed out by audit in June and January, 2019. In case of S.No. 01, the executive replied that work was completed in time as per work order, however payment was made later on due to involvement of deviation order. In case of S. No. 2, the executive replied that the both works were partially suspended as per powers

delegated to the Engineer-in-Charge. However, notices for slow progress were served to the contractors from time to time to complete the remaining work. Therefore, no LD was leviable. Reply was not tenable as the executive failed to provide any documentary evidence in support of their contention.

The DAC vide meetings held in December, 2019 and February, 2020 directed the executive concerning S.No. 01 to submit revised reply to audit for examination. Regarding S.No. 02 DAC directed the executive that relevant documents be reconciled with audit and LD be imposed on the contractor.

Audit recommends expeditious implementation of DAC directives/ recovery of LD charges from the contractors concerned.

2.16.6 Irregular payment of over time – Rs 23.591 Million

As per Ministry of Finance Division Letter No.F.4(1)R-5/2010 dated July 07, 2015, overtime allowance for staff car drivers was Rs. 40/- per hour to a maximum of 06 hours subject to a maximum of Rs. 240/- per day.

During audit on the accounts of PAF Base Shahbaz for the financial year 2017-18, it was observed that an amount of Rs 23,590,520/- was paid to civilian drivers. It was noted that 13 staff cars were available with the Base while overtime was availed by 218 drivers. Majority of the drivers availed overtime without having a single day off. Details are given as under;

(Rs in million)

Yearly hours and holidays availed (as per statement)		**Rate(per Hour) in Rs**	**Amount**
Total weekdays Hours	335,288 Hours	40	13.411
Holiday Hours	18,837 Hours	600	11.302
Permissible for 13 Staff car drivers	180 (Monthly)*12*13=28,080	40	(1.123)
		Total	**23.59**

Audit was of the view that undue favour was extended through payment of overtime which stands irregular/un-authorized and caused loss to government exchequer.

The irregularity was pointed out by audit in May, 2019. The executive did not furnish reply.

The DAC vide meeting held in February, 2020 directed the executive that relevant record regarding payment of overtime may be provided to audit for verification within 15 days. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-361/2019-20

2.16.7 Unauthorized payment of salaries to HESCO staff – Rs.6.589 million

According to para-6(a) of FR 1986 (Vol-I), "every officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money."

During audit on the accounts of GE (Air) Bholari for the financial year 2017-18, it was observed that an amount of Rs 6,589,206/- was paid on account of pay & allowances to HESCO staff engaged for maintenance and operation of 132 KV grid station at PAF Base Bholari. Details are given as under;

(Rs in million)

CBI No.& Date	Description	Period	Name of Department	Amount
8 dated23-04-18	Operation and maintenance charges	Jul 17-Apr 18	M/s HESCO (WAPDA) Hyderabad	5.914
22 dated23-05-18		May 2018		0.674
			Total	**6.588**

Audit was of the view that payment of salaries to HESCO employee from Defence Budget was irregular & un-authorized.

The irregularity was pointed out by audit in June, 2019. The executive replied that grid station 132 KVA was constructed at PAF Base Bholari to provide un-interrupted electric supply. It was necessary to deploy trained WAPDA staff. Reply was not tenable as the pay and allowances of HESCO staff was the responsibility of HESCO. In the stated scenario, dual payment may not be ruled out.

The DAC vide meeting held in January, 2020 directed the executive to get the payment made to HESCO staff regularized from competent authority. The case regarding incorporation of grid station in TO&E of the unit be initiated. No progress on the matter was reported to audit till finalization of this report.

Audit recommends early implementation of DAC directives.

DP-S-296/2019-20

2.17 Recoverables / Overpayments – Rs.166.207 Million

2.17.1 Non-deposit of government's share of rental income – Rs.140.752 Million

According to policy on use of A-1 land circulated vide MoD letter dated April 2, 2008, for launch of essential commercial activities required to serve the residents of the respective garrison, survey will be conducted by a Board of Officers to determine the actual area under usage. The rent shall be charged @ 6% per annum of existing revenue rate of the said land. Government's share @ 25% of the rent so charged will be deposited into government treasury. Besides, the entire amount of rent charged for use of A-1 land for agricultural purposes will be deposited into government treasury.

During scrutiny of record relating to Directorate of Welfare Accounts, AHQ Islamabad, for the financial year 2012-13 to 2017-18, it was observed that A, B & C category land was utilized for commercial purposes at different bases. However, government's share amounting to Rs 140,752,070/- was not deposited into treasury in violation of A-1 Land Policy referred above.

(Rs in million)

S.No	DP No	Name of Unit	No of activities	Amount
1	DP-S- 333	PAF Base Faisal	01	2.856
2	DP-S- 373	PAF Base Korangi Creek	01	5.096
3	DP-S- 377	PAF Base Shahbaz	09	4.942
4	DP-S- 378	PAF Base Faisal	52	70.151
5	DP-S- 379	PAF Base Samungli	37	8.036
6	DP-S- 380	PAF Base Malir	08	10.427
7	DP-S- 292	PAF Base Masroor	16	39.244
		Total	**124**	**140.752**

Audit was of the view that delay in deposit of government share reflected weak financial management on part of the executive.

The irregularity was pointed out by audit in June, 2019. The executive stated that Board of Officers is a competent authority to

ascertain value of land as per existing DC rate. In case of S.No.7,the executive agreed to audit contention and replied that for this purpose case is under process to conduct fresh Board of Officers for the stated activities. Reply was not tenable as amount was not deposited into government treasury as per A-1 land policy.

DAC vide meetings held in January, 2020 and February 2020 directed the executive concerning S.No. 01, 03, 04, 05 & 07 to reconcile the recoverable amount with audit and government share thereof be deposited into treasury expeditiously. Regarding S.No. 02 DAC directed the executive that relevant record including contractor agreement may be provided to audit for verification within one month. In case of S.No. 06, DAC directed the executive to provide Board of Officers to audit for examination within 15 days. No progress on the matter was reported to audit for verification till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

2.17.2 Non-recovery of allied charges from consumers – Rs.20.481 Million

According to para 442 of DSR-1998, "the GE is responsible for making demands for payment of all revenue and for taking steps for its prompt realization."

During audit of following MES (Air) formations for the financial years 2016-17 to 2017-18, it was observed that allied charges (electricity, gas & water) amounting to Rs 20.481 million were lying outstanding against various consumers/occupants.

(Rs. in million)

S No.	DP No.	Name of Formation	Amount
1	DP-S-96	GE (Air) Shahbaz, Jacobabad	11.472
2	DP-S-246	GE (Air) Masroor, Karachi	4.304
3	DP-S-312	GE (Air) Malir, Karachi	0.610
4	DP-S-298	GE (Air) Bholari	4.095
		Total	**20.481**

Audit was of the view that non-recovery of allied charges indicates weak financial management.

Non-recoveries were pointed out by audit during March to November 2019. In case of S. No. 01, the executive replied that the bills were forwarded for recovery. In case of S. No. 02 and 04, the executive did not furnish reply. In case of S.No. 03 and 05, the executive replied that recovery will be communicated as recovered.

The DAC vide meetings held in December 2019, January 2020 and February 2020 directed the executive that the recovered amount be verified from audit and the balance amount be recovered expeditiously. No progress was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

2.17.3 Non-recovery of house rent allowance from officers allotted married accommodation – Rs.3.666 Million

As per rule 66 of Pay and Allowance (Vol II), 1997 married officers not provided with Government / hired / requisitioned / married accommodation, shall be entitled to House Rent Allowance on the same conditions as in the civil. Further, as per Ministry of Housing and Works O.M No. F-11(33)/2012-Policy dated 17th May, 2013 endorsed by Finance Division (Military Finance Wing) Rawalpindi vide U.O No. 134/R-1/ASMF/2014 dated 31st January, 2014, armed forces officers allotted residential accommodations may not be paid 45% house rent allowance

and 5% of their running basic pay should be charged to bring them at par with civilian set up".

During audit of accounts of following formations for the financial year 2015-16 to 2018-19, it was observed that officers availing facility of Government married accommodation were also drawing house rent allowance which was unauthorized and resulted into overpayment amounting to Rs.3,666,000/-, which needed recovery.

(Rs. in million)

S #	DP No.	Unit / Formation	Amount
1	DP-N-642/2018-19	PAF Base Rafiqui	2.230
2	DP-N-192/2019-20	Central Accounts Office, AHQ Peshawar	1.436
		Total	**3.666**

The irregularity was pointed out by Audit during 2017-18 and 2018-19. The executives replied that HRA was authorized to all married officers who were residing in low category accommodation vide MAG letter No.AT/MES/2254-XVIII dated 15th February, 2003. The reply was not acceptable as payment of HRA was unauthorized and needed recovery from concerned.

The para was discussed by DAC in its meetings held on 4th & 17th December, 2019. DAC directed that PAC directives dated 10th October, 2019 on paras 1.4.5 and 1.15.1 for the year 2017-18 may be implemented and recovery of HRA be made as per existing policy till finalization of new policy. Further progress was not intimated till finalization of this report.

Audit recommends that recovery of HRA may be made from the officers residing in the Government accommodation as per existing rules till finalization of policy.

2.17.4 Non-recovery of Sales Tax on services – Rs. 1.308 Million

According to Sindh Sales Tax Act No XII of 2011, issued by Sindh Revenue Board (SRB), Government of Sindh, vide Notification No. SRB/TP/51/2016/212146 dated 08th March 2017, Sales Tax would be charged @ 8% to 13% against different services.

During audit on the accounts of PAF Base Shahbaz for the financial year 2017-18, it was observed that an amount of Rs. 11.840 million was paid on account of labour, transport and tailoring services but Sales Tax on Services at applicable rates to the tune of Rs 1.308 million was not deducted. Details are given as under;

(Rs in million)

S. No	Description	Amount	Rate	Amount
1	Transport and labour charges	5.506	13%	0.715
2	Hiring of civil transport	1.088	8%	0.087
3	Tailoring services	4.363	10%	0.436
4	Hiring of transport, Sports Fund	0.881	8%	0.070
	Total	**11.838**		**1.308**

Non-recovery of applicable taxes caused financial loss to the public exchequer and it indicated weak financial management.

The matter was pointed out by audit in May, 2019. The executive replied that PAF is a federal entity hence provincial taxes were not applicable. Further, Accounts Squadron was withholding agent. Reply was not tenable as the executive was bound to deduct & deposit government receipts.

The DAC vide meeting held in February, 2020 pended the draft para till formulation of policy / decision at MoD level. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious recovery of the Sales Tax on services.

DP-S-328/2019-20

2.18 Loss to state – Rs 23.194 Million

2.18.1 Unjustified overpayment to contractors – Rs. 14.643 Million

According to rule 6(a) FR Volume I, 1986, "Every officer should exercise the same vigilance in respect of expenditure incurred from government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money".

During audit on the accounts of Project Director, Project Bholari, AHQ, Islamabad for the financial year 2018-19, it was observed in BoQ of the contract named BRAC-06 that identical items were purchased at varying prices. Likewise, consumption of material for same nature of jobs with same specifications was also different due to which Rs.14.643 million was paid in excess.

Audit was of the view that contractor was extended undue favour through over payment. Audit is also of the view that due to excess payment, government sustained huge financial loss.

The irregularity was pointed out by audit in July, 2019. The executive stated that bidders have different pricing strategies in quest of winning a bid. They often quote some items on higher side and others on lower side. Reply was not tenable as economy was not observed in procurements and government sustained loss amounting to Rs 14.642 million.

The DAC vide meeting held in February, 2020 directed the executive that either relevant record of similar nature of work may be provided to audit for verification within 15 days or overpaid amount be got recovered from the contractor. No progress on the matter was reported to audit till finalization of this report.

Audit recommends early implementation of DAC directives.

DP-S-369/2019-20

2.18.2 Overpayment to contractor for work already executed – Rs. 8.551 Million

According to rule 6(a) FR Volume I 1986, "every officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money."

During audit on the accounts of Project Director, Project Bholari, AHQ, Islamabad for the financial year 2017-18, it was observed from BTAC-05, Bill No. 5.04 that works of boundary wall and chain links were executed by M/s Usmani International. On scrutiny of record it was observed that area of chain links was not deducted from the area of boundary wall as the payment of chain links was paid / worked separately.

Audit was of the view that the contractor was extended undue favour through unjustified overpayment which caused huge financial loss to the government.

The irregularity was pointed out by audit in June, 2019. The executive stated that as per Bill of Quantities of BTAC-05 an amount of Rs 1,092,730/- was quoted against chain link fence and included in the cost of boundary wall. Reply was not tenable as the cost of chain link fence was separately calculated which resulted in overpayment to the contractor.

The DAC vide meeting held in February, 2020 pended the draft para.

Audit recommends expeditious recovery of overpaid

amount and its deposit into government treasury.

DP-S-372/2019-20

Pakistan Navy

Pakistan Navy is the third component of Defence Services administered by the Naval Headquarters in Islamabad. It is primarily responsible for protection of maritime borders of Pakistan. Navy comprises seven Commands (COMKAR, COMPAK, COMLOG, COMCOAST, FOST, COMNOR and COMCEP).

As per Appropriation Accounts 2018-19 in respect of Grant No.26 total budget allocation to Pakistan Navy was Rs.121,818.912 million and expenditure was Rs.129,515.289 million.

Audit Paras

2.19 Non-production of record – Rs 261.426 Million

2.19.1 Non-production of auditable record – Rs 261.426 Million

In terms of Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General's Ordinance 2001 and orders of the Supreme Court of Pakistan passed in CMA's 3330, 3471,3594/13 in constitutional petition No. 105-12, audit is the constitutionally mandated process and after 18th Amendment in the constitution there is no room for denial of disclosure and withholding of accounts from Auditor General for audit. Further, under section–14(3) of above Ordinance, 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 Disciplinary Rules, applicable to such person.

During audit on the accounts of following Navy formations for the financial years 2015-16 to 2017-18, it was observed that the auditable record was not produced during the currency of audit. The

auditable record pertaining to break-up of the expenditure, local purchase, PPRA advertisements, tender register and related documents, procurement vouchers, local purchase suppliers, and procurement details, TO&E and A-1 land were requested through written requisitions and verbal requests. However, the formations did not produce record to the audit team till the closing of audit, which was a serious violation on part of the auditee organization.

(Rs in million)

S.No	DP No.	Name of Unit	Amount
1.	DP-S-56	PNS Shifa	-
2.	DP-S-66	PNS Dilawar	-
3.	DP-S-362	G.M S.M.C Dockyard	261.426
		Total	**261.426**

Audit was of the view that non-production of auditable documents to audit team constituted serious lapse and indicated weak internal controls and financial management on the part of executive.

The irregularity was pointed out by audit in December 2018 and April, 2019. The executive furnished an evasive reply.

The matter was discussed in DAC meeting held in December, 2019 and February 2020 wherein it was directed to the executive to provide relevant record to audit for examination and asked NHQ to issue necessary instructions regarding provision of auditable record in future.

Audit recommends compliance of DAC directives.

2.20 HR / Employees related irregularities – Rs. 39.400 Million

2.20.1 Irregular appointment of Consultant – Rs.39.400 Million

According to para 98 of DSR-1998, "the Director Planning & Works, Engineer-in-Chief, General Headquarters (GHQ) will be responsible for design, consultancy, inspection & evaluation of all development works of Defence Services."

During audit on the accounts of following MES (Navy) formations for the financial year 2018-19, it was observed that consultancy services were hired for planning, designing, evaluation and supervision in violation of the rules.

(Rs in million)

S.No	DP No.	Name of Unit / Formation	Amount
1.	DP-S-309	GE (N) Construction Dockyard	19.600
2.	DP-S-323	GE (N) Construction-II Ormara	19.800
		Total	**39.400**

Audit was of the view that appointment of consultant was unjustified as NOC was not obtained from Director of Design & Consultancy which caused loss to the government exchequer.

The matter was pointed out by audit in August and October, 2019. In case of S.No. 01, the executive replied that appointment was made after getting proper NOC from E-in-C's Branch. In case of S. No. 02, it was stated that relevant documents were called and will be produced to audit. Replies were not tenable as documentary evidence in support of management's stance was not produced to audit.

The DAC vide meeting held in February 2020, directed the executive to provide NOC issued by E-in-C's Branch GHQ to audit for verification within one month. No progress was reported to audit till finalization of this report.

Audit recommends regularization of expenditure by the competent authority.

2.21 Procurement related irregularities – Rs.2,570.458 Million

2.21.1 Irregular conclusion of contracts – Rs.2,167.217 Million

According to PPRA rule 35 read with S.R.O.1170(1)/2009 dated July 9, 2009, 'all procuring agencies whether within or outside Pakistan shall post contract awards over fifty million rupees on PPRA's website. Further, para 98 of DSR-1998 provides that the Director Planning & Works, Engineer-in-Chief, General Headquarter (GHQ) will be responsible for design, consultancy, inspection & evaluation of all development works of Defence Services.

During audit on the accounts of following three Navy formations for the financial year 2017-18, it was observed that 08 contracts each exceeding Rs 50 million were concluded by the formations without posting bid evaluation reports on PPRA website. Further, in case of S. No. 3, the formation also paid Rs 24 million to a private consultant in violation of rules.

(Rs in million)

S.No	DP No.	Name of Unit / Formation	Amount
1.	DP-S-76	GE (N) Cons D/Yard	62.980
2.	DP-S-317	PNMSD (N)	356.253
3.	DP-S-111	GE (Navy) South	1,747.984
		Total	**2,167.217**

Audit was of the view that incurring of public expenditure without following PPRA regulations was irregular which indicated weak internal controls at the end of the management.

The irregularity was pointed out by audit in November 2018. In case of S. No. 1, the executive replied that contract was awarded after fulfilling PPRA formalities. In case of S. No.02, the executive contended that bids were opened in presence of participating firms. In case of S. No. 3, the executive stated that record would be produced to audit on receipt from contract concluding authority. OPD towers are specialized

job therefore, private consultant was hired. Replies were not tenable as in case of S. No.01, documentary evidence in support of management's stance was not furnished to audit. In case of S. No. 02, results of bid evaluation were not announced which were amended on later date in the absence of bidders. In case S.No. 03, consultancy services were hired without obtaining NOC from Director Planning & Works, Engineer-in-Chief, General Headquarter (GHQ).

The DAC vide meetings held in December 2019, January 2020 and February 2020 directed the executive concerning S.No. 01 that fact-finding inquiry be held, responsibility be fixed, disciplinary action be taken within two months. As regards S.No. 02, DAC directed the executive that documents relating result of bids i.e. acceptance or rejection be provided to audit for verification within one month. Regarding S.No. 03, DAC directed the executive that revised reply along with documentary evidence be produced to audit for verification within a month. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

2.21.2 Procurement of stores / services without tendering – Rs.145.881 Million

According to rule 12 of PPRA Rules 2004, "procurements over one hundred thousand rupees and up to the limit of Rs 2.0 million shall be advertised on the authority's website. Further, procurements over Rs 2.0 million should be advertised on the authority's website as well as in two national dailies, one in English and the other in Urdu".

During audit on the accounts of the following Navy units / formations for the financial years 2017-18 to 2018-2019, it was observed that contracts/works valuing Rs 145.881 million were awarded to different contractors without advertisement through PPRA website and newspapers in violation of rules.

(Rs in million)

S No.	DP No.	Name of Unit / Formation	Amount
1	DP-S-315	GE (Navy) Fleet	111.270
2	DP-S-321	GE (N) Central Construction	18.00
3	DP-S-183	AGE (N) Maintenance Ormara	7.934
4	DP-S-99	PNS Jauhar	3.666
5	DP-S-17	PNS Haider	2.00
6	DP-S-05	PNAD Maripur	1.941
7	DP-S-39	PNS Iqbal	1.070
		Total	**145.881**

Audit was of the view that expenditure in violation of PPRA rules could lead to misuse of government funds which indicates poor financial management and weak internal controls on part of the executive.

The irregularity was pointed out by audit from November, 2018 to November, 2019. The executive replied that PPRA rules were followed. The replies were not tenable as documentary evidence in support of management's stance was not produced.

The DAC vide meetings held in December 2019, January 2020 and February 2020 directed the executive concerning S.No. 01, 03, 04, 05 and 07 to produce relevant record regarding bidding documents to audit for verification. Regarding S.No. 02 & 06, DAC directed that fact-finding inquiry be held, responsibility be fixed, disciplinary action be taken against the person(s) at fault. No progress was reported to audit till finalization of this report.

Audit recommends that matter may be investigated and responsibility may be fixed against the person(s) at fault.

2.21.3 Irregular award of contract before tendering – Rs.112.970 Million

According to rule 12 (1,2) of PPRA Rules-2004, "all procurements over one hundred thousand rupees and up to the limit of Rs. 2.00 million shall be advertised on the Authority's website. Further,

procurements over Rs. 2.00 million should be advertised on the Authority's website as well as in two nation dailies, one in English and the other in Urdu.". Further, according to PPRA rule 50, "any unauthorized breach of these rules shall amount to mis-procurement."

During audit on the accounts of AGE (N) Maintenance, Ormara for the financial year 2018-19, it was observed that a contract for construction of floating jetty at Kund Malir was awarded to M/s Fatima Ventures vide work order No. 20000/21-N/Jettey K Malir/DP&W/E-2 dated June 14, 2019 amounting to Rs. 112.970 million in which date of tender was mentioned as 3-6-2019. Whereas, the contractor was advised to start work on above jetty by CMES (Navy) COMCOAST on 31st March, 2019.

Audit was of the view that how work was started before initiation of tendering process which creates doubts regarding above work. The state of affairs indicates prevalence of financial indiscipline within the formation.

The matter was pointed out by audit in November, 2019. The executive replied that work was awarded by E-in-C's branch GHQ and all PPRA rules were adhered to. Reply was not tenable as the earlier communication with the contractor confirms that the contract was awarded much before the actual date of administrative approval and tendering process.

The DAC vide meeting held in January, 2020 directed the executive thatirregular award of contract be got regularized from Secretary Defence within 02 months.No further progress was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

DP-S-182/2019-20

2.21.4 Un-authorized negotiation in violation of Public Procurement Rules - Rs. 47.730 Million

As per rule 40 of Public Procurement Rules, "save as otherwise provided there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder:"

During audit of accounts of GE (Navy) Construction, Islamabad it was observed that M/s Unique Contracting Company quoted lowest bid of Rs.48,637,677/- for "Construction of C type flats" but contract was awarded to the second lowest bidder M/s Allahdad Khan Construction Co after negotiation for reduction in bid, who subsequently reduced the bid from Rs.49,431,020/- to Rs.47,734,745/-, which was in violation of above rules.

The irregularity was pointed out by Audit in May, 2018. The executives replied that M/S Unique Contracting Co was under liability against their abundant works. To avoid liability or any delay in execution of projects in future Unique Contracting CO was not awarded the contract by contracting authorities. The reply was not acceptable, as to why M/S Unique Contracting Co was allowed to submit bid if its past performance was not satisfactory.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that the contract was concluded by E-in-C. Accordingly, DAC directed to shift the para to E-in-C. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry into the matter, besides adoption of remedial measure to avoid such lapses in future.

DP-N-572/2018-19

2.21.5 Un-authorized award of contract to third lowest bidder - Rs. 46.12 Million

As per rule 36(viii)&(ix) of Public Procurement Rules, "after the evaluation and approval of the technical proposal shall at a time within a bid validity period, publically open the financial proposal of the technically accepted bids only. The bid found to be the lowest evaluated bid shall be accepted".

During audit of accounts of GE (Navy) Construction, Islamabad it was observed that according to comparative statement M/s Unique Contracting Company quoted lowest bid of Rs.4,975,519/- for construction of "6 C type flats" at Naval Complex Islamabad. M/S Allahdad Khan submitted bid of Rs.51,096,404/- and stood as third lowest bidder. Contract was however, awarded to M/s Allahdad Khan Construction company at a higher rate of Rs.51,096,404/- which resulted into a loss of Rs.46,120,885/- to the State.

The irregularity was pointed out by Audit in May, 2018. The executives replied that M/S Unique Contracting Company was under liability of Rs.24,700,000/- against abundant works. Therefore, contract was not awarded to him. The reply was not acceptable, as the firm was permitted to participate in the bidding process and was not declared blacklisted. Furthermore, bid of 2nd lowest bidder for Rs.45,790,866/- was also not considered.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC was apprised that the contract was concluded by E-in-C. DAC directed to shift the para to E-in-C. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility besides adoption of remedial measure to avoid such lapses in future.

DP-N-402/2018-19

2.21.6 Irregular award of contract for construction of hut for CNS – Rs 37.242 Million

As per rule 20 of PPRA 2004, "the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works." As per para 27 of DSR 1998, "no project will be split up merely to bring it within the powers of an approving authority". Further, as per para (a) (1) of Ministry of Defence letter No. 2/12/D-15/2006 dated June 12, 2006 read with para 25 of DSR, the administrative power of DCNS (S) for provision work is 30 million.

During audit on the accounts of GE (Navy) Fleet for the financial year 2018-19, it was observed that an amount of Rs. 37.242 million was spent on construction of New CNS Hut at RDS Nathiagali under the name of BOQs for senior officers. Audit observed that the work on site had started in July 2018 without open competitive bidding on single quotation and without financial or technical approval as witnessed from letter No. IDG/CNS/2018/003 dated August 28, 2018 written by the contractor to CO PNS Haider. The bidding process was engineered 06 months after the actual execution of work and work order was issued on December 18, 2018. Further, the work was split up in various sub-projects to avoid sanction of competent financial authority.

Audit was of the view that the award of contract in violation of rules/regulations caused loss to government due to non-transparency and without actual bidding.

The matter was pointed out by audit in October, 2019. The executive replied that change of name of the project is authority of Pakistan Navy. Various projects highlighted by audit are of different nature. Reply was not tenable as the management did not attend the observation of the audit regarding start of work before tender.

The DAC vide meeting held in January, 2020 directed the executive that fact-finding inquiry be held, responsibility be fixed and disciplinary action against person(s) at fault be taken within 45 days. DAC further directed that the matter be got regularized from competent authority. No progress on the matter was reported to audit till the finalization of this report.

DP-S-293/2019-20

2.21.7 Irregular procurement of medicines from technically rejected bidders – Rs 9.485 million

According to rule 36(b)(viii) of PPRA Rules-2004, 'after evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders.'

During audit on the accounts of PNMSD (N) Karachi for the financial year 2017-18, it was observed that medicines amounting to Rs 9.485 million were purchased from various suppliers which were technically rejected in bidding process. Later on, the financial bids of technically rejected bidders were accepted in violation of rules.

Audit was of the view that supply of medicines from the already rejected firms was irregular which indicates prevalence of weak internal controls within the formation.

The matter was pointed out by audit in January, 2019.The executive stated that comparative statement of subject items was reviewed by committee. Subsequently, after review medicines were technically approved by competent authority. Reply was not tenable as the change of opinion/remarks by technical selection committee on directions of NHQ was unjustified and violation of PPRA rules.

The DAC vide meeting held in January, 2020 directed that fact-finding inquiry be held, responsibility be fixed and disciplinary action against person(s) at fault be taken within 45 days. No further progress was reported to audit till finalization of this report.

Audit recommends regularization of expenditure by the competent authority.

DP-S-269/2019-20

2.21.8 Award of contract to non-participated firm - Rs.3.813 Million

As per para 4 of Public Procurement Rules 2004, "procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner. Rule 36(viii)&(ix) of rules ibid further prescribes that after the evaluation and approval of the technical proposal shall at a time within a bid validity period, publically open the financial proposal of the technically accepted bids only. The bid found to be the lowest evaluated bid shall be accepted.

During audit of accounts of PNS Zafar, Islamabad it was observed that a tender for provision of hired transport on "JS Pak Day Parade 2017" was published in newspapers as well as on PPRA's website. In response 03 firms submitted the bids, M/s Karachi Transport Network stood lowest but contract was not awarded to this firm. The contract was however, awarded to M/s BCR Baigs Car Rental at a value of Rs.3,813,910/- who did not even participate in bidding process.

The irregularity was pointed out by Audit in May, 2018. The executives replied that contingent commander was authorized to draw subject amount on as and when required basis from the supply officer. The reply was not acceptable being irrelevant.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC directed that a board of officers may be constituted to inquire the matter and report may be shared with audit within one month. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility besides adoption of remedial measure to avoid such lapses in future.

DP-N-585/2018-19

2.22 Un-authorized / Irregular payments – Rs.3,203.074 Million

2.22.1 Unjustified sanction of works in the name of emergent need – Rs 595.984 Million

According to para 17(a)(c) of DSR, 1998, "unexpected circumstances may arise which make it imperative to short-circuit from normal procedure. Such circumstances may arise from operational military necessity or on urgent medical grounds when reference to the appropriate CFA would entail dangerous delay. If such circumstances arise, any of the authorities detailed in Table-A may order the commencement of a work by functioning in order 'writing' to the engineer office concerned and forwarding immediately and a copy of his order to superior engineer authority with his reasons for giving the orders and the engineer officer's estimates of the liability incurred. In all cases which may arise above the earliest possible steps must be taken to regularize matters by normal action contemplated by these Regulations".

During audit of accounts of following three MES (Navy) formations for the financial years 2017-18 to 2018-19, it was observed that contracts of 09 construction works (residential and non-residential) valuing Rs 595.984 million were sanctioned by DCNS Admin invoking para-17 of DSR, which was apparently its misuse as the works did not involve operational military necessity or urgent medical requirement as required in above rule provisions.

(Rs in million)

S.No	DP No	Name of Unit	Contracts	Amount
1	DP-S-15	GE (Navy) Construction Dockyard	01	465.125
2	DP-S-301	GE (Navy) Central Construction	04	72.779
3	DP-S-184	AGE (Navy) Maintenance Ormara	04	58.080
		Total	**09**	**595.984**

Audit was of the view that the authority avoided normal procedures without sufficient justification which exhibited poor financial management and weak internal controls.

The irregularity was pointed out by audit in November, 2018 to November, 2019. In case of S. No.1, the executive replied that work was of emergent nature because all the essential stores pertaining to Navy were dumped in that building. In case of S. No.02, the executive furnished an irrelevant reply. In case of S.No.03, it was contended that works were executed under operational necessity of coastal belt for security purpose. Reply was not tenable as the provisions of para-17 were not covered in letter and spirit.

The DAC vide its meeting held in December 2019 and February 2020 directed the executive regarding S.No. 01 that inquiry report and loss statement be produced to audit for verification along with regularization action of emergency work under para 17 of DSR be completed within two months. As regards S.No. 02, DAC directed the executive to provide documents of contracts of ACW to audit for verification and regularization action of remaining 02 contracts be initiated within one month. Concerning S.No. 03, DAC directed that fact-finding inquiry be held, responsibility be fixed and disciplinary action against person(s) at fault be taken within 45 days. No progress was reported to audit till finalization of this report.

Audit recommends implementation of DAC directives.

2.22.2 Unjustified advance payment to contractors – Rs.534.697 Million

According to para 408-417 of DSR1998, there is no provision of advance payment to contractor except secured advance. As per para 412, "payment on running accounts may be made for work done."

During scrutiny of record pertaining to GE(N) Construction Dockyard for the financial years 2017-18 to 2018-19, it was observed that an amount of Rs 534.697 million was paid in advance to various contractors either before, within few days of commencement of works or without actual completion of work in violation of rules.

(Rs in million)

S.No	DP No.	Name of Unit / Formation	Amount
1.	DP-S-73	GE (N) Construction Dockyard	48.572
2.	DP-S-75		263.780
3.	DP-S-303		156.431
4.	DP-S-307		65.914
		Total	**534.697**

Audit was of the view that payment without physical completion in violation of rules reflects poor financial management and weak internal controls.

The irregularity was pointed out by audit in November, 2018 and August 2019. In case of S.No. 01 & 02, the executive replied that payment was released after CFA approval and call deposit receipts (CDR) were received from the contractor. In case of S. No. 03, the executive replied that progress report did not include the stores at site. In case of S. No. 04, it was contended that secured advance was paid when the contractor arranged material. Reply furnished by the executive was not tenable as there is no provision for CDRs in the rules. In case of S. No. 4, the payment was made before contract agreement.

The matter was discussed in DAC meeting held in December 2019 and February 2020, wherein it was directed regarding S. No. 01 that Board of Officers be convened to ascertain that no advance payment was made to the contractors. Concerning S.No. 02 & 04, it was directed that fact-finding inquiry may be held, responsibility be fixed, disciplinary action be taken within two months. As regards S.No. 03, DAC directed the executive to provide revised comprehensive reply alongwith Bill of Quantity, percentage payments and items wise justification with clear bifurcation of stores and fixing charges to audit for verification. The management was however not found forthcoming in terms of production of record till the finalization of this report.

Audit recommends implementation of DAC directives.

2.22.3 Un-authorized expenditure on abnormal repair without approval of competent authority - Rs.444.661 Million

As per Government of Pakistan Ministry of Defence Rawalpindi letter No. 2/12/D-15/2001 dated 12th June, 2006 abnormal repair work costing over Rs. 6,000,000/- requires prior approval of Government of Pakistan.

During audit of accounts of DW&CE (Navy), Islamabad it was observed that 26 contracts regarding repair / replacement amounting to Rs.425,555,324/- costing more than Rs.6,000,000/- each were sanctioned by DCNS (Admin) on behalf of CNS. DW&CE (N) concluded contracts accordingly during the period from 2014-15 to 2017-18, which were unauthorized being beyond the delegated financial powers.

Another contract for Construction / Rehabilitation of Ghazi Road between sector E-8 and E-9 Islamabad valuing Rs. 19,106,104/- was awarded to M/s Malik Manzoor Ahmed and Co. vide contract No. CEN-43/2014 dated 19th May, 2014 without issuance of any administrative sanction.

The irregularity was pointed out by Audit in August, 2018. The executive replied that DW&CE (N) concluded contract agreements being within his contractual powers and after issuance of administrative sanctions by the NHQ. In the case of non-issuance of administrative approval regarding above mentioned other contract, it was replied that Director Estate and Civil Works was approached for early issuance of administrative approval. The reply was not acceptable because works could be executed after obtaining sanctions of competent authority. DCNS (Admin) was not competent to sanction repair works beyond Rs.6,000,000/- and administrative approval was required to be issued before execution of work.

The para was discussed by DAC in its meeting held on 3rd December, 2019.DAC directed that the expenditure may be regularized from competent authority. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility besides regularization of the expenditure and adoption of remedial measure to avoid such lapses in future.

DP-N-532/2018-19

2.22.4 Irregular payment of overtime – Rs 331.01 Million

According to rule 108(1) & (4) of Financial Regulation (N) 1993, the system of working extra hours shall not be resorted to, except in cases of great emergency and when absolutely necessary; extra labour shall, when possible, be employed during the ordinary working hours. Further, as per Government of Pakistan, Finance Division letter No. F.4(1)R-5/2010 dated July 02, 2018, overtime allowance is applicable only for staff car drivers and dispatch riders @ Rs 40/hour subject to maximum of Rs 240 per day.

During audit on the accounts of following Naval Formation for the financial years 2016-17 to 2017-18, it was observed that a huge amount of Rs 331.01 million was paid on account of over-time to civilian staff without recording details of services rendered.

(Rs in million)

S.No	DP No.	Name of Unit / Formation	Amount
1	DP-S-363	GM SMC Dockyard	222.673
2	DP-S-06	PNAD Maripur	72.266
3	DP-S-04	PNAD Maripur	29.568
4	DP-S-21	PNS Haider	6.503
		Total	**331.01**

Due to non-compliance of government rules, the huge expenditure cannot be termed as justified. This shows prevalence of weak internal controls within the organization.

The matter was pointed out by audit in April & November 2018. In case of S.No.1, the executive stated that work load of PN Dockyard required extensive utilization of human resource. In case of S.No.2, the executive stated that approval of overtime allowances was obtained from Ministry of Defence. In case of S. No.3, the executive did not furnish reply. In case of S.No.4, the executive stated that overtime was paid to drivers due to frequentduties. Reply was not tenable as payment on account of overtime were made as routine payments without compliance to the rule quoted above.

The DAC vide meeting held in December 2019 and February 2020 directed the executive concerning S.No. 02 & 04 to hold fact-finding inquiry against irrational payment of overtime. DAC further directed to rationalize the payment of overtime allowance in future. Regarding S.No. 3, DAC directed to produce receipt and expenditure, income tax statement, balance sheet to audit for verification. Further, it was directed to justify the payment of overtime to casual civilian employees. As regards S.No. 01, to provide documents relating to justification of payment of overtime to audit for verification within one month. No progress was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

2.22.5 Unauthorized execution of work beyond the mandate of MES – Rs 317.711 Million

According to para 2(a,b) of Fleet Order No. A-2/98, ‘workshop areas, cranes, machinery, equipment/ power houses, rectifier station, the sea water pumps, trolley and other associated equipment of the marine railway will remain the responsibility of PN Dockyard.’

During audit on the accounts of GE (N) Construction Dockyard for the financial year 2018-19, it was observed that the works for Refurbishment of Marine Railway Phase-I & II amounting to Rs 317.711 million were awarded by GE (N) Construction Dockyard, which was beyond its mandate.

Audit was of the view that due to unauthorized execution of works by the office which did not possess relevant technical expertise resulted in loss to projects in terms of its efficient, economical and timely completion.

The matter was pointed out by audit in August, 2019. The executive replied that Marine Railway Trolley was on the charge of MES. As per fleet order such work falls under MES jurisdiction. Reply was not tenable as the fleet order clearly demarcates responsibilities between MES and PN Dockyard.

The DAC vide meeting held in February, 2020 directed the executive to provide revised reply and relevant record to audit for verification. No progress was reported to audit till finalization of this report.

Audit recommends that the matter may be investigated for fixation of responsibility against the person(s) at fault for allowing irrelevant office to execute technical works.

DP-S-305/2019-20

2.22.6 Unauthorized expenditure without administrative approval – Rs. 311.859 Million

According to rule 64(a) of DSR, 1998, "the final cost of any service of item of a service may exceed by not more than 10 percent. The amount approved by the competent administrative authority for that service or particular item, and expenditure may be incurred up to that

limit. An officer will take no action without obtaining prior authority, which will commit his superior to expenditure in excess of that limit."

During audit on the accounts of GE (N) Construction-II, Ormara for the financial year 2018-19, it was observed that expenditure on contract awarded to M/s FWO was exceeded by 54% without obtaining approval of the competent authority. Details are given as under;

(Rs in million)

CBI No &Date	Name of Work	CA Amount	Amount paid	Excess amount
21(a)/ 14-6-2019	Construction of 2x300 men CPOs/ Sailors Barracksat JNB Ormara	578.293	890.152	311.859

Audit was of the view that expenditure incurred without revision of administrative approval was unauthorized.

The matter was pointed out by audit in October, 2019. The executive replied that contract was concluded as per admin approval. Reply was not tenable as an amount of Rs. 311.859 million (54%) was paid in excess of admin approval.

The DAC vide meeting held in January, 2020 directed the executive that admin approval from concerned financial authority be produced to audit for verification.

Audit recommends compliance of DAC directives.

DP-S-153/2019-20

2.22.7 Irregular administrative sanction beyond financial power – Rs. 283.642 Million

According to Table-A of para-25 and para-389 of DSR 1998, the power of administrative sanction of DCNS (A) is up to Rs 30 million and the contractual powers of E-in-C and DW& CE are up to Rs 35 million and Rs 30 million respectively. Para-27 of DSR 1998 stipulates that no project will be split up merely to bring it within the powers of an approving authority.

During audit on the accounts of AGE(N) Maintenance, Ormara for the financial year 2018-19, it was observed that two administrative sanctions of works valuing Rs 283.462 million were issued by DCNS (Admin) which were beyond his financial powers.

Audit was of the view that irregularity was due to weak internal controls and poor financial management.

The irregularity was pointed out by audit in November 2019. In case of S.No. 01, the executive replied that works were approved under para-17, however procedure was initiated to obtain sanction from Government of Pakistan. Reply was not tenable, as the executive did not produce evidence of sanction by the Government of Pakistan.

The DAC vide meeting held in January, 2020 directed the executive that irregular administrative sanction be regularized from competent financial authority within 45 days. No progress on the matte was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

DP-S-215/2019-20

2.22.8 Unauthorized procurements beyond financial power – Rs. 221.475 Million

A) According to Ministry of Defence letter No. F.3/1/98/D-15 dated 23 February 2008, the financial power of Commandant PNS Shifa for finalization/conclusion of contract indent is Rs 2.00 million.

During the audit on the accounts of PNS Shifa for the financial years 2015-16 to 2017-18, it was observed that 32 contracts pertaining to procurement of medical stores and 03 contracts of conservancy services were concluded by Commandant PNS Shifa amounting to Rs 193.607 million beyond his delegated financial powers.

Audit was of the view that irregularity was due to weak

internal controls and poor financial management.

The matter was pointed out by audit in December, 2018. The executive replied that conservancy payments were made through C.N.A. Further, regarding contracts of medical stores quoted policy described financial powers of local purchase bills not contract agreements. The reply was not tenable as 03 conservancy contracts were concluded in violation of delegated financial powers as per quoted rules. The contracts of medical stores were also made in violation of daily local purchase rules.

The DAC vide meeting held in December 2019, directed the executive to provide letter of contractual power for conservancy contracts and delegation of power letter for LP medicines to audit for verification. No further progress was reported to audit till finalization of this report.

Audit recommends implementation of DAC directives.

DP-S-54/2019-20

B) According to rule 107(f) of Financial Regulations (Navy) 1993, 'the monetary limit indicated in the financial powers of various authorities extends to each separate transaction, except where otherwise stated. The criterion in any case shall be the total cost of a measure, and no measure which requires the sanction of a superior authority shall be sanctioned by a subordinate/lower authority in installments.'

According to rule 0202 of FR Navy 1993 as amended vide GHQ letter No. 4606/4/FR/PPA-6 dated March 01, 2008, the financial power of Surgeon General in respect of local purchase of stores is Rs 0.75 million.

During audit on the accounts of PNMSD (N) Karachi for the financial year 2017-18, it was observed that different medicines amounting to Rs 27,868,719/- were procured in piecemeal in order to avoid sanction of higher authorities in violation of rules. Detail is given as under:

(Rs in million)

S.No	Description	Supplier	Quantity	Cases	Amount
1	Augmentin 625mg	Jawed Traders	329,976	06	4.177
2	PCAM Gel .5%	Trade Link	27,500	03	2.080
3	ARTUS HCV	Medichem Enterprise	6	2	1.200
4	VIT-D (1*100)		40	4	2.976
5	Merostin 1gm	Shamim & Co	4,550	7	5.118
6	Inj Gamma Raas 5% 2.5g	Popular International	245	5	3.711
7	Plasbumine 20%		400	4	2.960
8	Herceptin 440mg	Spectrum Medical	18	3	2.124
9	InjTicaclav 5% 3.2gm	Sadiq Enter	5,000	5	3.519
				Total	**27.868**

Audit was of the view that procurement of medicines in piecemeal to avoid sanction of next higher authority was irregular and the same indicates prevalence of weak internal and financial controls within the formation.

The matter was pointed out by audit in January, 2018. The executive stated that medical stores had limited shelf life, therefore, procurement of medicines was made for specific time and as per actual requirement of different units in limited quantity as approved by NHQ from time to time. Reply was not tenable as the procurement was made on piecemeal basis.

The DAC vide meeting held in January, 2020 directed the executive to provide the sanctions of the competent financial authority i.e. DGMS along with relevant documents to audit for verification. No further progress was reported to audit till finalization of this report.

Audit recommends that irregularity may be got regularized from the competent financial authority under intimation to Audit.

DP-S-259/2019-20

2.22.9 Unauthorized procurement of Rice – Rs 91.120 million

Rule-0201 of PN Victualling Directives 2017 (PBR-93A) stipulates that Rice 'B' & Rice Irri will be procured under PN arrangements by adhering to Govt approved procurement rules.

During the audit on the account of Victualling Supply Depot (VSD) Karachi for the financial years2016-17 & 2017-18, it was observed that Super Kernal rice was procured amounting to Rs 91.120 million in violation of rules.

Audit was of the view that procurement of rice Super Kernal in violation of the rules reflects weak internal controls.

The matter was pointed out by audit in February 2019. The executive replied that approval for procurement of rice Super Kernal was accorded through NHQ letter No PN/NS Dte/03/851025 dated 10-11-2017. The reply was not tenable as per rule only rice Irri & rice 'B' are authorized for consumption. Hence, procurement of rice Super Kernel was un-authorized.

The DAC vide meeting held in December 2019, directed the executive that unauthorized procurement may be regularized and NHQ may take up the case with MoD for amendment in the rule. No further progress was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

DP-S-30/2019-20

2.22.10 Un-authorized conclusion of contract and expenditure for construction of CSD block - Rs.36.240 Million

As per Government of Pakistan, Ministry of Law, Justice, Human Rights & Parliamentary Affairs (Law Division) U.O. No. 1539/2000-Law dated 01st January, 2001 the CSD shall still be a non-

Government commercial concern and new accommodation could not be constructed for CSD out of public fund.

During audit of accounts of DW&CE (Navy), Islamabad it was observed that a contract No. CEN-166/2017 was concluded for "construction of NUC/CSD utility block sector 'C' at naval village Jinnah Naval Base Ormara" for a sum of Rs. 36,240,764/- which was in violation of above legal provisions. Audit was of the view that CSD was a non-Government commercial and profit earning concern therefore, the expenditure incurred on construction thereon out of public fund was unauthorized.

The irregularity was pointed out by Audit in July / August 2018. The executives replied that DW&CE (Navy) concluded the contract with the concurrence of FA (Navy) after issuance of administrative sanction from by the NHQ. Further, it was added that JNB Ormara was a remote place and no market existed in the vicinity. The reply was not acceptable as construction of building for CSD was not covered under the above legal orders.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC pended the para with the direction to submit revised reply. Further progress was not intimated till finalization of this report.

Audit recommends that the expenditure incurred out of public fund on construction of building for CSD may be recovered and deposited into Government Treasury.

DP-N-453/2018-19

2.22.11 Non-payment of Federal Excise Duty – Rs 24.44 million

According to S.No. 02 of First Schedule under section-3 of Federal Excise Act 2005, vegetable ghee and cooking oil are chargeable at

the rate of 16% ad-valorem (levying of tax or custom duty on value of goods/services).

During the audit on the account of Victualling Supply Depot (VSD), Karachi for the financial years2016-17 & 2017-18, it was observed that 03 contracts worth Rs 152,776,033/- were concluded for procurement of cooking oil & vegetable ghee. Contract value was inclusive of Federal Excise Duty @16% amounting to Rs 24,444,165/- but no documentary evidence regarding deposit of federal excise duty into government treasury was provided to audit.

The matter was pointed out by audit in February 2019. The executive replied that VSD was not the contracting agency. All contracts were concluded with the firms by Director General of Defence Procurement (DGDP). The reply was not tenable as the executive did not contest the audit contention.

The DAC vide meeting held in December 2019, directed the executive to provide record of payment of F.E.D to audit for verification. No further progress was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

DP-S-32/2019-20

2.22.12 Excess payment on account of electricity bills – Rs.7.296 Million

As per para 03 of DSR 1998, 'duties of the engineer services include the payment for railway sidings and platforms, the payment when so ordered of bills for electric energy gas and water obtained from Municipalities, Companies."

During audit of Garrison Engineer (Navy) Fleet for the financial year 2018-19, it was observed from Monthly Expenditure Return (MER) that an expenditure of Rs 38.709 million was booked on account of

electricity charges against the billed amount of Rs 31.494 million for 12 months. No justification was produced for excess payment of Rs 7.296 million.

Audit was of the view that excess payment indicates prevalence of poor financial discipline and unhealthy management practices.

The matter was pointed out by audit in October, 2019. The executive did not furnish reply.

The DAC vide meeting held in January 2020, directed the executive that fact-finding inquiry be held, responsibility be fixed and disciplinary action against person(s) at fault be taken within one month. No progress was reported to audit till finalization of this report.

Audit recommends expeditious implementation of DAC directives.

DP-S-206/2019-20

2.22.13 Irregular payment from Conservancy Head – Rs 1.75 Million

As per rule –0405(1) of FR (Navy) 1993, "the most careful supervision over expenditure is to be exercised and on no account is money to be spent simply because it is available."

During the audit of PNS Haider for the financial year 2017-18, it was observed that CO PNS Haider concluded a contract worth 1.75 million with M/s Shaheen Construction Company for "Removal of building raft/foundation material from PNS Haider transport area New & Old Barracks raft" in August 2017. Removal of debris was the responsibility GE (N) Fleet. When the formation had already hired M/s Nasir Mehmood & Co for conservancy services, signing of new contract from the same head of account was irregular.

The matter was pointed out by audit in November, 2018. The executive stated that M/s Shaheen Construction Company was hired through M/s Nasir Mehmood as it was their responsibility to remove raft/foundation. Reply was irrelevant and in contradiction to facts as separate contract was signed by CO PNS Haider with a construction company for engineering works but the payment was made from the head of conservancy services.

The DAC vide meeting held in December, 2019 directed that meaningful fact-finding inquiry be held, responsibility be fixed and disciplinary action be taken. Further, it was directed that irregularity be got regularized within 30 days. No further progress was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives along-with fixation of responsibility against the person(s) at fault.

DP-S-20/ 2019-20

2.22.14 Unauthorized expenditure to clear liabilities – Rs. 1.192 Million

According to rule 0718(3)(e)of Financial Regulations (Navy) 1993, "no contract involving an uncertain or indefinite liability or any condition of an unusual character may be entered into without the previous consent of the competent financial authority."

During the audit on the account of Victualling Supply Depot (VSD) Karachi for the financial years2016-17 & 2017-18, it was observed that 02 LPOs 95/2016 dated 30-08-2016 & 98/2016 dated 06-09-2016 amounting to Rs 1.192 million were raised only to clear past liabilities of suppliers as per minutes-sheet. No bidding and contract awarding documents were presented to audit for verification.

Audit was of the view that raising of LPOs to clear outstanding dues reflects prevalence of poor financial management on part of the executive.

When pointed out by audit in February 2019, the executive replied that VSD was not the contracting agency. VSD was only responsible for receipt and issue of stores to PN ships/establishment. All types of contracts pertaining to LPOs were concluded with the firms in CLP, HQ COMLOG and DG(DP) respectively. Reply was not tenable as local purchase requisitions were raised by the VSD just to clear past liabilities.

The DAC vide meeting held in December 2019 directed that fact-finding inquiry may be held, responsibility be fixed, disciplinary action be taken against the concerned within one month. No further progress was reported to audit till finalization of this report.

Audit recommends early compliance of DAC directives.

DP-S-28/2019-20

2.23 Recoverables / Overpayments – Rs.282.844 Million

2.23.1 Non-recovery of allied charges from various consumers – Rs. 146.962 Million

According to para-442 of Defence Services Regulations 1998, "the GE is responsible for making demands for payment of all revenue and for taking steps for its prompt realization".

During audit of following MES (Navy) formations for the financial year 2018-19, it was observed that allied charges (electricity, gas and water) amounting to Rs 146.962 million were lying outstanding against various consumers/occupants. Details are given as under;

(Rs in million)

S.No	DP No.	Name of Unit	Amount
1.	DP-S-142	GE (N) East, Karachi	4.233
2.	DP-S-256	GE (N) Eastern Karachi	59.24
3.	DP-S-299	GE (N) Karsaz, Karachi	11.371
4.	DP-S-368	GE (N) Karsaz Karachi	6.168
5.	DP-S-376	GE (N) Eastern Karachi	65.950
		Total	**146.962**

Audit was of the view that non-recovery of allied charges indicated poor financial management on part of the executive.

Non-recoveries were pointed out by audit in from July to October 2019. The executive replied that efforts were being made for recovery of subject charges. Recoveries were being effected on regular basis.

The DAC vide meeting held in January 2020 and February 2020 directed the executive that the recovered amount be verified from audit and the balance amount be recovered expeditiously. No progress was reported to audit till finalization of this report.

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Audit recommends expeditious implementation of DAC directives.

2.23.2 Non-recovery of sales tax on services – Rs 55.156 Million

According to Sindh Sales Tax Act No XII of 2011, issued by Sindh Revenue Board (SRB), Government of Sindh, vide Notification No. SRB/TP/51/2016/212146 dated 08th March 2017, Sales Tax would be charged @ 8% to 13% against different services.

During audit on the accounts of following Navy formations for the financial years 2015-16 to 2018-19, it was observed that sales tax on services at prescribed rates was not recovered from the service providers. Details are given as under;

(Rs in million)

S.No	DP No.	Name of Unit / Formation	Amount
1.	DP-S-19	PNS Haider	1.318
2.	DP-S-42	PNS Iqbal	0.439
3.	DP-S-52	PNS Shifa	2.977
4.	DP-S-53	PNS Shifa	46.586
5.	DP-S-59	PNS Peshawar	2.040
6.	DP-S-308	GE (N) Const Dockyard	1.796
		Total	**55.156**

Audit was of the view that due to non-recovery of sales tax on services, public exchequer was deprived of hefty revenue on account of recoverable tax.

Non-recoveries were pointed out by audit in November and December 2018 and January and August 2019. Executive at S. No. 01,02 & 06 replied that payments were released to contractors by Controller Naval Accounts. Executive at S. No. 03 & 04 replied that hospitals were exempt from taxes. The contention of the management was not tenable as the sales tax on services was a provincial subject and tax was recoverable on services in the province.

The DAC vide meetings held in December 2019 and February 2020 pended the draft paras till formulation of policy / decision at MoD level. No progress was reported to audit till finalization of this report.

Audit recommends expeditious recovery of the Sales Tax on services.

2.23.3 Non recovery of risk and expense amount - Rs. 25.092 Million

As per para 55(a)(4) of PAFW-2249, forming part of contract agreement, "the Accepting Officer may without prejudice to any other right or remedy which shall have accrued or shall accrue thereafter to Government cancel the contract in case if the contractor fails to comply with any term and condition of the contract or fails to complete the work and clear the site on or before the date of completion". Further, as per Para 55(b) of above regulations, "whenever the Accepting Officer exercises his authority to cancel the Contract under this Condition, he may complete the works by any means at the Contractor's risk and expense. The cost of completing the left over / defective work as certified by the GE is recoverable from the defaulting contractor".

During audit of accounts of DW&CE (N) Islamabad, it was observed that 5 firms failed to complete construction works. The contracts were cancelled at risk and expense of the defaulting firms and the left over works were carried out at an extra cost of Rs.25,092,000/. But risk and expense amount was not recovered from the firms.

The irregularity was pointed out by Audit in July / August 2018. The executives replied that in case of contract No.CEN-32/2010 and CEN-19/2013 the contractor file Civil Suits against the Department for cancellation of contract and in case of contract No. CEN-33/2010 it was replied that the performance bond amounting to Rs.1,990,600/- was en-

cashed and deposited in the official account of DW&CE (Navy). In case of contract No. CEN-54/2012 and CEN 31/2012 it was replied that further action would be taken accordingly. The reply of the executive was not acceptable as actual amount needs to be worked out and recovered from the contractors.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC directed that the court case may be pursued and the action regarding forfeiture of bank guarantee and blacklisting of the firms be initiated. Further progress was not intimated till finalization of this report.

Audit recommends early recovery of risk and expense amount and implementation of DAC directive besides adoption of remedial measure to avoid such lapses in future.

DP-N-463/2018-19

2.23.4 Over-payment to the contractor due to exorbitant rates – Rs. 20.581 million

According to rule 0104 (a) of Financial Regulations (Navy) 1993, "every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money".

During audit on the accounts of Victualling Supply Depot (VSD), Karachi for the financial years2016-17 & 2017-18, it was observed that the formation made an overpayment of Rs. 20.581 million to various contractors on purchase of butter fresh at higher rates. During the same period same item was also procured from M/s Adam's Milk Food (Pvt) Ltd at lower rate of Rs. 595/- per kg. Details of overpayment are given below.

(Rs in million)

A	B	C	D	E	F=C*E
S.No	**Suppliers**	**Qty**	**Rate/kg**	**Difference/kg**	**Amount**
1	M/s Fauji Foods	36,000	935	935-595= 340	12.240

2		30,500	860	860-595= 265	8.082
3	M/s Baig Enterprise	1,104	830	830-595= 235	0.259
4	M/s Adam's Milk	1,002	595	595-595= 0	0
5	Food Pvt. Ltd	1,002	595	595-595= 0	0
				Total overpayment	**20.581**

Audit was of the view that over-payment reflects prevalence of poor financial management on part of the executive.

The matter was pointed out by audit in February, 2019. The executive replied that VSD was not a contracting agency. VSD is responsible for receipt and issue of store to PN ships & establishments. Reply was not tenable as the executive did not contest the audit finding.

The DAC vide meeting held in December, 2019 directed that fact-finding inquiry be held, responsibility be fixed, disciplinary action be taken against the concerned within one month. No further progress was reported to audit till finalization of this report.

Audit recommends early compliance of DAC directives.

DP-S-27/2019-20

2.23.5 Over payment to contractor against supply of stores – Rs. 16.724 Million

According to para 15(c)(4) of DSR–1998, all payments to contractors and employees correctly represent the services rendered (i.e., work done and stores supplied) in accordance with the contract or other agreement under which those services have been rendered.

During audit on the accounts of GE (N) Construction- I, Ormara for the financial year 2018-19, it was observed that contractor was paid an amount of Rs. 346.466 million for supply of stores against the payable amount of Rs. 329.742 million which resulted in excess payment of Rs. 16.724 million.

Audit was of the view that contractor was extended undue favour through overpayment which resulted in huge financial loss to public exchequer.

The matter was pointed out by audit in September, 2019. The executive stated that complete record will be produced to audit for verification. Reply was not tenable, as executive did not justify the over payments.

The DAC vide meeting held in January, 2020 directed the executive to provide three quotations and comparative statement in support of star rate calculation to audit for verification. No progress on the matter was reported to audit till finalization of this report.

Audit recommends expeditious compliance of DAC directives.

DP-S-138/2019-20

2.23.6 Non-deposit of government's share of rental income – Rs. 14.892 Million

According to policy on use of A-1 land circulated vide MoD letter dated 2nd April, 2008, for launch of essential commercial activities required to serve the residents of the respective garrison, survey will be conducted by a Board of Officers to determine the actual area under usage. The rent shall be charged @ 6% per annum of existing revenue rate of the said land. Government's share @ 25% of the rent so charged will be deposited into Government treasury. Besides, the entire amount of rent charged for use of A-1 land for agricultural purposes will be deposited into Government treasury.

During scrutiny of record pertaining to following Navy formations for the FY 2016-17 to 2017-18, it was observed that Central Naval Mart, Floor Mill at VSD Karachi and National Bank at PNS Dilawar were operating on A-1 land. However, the government's share

amounting to Rs 14.892 million was not deposited into government treasury in violation of A-1 Land Policy.

(Rs in million)

S.No	DP No.	Name of Unit / Formation	Amount
1	DP-S-51	Victualling Stores Depot	13.500
2	DP-S-65	PNS Dilawar	1.392
		Total	**14.892**

Audit was of the view that non-deposit of government share reflected weak financial management on part of the executive.

The irregularity was pointed out by audit in December, 2018 and February 2019. In case of S. No. 01, the executive did not furnish reply. In case of S.No. 02, the executive stated that commercial banks were classified as category B. Reply was not tenable as commercial banks do not fall under category B activity.

The matter was discussed in DAC meeting held in December, 2019, wherein it was directed concerning S. No. 01 that Board of Officers be convened for the commercial activities as per A-1 Land Policy. Regarding S. No. 02, it was directed that the recovered amount be reconciled with audit and the balance amount be recovered as per A-1 land policy expeditiously.

Audit recommends compliance of DAC directives.

2.23.7 Non-imposition of liquidated damages – Rs 3.437 Million

As per para 52(a) of PAFW-2249 forming part of contract that if the contractor fails to complete the works and clear the site on or before the date of completion, for such breach he shall be liable to pay as compensation an amount equal to 1% of the sum or of the measured value of the works order for every week, provided that total amount of compensation so payable under this condition shall not exceed 10% of the contract sum.

During audit on the accounts of Garrison Engineer (Navy) Fleet for the financial year 2018-19, it was observed that CA No. CEN 41/2018 valuing Rs. 34.371 million was sanctioned under para 17 as emergency work. The date of completion of the work was April 17, 2019. However, the work remained incomplete till October 2019. Slow progress notices to the contractor, M/s Ahmed Dawood were served in July and September 2019. It was further observed that till August, 2019 only 65% progress could be made. The executive did not impose liquidated damages charges on the contractor.

Audit was of the view that, in the stated scenario, non-imposition of liquidated damages reflects failure of the executive to safeguard the interest of the government.

The matter was pointed out by audit in October 2019. The executive replied that work was still under process due to certain reasons. Reply itself is admission of audit contention.

The DAC vide meeting held in January 2020 directed the executive that fact-finding inquiry be held, responsibility be fixed and disciplinary action against person(s) at fault be taken within 15 days. No progress was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

DP-S-207/2019-20

2.24 Loss to State – Rs.29.188 Million

2.24.1 Loss due to over-payment of conservancy services – Rs.11.725 Million

According to rule-0104(1)(a) of Financial Regulations (Navy) 1993, 'every officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money.'

During the audit of PNS Dilawar, for the financial year 2017-18, it was observed that the management entered into conservancy contract agreement with M/s. BB Associates for Rs. 768,791 per month which comes to Rs 9.225 million per annum. Whereas payment was made amounting to Rs 11.725 million. As such, an overpayment of Rs. 2.50 million was made to the contractor.

Audit was of the view that above state of affairs indicates prevalence of weak internal controls and poor financial management.

The matter was pointed out in December 2018, the executive did not submit reply.

The DAC in its meeting held in December 2019, was apprised that supplementary contract services were signed with lowest technically acceptable bidder. DAC directed the executive that fact-finding inquiry may be held, responsibility be fixed, disciplinary action be taken within one month. No further progress was reported to audit till finalization of this report.

Audit recommends implementation of DAC directives.

DP-S-67/2019-20

2.24.2 Loss due to undue delay in execution of contracts – Rs.7.60 million

As per clause 7 of advertisement 'no conditional bid will be entertained. The bids validity should be at least 120 days from the date of opening.' Further, according to rule 26(2) & (3), of PPRA-2004, 'bids shall be valid for the period of time specified in the bidding document. The procuring agency shall ordinarily be under an obligation to process and evaluate the bid within the stipulated bid validity period.'

During audit on the accounts of PNMSD, Karachi for the financial year 2017-18, it was observed that tender for procurement of medicine for the financial year starting from July 2017 was advertised in newspapers on January 28, 2017 with opening date of February 15, 2017. The conclusion of contract with M/s Medichem Enterprises was delayed till October 2017, who offered lower rates as compared to previous supplier for last year. Resultantly, from July 2017 to October 2017, the formation continued procurements from previous supplier at higher rates.

Audit was of the view that due to deliberate delay in execution of contract, the government exchequer sustained loss to the tune of Rs. 7.60 million.

The irregularity was pointed out by audit in January, 2019. The executive stated that delay was beyond the control of PNMSD as it depends upon the availability of specialists. However, the point was noted for strict compliance in future. The management agreed to the contention of the audit.

The DAC vide meeting held in January, 2020 directed the executive to furnish revised reply along with documentary evidence to audit for verification within one month. No progress was reported to audit till finalization of this report.

Audit recommends compliance of DAC directives.

DP-S-268/ 2019-20

2.24.3 Loss to state due to non-encashment of performance bonds - Rs. 5.309 Million

As per para 53(c) of PAFW 2249 amended vide Government of Pakistan Ministry of Defence letter No. 1/458/D-3(A-III)/2000 dated 21st February, 2008, "in case the contractor abandons the work before completion due to any reason, whatsoever, the amount thus pledged may be utilized by the department or claimed from the Insurance Company as applicable for completing the remaining work or a portion thereof. In such an event, the contractor will not have any right to claim the amount thus pledged in favour of department".

During audit of accounts of DW&CE (N), Islamabad it was observed that 3 contracts were awarded to different firms with completion period of twelve months. The firms failed to complete works which were executed at their risk and expense. In 2 cases performance bonds of the defaulting firms were expired. These were neither revalidated nor encashed. In third case, the performance bond was encashed but the amount was retained in DW&CE (Navy) account instead of depositing into Government Treasury. Due to non-encashment of performance bonds and non-depositing of encashed amount into Government Treasury the State sustained a loss of Rs.5,309,920/-.

The irregularity was pointed out by Audit in August 2018. The executives, in first two cases, replied that the firms filed a Civil Suit and the responsibility for non-encashment of performance bond may not be fixed at this belated stage. In third case it was replied that the performance bond was kept in the official account of DW&CE (Navy) and the matter may be finalized after finalization of the accounts by the concerned GE. The reply was not acceptable as in first two cases the firms were defaulted on 13th September, 2012 and 24th April, 2014 whereas,

performance bonds against these contracts were expired on 12th August 2011 and 3rd July, 2013 respectively. In third case the amount was deposited into non-public fund account which needed to be deposited into Government Treasury.

The para was discussed by DAC in its meeting held on 3rd December, 2019. DAC directed that inquiry may be held to fix responsibility for expiry of performance bond and not depositing the amount of encashed performance bond into Government Treasury. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility and deposit of amount into Government Treasury besides adoption of remedial measure to avoid such lapses in future.

DP-N-550/2018-19

2.24.4 Unjustified duplication of work – Rs 4.554 Million

According to para-5 of Ministry of Defence letter No. E&CW-3/11105/WP 2014-15/SplPrj/NHQ PF. No.5/11/2013/D-8 (N-I) dated 30-06-2015, 'there should not be any duplication of items/ services between Phase-I (already being executed) and Phase-II contract'.

During audit on the accounts of GE (Navy) Construction Dockyard for the financial year 2018-19, it was observed that as per Annexure-A serial-3(n) of Admin Approval (1st revised) , the work of cat walk/ walkway for Rs 4,554,188/- was included as external services, whereas the same was already approved in BQ of Phase-I and II. Details are given in attached annexure.

Audit was of the view that work related to walkway was already included in Phase-I & II and duplication was not required through 1st revised Admin Approval which was unjustified.

The matter was pointed out by audit in August, 2019. The executive replied that one walkway was outside the marine railway trolley and second walkway was on both sides of upper portion of cradle which is part of cradle structure. Reply was not tenable as only one walkway was given in Survey Board Proceeding. The provision of second walkway is not included in SBP.

The DAC vide meeting held in February, 2020 directed the executive that physical verification of the site be arranged for audit within one month. No progress was reported to audit till finalization of this report.

Audit recommends regularization of expenditure by the competent authority.

DP-S-306/2019-20

Military Accountant General

Pakistan Military Accounts Department is an attached Department of Ministry of Defence. Its main function includes maintenance of Accounts and payments relating of Defence Services and internal Audit thereof.

As per Appropriation Accounts 2018-19 in respect of Grant No.26 total budget allocation was Rs.6,320.925 million and expenditure was Rs.6,320.925 million.

Audit Paras

2.25 Procurement related irregularities – Rs.5.927

2.25.1 Mis-procurement of stationery amounting - Rs.5.927 Million

As per rule 12(2) of Public Procurement Rules, 2004, "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 newspaper shall principally appear in at least two national dailies, one in English and the other in Urdu".

During audit of accounts of the following Controllers of Military Accounts, it was observed that office stationary of Rs.5,927,000/- was procured. The procurements were made without observing Public Procurement Rules.

(Rs. in million)

S #	DP No.	Name of CsMA	Amount
1	DP-N-413/2018-19	CMA (MC) Multan	2.949
2	DP-N-567/2018-19	CMA (PC) Peshawar	2.978
		Total	5.927

The irregularity was pointed out by Audit in August and September, 2018. The Controller of Military Accounts (MC) Multan stated that tenders for procurement of stationery was process and published but due to some technical reasons tender was cancelled by the management. In case of Controller of Military Accounts (PC) Peshawar it was stated that the funds were allocated by MAG on quarterly basis on demand of this office. Stationery was purchased on as required basis within the financial powers of competent authority.

The para was discussed by DAC in its meeting held on 10th December, 2019. DAC directed to conduct fact finding inquiry, fix responsibility, take disciplinary action and regularize the irregularity from the Competent Authority. Fact finding inquiry report duly signed by the PAO / Secretary Defence be provided within one month. Further progress was not intimated till finalization of this report.

Audit recommends implementation of DAC directives and regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

2.26 Un-authorized / Irregular payments – Rs.3,835.798 Million

2.26.1 Un-authorized payment of special messing allowance out of Al-Mizan fund - Rs.3,835.798 Million

As per para 1(v) of Government of Pakistan Ministry of Defence Rawalpindi letter No.7/6/2004-05/D-21 dated 30th November, 2004, "the releases from Special Transfer Account shall be used for replenishment of stores".

During audit of accounts of CMA (PC), Peshawar it was observed that an amount of Rs.3,835,798,000/- was paid on account of Special Messing Allowance (SMA) out of Al-Mizan fund during the year 2011-2012 to 2015-16 which was in violation of above Government orders.

The irregularity was pointed out by Audit in May, 2017. The account authorities replied that the reply would be submitted in due course of time.

The para was discussed by DAC in its meeting held on 10th December, 2019. DAC directed that expenditure out of Al-Mizan fund be regularized from the Competent Authority. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-571/2018-19

2.27 Recoverables / Overpayments – Rs.3.666 Million

2.27.1 Overpayment of special pay - Rs.3.666 Million

As per Government of Pakistan Finance Division UO No. 11(2) R-1/2005 (R-5)-266 dated 30th September, 2016, "Special Pay @ 25% of running basic pay admissible on 31st May, 1994 will be applicable for the period from 1st June, 1994 to 1st April, 2007 and then on current running basic pay w.e.f 2nd April, 2007." Further as per Para 9 of Government of Pakistan Finance Division letter No. F-1 (5) Imp/2011-419 dated 4th July, 2011, "All the special pays shall stand frozen at the level of their admissibility as on 30th June, 2011."

During audit of accounts of CMA (GB), Gilgit it was observed from demand register that a sum of Rs.3,665,733/- on account of arrears of special pay was lying outstanding against officers / officials of CMA (GB) which could not be recovered.

The irregularity was pointed out by Audit in October, 2018. The accounts authorities replied that recovery was already in process and final outcome would be intimated.

The para was discussed by DAC in its meeting held on 3rd February, 2020. DAC was apprised that an amount of Rs.1.519 million has already been recovered and verified by Audit. DAC directed that recovery of remaining amount of Rs.2.146 million may be expedited through office of the Military Accountant General. Further progress was not intimated till finalization of this report.

Audit recommends for prompt recovery of outstanding amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-290/2019-20

Inter Services Organizations

Inter Services Organizations (ISOs) of the defence services are those organizations which provide services to the tri-forces. ISO's include Joint Services HQr, FGEIs, and Medical institutions.

As per Appropriation Accounts 2018-19, the total budget allocation to ISOs was Rs.30,544.909 million against which an expenditure of Rs.31,334.904 million has been reported.

Audit Paras

2.28 Non-production of record

2.28.1 Non-production of Auditable Documents

As per Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance, 2001 and orders of the Supreme court of Pakistan passed in CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, audit is a constitutionally mandated process and after 18th Amendment in the Constitution, there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

Under section 14(3) of above Ordinance, 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.

During audit of accounts of Federal Government Educational Institute Directorate / FGEI (C/G) Rawalpindi, record regarding recruitments, promotion policy, time scale promotions, SOPs, induction of contractual employees, contract agreements with security

firms, details of collection and expenditure of all kinds of funds, regional development fund was requisitioned but the same was not provided.

The irregularity was pointed out by Audit in July, 2018. The executive replied that the documents being classified in nature could not be disclosed in public interest.

The para was discussed by DAC in its meeting held on 10th December, 2019. DAC directed that the record may be provided to Audit. Further progress was not intimated till finalization of this report.

Audit recommends that all requisitioned record be produced to audit besides initiation of disciplinary action against the responsible(s) and adoption of remedial measures to avoid such lapses in future.

DP-N-517/2018-19

2.29 Un-authorized / Irregular payments – Rs.109.177 Million

2.29.1 Un-authorized expenditure out of Al-Mizan Fund - Rs.109.177 Million

As per para 1(v) of Government of Pakistan Ministry of Defence letter No.7/6/2004-05/D-21 (Budget) dated 30th November, 2004, "the releases from Special Transfer Account shall be used for replenishment of stores and for procurements".

During audit of accounts of the following Institutes, it was noted that an amount of Rs.109,177,000 /- was expended out of Al-Mizan fund for construction / renovation and TA/DA which was not covered under the above Government orders.

(Rs. in million)

S #	DP No.	Name of Institutions / Hospitals	Amount
1	DP-N-258/2018-19	AFIRM Rawalpindi	13.681
2	DP-N-301/2019-20	AFIO Rawalpindi	95.496
		Total	109.177

The irregularity was pointed out by Audit in February and January, 2018. The executive authorities replied that Medical Directorate allocated funds out of STA for said purpose and accordingly work was executed. The reply was not acceptable as releases from STA for above mentioned purposes was not covered under Government orders.

The para at Sl. No.1 was included in the agenda of DAC meeting held on 2nd August, 2019 but could not be discussed due to non-attendance of executive. The para at Sl. No.2 was discussed by DAC in its meeting held on 3rd February, 2020. DAC directed that expenditure may be got regularized from competent financial authority. Further progress was not intimated till finalization of this report.

Audit recommends for early implementation of DAC recommendations besides adoption of remedial measures to avoid such lapses in future.

2.30 Recoverables / Overpayments – US$ 0.1673 Million

2.30.1 Non-recovery of outstanding charges from friendly countries officers - US$ 0.1673 Million

As per Joint Services Instructions 4/2006, “training charges will be recovered from foreign trainees / cadets when they are provided such facilities in various institutions of Pakistan Armed Forces training institutions”. Further as per para 2 of Army Instructions No.112/61, "all charges recovered from Ministries / Central / Provincial Governments and foreign countries on account of tuition fee, accommodation (including water, electricity and furniture) and bedding hire charges will be credited to the relevant Heads of Accounts of the Defence Services Estimates by the CMAs concerned".

During audit of accounts of National Defence University Islamabad, it was noted that US$ 167,365/- was lying outstanding on account of “Tuition fee and Accommodation charges” against the trainees of Kingdom of Saudi Arabia and Libya for 2016-17 & 2017-18.

The irregularity was pointed out by Audit in January, 2019. The executives replied that case for recovery of Foreign Training Charges was being pursue vigorously with Embassies and outcome would be shared on receipt of payment.

The para was discussed by DAC in its meeting held on 3rd February, 2020. DAC was apprised that an amount of US$ 56,188 has been recovered and US$ 99,942 were outstanding. Whereas, US$ 11,760 on account of accommodation charges were already included in the above amount. DAC directed that the amount may be reconciled, recovery effected may be got verified from Audit and outstanding recovery may be pursued. Further progress was not intimated till finalization of this report.

Audit recommends early recovery of the amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-401/2019-20

2.31 Loss to State – Rs.16.732 Million

2.31.1 Non-deposit of cost of x-ray films used for CNE patients - Rs.16.732 Million

As per rule 6(d) of Financial Regulations (Vol I) 1986, "Government revenue shall not be utilized for the benefit of a particular person or a section of community". Further the PAC vide dated 20th December, 2012 on para 3.3.1 of ARDS 2006-07 directed on the same issue, "that expenditure out of amount realized on account of cost of material i.e X-ray films, blood bags, room rent charges should be verified from Audit. The committee also directed PAO to finalize the policy within two months and report to PAC Secretariat".

During audit of accounts of following institutes for the year 2014-15 to 2016-17, it was noted from the CNE X-Ray record that different sizes of X-Ray films were used from Government store. However, cost of X-Ray films amounting to Rs.16,732,000/- was not deposited into Government Treasury.

(Rs. in million)

S #	DP No.	Name of Institutions / Hospitals	Amount
1	DP-N-279/2018-19	AFIRI Rawalpindi	14.130
2	DP-N-364/2018-19	AFIC / NIHD Rawalpindi	2.602
		Total	16.732

The irregularity was pointed out by audit in June, 2016 and February, 2018. The executive replied that the 20% Government share was being deposited into Government Treasury under the existing policy. The reply was not accepted as cost of Government store was required to be deposited into Government Treasury before distribution of amount received from CNE.

The para was discussed by DAC in its meeting held on 2nd August 2019. DAC directed that recovery of cost of X-Ray film may be got verified from audit as well as the issuance of corrigendum to

Government letter No. 3532/32/DMS-3(c):F.6/16/D-2 (A-II)/ 2014 dated 26th November, 2014 be pursued to resolve the issue. Evidence regarding recovery of cost of X-Ray used for CNE patients was not produced for verification till finalization of this report.

Audit recommends recovery of amount involved besides adoption of remedial measures to avoid such lapses in future.

CHAPTER-3
Ministry of Defence Production

The Ministry of Defence Production was established to meet the requirements of Armed forces through procurement (local and import) and indigenous production. Ministry of Defence Production comprises two components i.e. Procurement including Director General Defence Procurement, Directorate General Munitions Production, Director General Procurement (Army), Director Procurement (Air Force) and Director Procurement (Navy) and Production which includes Heavy Industries Taxila, and Pakistan Aeronautical Complex Board, Kamra.

As per Appropriation Accounts (2018-19), the MoDP was allocated Rs.78,829.634 million out of Grant No.26 against which the total expenditure of Rs.82,967.859 million was reported.

3.1 Introduction

As per Rules of Business, 1973 Ministry of Defence Production is responsible for laying down policies on all matters relating to defence production, procurement of arms, firearms, weapons, ammunition, equipment, stores and explosives for the defence forces, declaration of industries necessary for the purpose of defence or for the prosecution of war, research and development of defence equipment and stores, co-ordination of defence science research with civil scientific research organizations, indigenous production and manufacture of defence equipment and stores. Further responsibilities include negotiations of agreements or MOUs for foreign assistance or collaboration and loans for purchase of military stores and technical know-how or transfer of technology, export of defence products, marketing and promotion of activities relating to export of defence products, co-ordinate production activities of all defence production organizations or establishments.

Sectoral Analysis

The MoDP receives budget allocation from MoD out of defence services grant for the purpose of defence procurement and production. The major organizations involved in the process of procurement include Directorate General Munitions Production, Director General Defence Procurement, Director General Procurement (Army), Director Procurement (Air Force) and Director Procurement (Navy). The major defence production organization includes Heavy Industries Taxila Board, Taxila and Pakistan Aeronautical Complex Board, Kamra. During financial year 2018-19, total expenditure out of defence services grant incurred on defence procurement was Rs.354,175.596 million and total expenditure for defence production was Rs.31,899.507million.

'Indigenization and self-reliance in the field of Defence Production' has been identified for the purpose of sectoral analysis. The defined outcome as per MTBF includes swift self-sufficiency in defence production. However, no quantifiable output is mentioned in the MTBF, which makes it difficult to draw any conclusion on performance of procurement activities in the field of defence production. It is worth mentioning here that HITB Taxila and PACB Kamra have indigenously produced equipment and weapons to achieve self-reliance in the field of Defence production. Some of the notable achievements include production of Tanks Al-Khalid and Al-Zarrar, APC Talha and logistic vehicle Al Qaswa etc. Similarly, Pakistan Aeronautical Complex Kamra has produced JF-17 Thunder, which is a great addition to the Air defence. The local production of Aircraft has not only strengthened the defence requirements but also contributed to the economy in the form of foreign exchange worth US$ 27 Million through sale of Super Mushshak Aircrafts to Azerbaijan.[27]

[27] PACB Kamra entered into contract with Government of Azerbaijan for sale of ten Super Mushshak Aircrafts worth US$ 27.00 million vide contract No.AZ-80M/2017 dated 4th July, 2017.

The summary of the total units Audited during the Audit Year (2019-20) is given below:-

S.No	Description	Total Nos	Audited	Expenditure Audited FY 2018-19 (Rs. In Million)	Revenue/Receipts Audited FY 2018-19 (Rs. In Million)
1	Formations	43	27	188,464.733 US$266.630	1,606.757
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities /Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Projects (FAP)	-	-	-	-

3.2 Classified summary of Audit observations

Audit observations amounting to Rs.30,097.721 million, US$ 54.274 million, Euro 5.578 million & SEK 94.74 million were raised as a result of this audit. This amount also includes recoverables of Rs.7,766.508 million, US$ 11.096 million, Euro 5.578 million & SEK 75.00 million as pointed out by the audit. Summary of the audit observations classified by nature is as under:

S.No.	Classification	Amount (Rs. In Million)
1	Non-production of record	2.538
2	Irregularities	
A	Procurement related irregularities	120.948

B	Management of accounts with commercial Banks	-
C	Unauthorized / Irregular Expenditure	Rs.6,875.31& US$ 15.778
D	Recoverables / Overpayments	1,710.665
E	Loss to State	1,874.961 & SEK 50.00

3.3 Brief comments on the status of compliance with PAC's directives.

The status of compliance of Public Accounts Committee (PAC) directives for the Audit Reports from 1985-86 to 2018-19 discussed during its various meetings held from July, 1992 to December, 2019 is given below:-

Year	Total Paras	No. of Paras Discussed	Compliance Made	Compliance awaited / Non Complied	Percentage of Compliance
1	**2**	**3**	**4**	**5**	**6**
1985-86	15	01	0	01	0%
1986-87	12	0	0	0	0%
1987-88	17	13	01	12	7.69%
1988-89	14	05	0	05	0%
1989-90	14	02	0	02	0%
1990-91	10	02	01	01	50%
1991-92	15	04	0	04	0%
1992-93	15	03	0	03	0%
1993-94	26	04	0	04	0%
1994-95	22	0	0	0	0%
1995-96	28	12	03	09	25%
1996-97	91	63	02	61	3.17%
1997-98	55	05	0	05	0%
1998-99	0	0	0	0	0%
1999-00	86	33	03	30	9.09%
2000-01	140	48	34	14	70.83%
2001-02	44	27	10	17	37.03%

2002-03	0	0	0	0	0%
2003-04	01	01	01	0	100%
2004-05	08	08	04	04	50%
2005-06	27	06	05	01	83.33%
2006-07	07	06	02	04	33.33%
2007-08	08	08	08	0	100%
2008-09	16	03	03	03	100%
2009-10	13	01	0	01	0.00%
2010-11	Report not yet discussed				
2011-12	Report not yet discussed				
2012-13	34	15*	14***	01*	93.3%
2013-14	18	7*	5***	2**	71.42%
2014-15	Report not yet discussed				
2015-16	Report not yet discussed				
2016-17	8	2*	1***	1	50.00%
2017-18	Report not yet discussed				
2018-19	Report not yet discussed				
Total	744	270	97	173	35.93%

Ministry of Defence Production fully complied with only 97 PAC directives out of 270, which indicates that compliance of PAC directives was very slow and the Principal Accounting Officer should take necessary steps to expedite compliance of PAC's directives.

*** Above 50 million paras discussed by PAC**
**** Court Cases**
*****Settled by PAC**

Audit Paras

3.4 Non-production of record – Rs. 2.538 Million

3.4.1 Non-provision of detail of bank account / bank statement - Rs. 2.538 Million

As per Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance, 2001 and orders of the Supreme court of Pakistan passed in CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, audit is a constitutionally mandated process and after 18th Amendment in the Constitution, there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

Under section 14(3) of above Ordinance, 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.

During audit of accounts of DGP (A) Rawalpindi, it was observed from record that an amount of Rs.2,538,000/- on account of Price Reduction (PR) against contract No-15-945-00 dated 12th January, 2016 was credited into DGP (A) account. Detail of the said bank account and bank statement was requisitioned by Audit vide letter No.67/LTA-04/16-17 dated 9th January, 2018 and reminder dated 9th April 2018. However, the record was not provided for audit in violation of constitutional mandate of Audit and orders of honorable Supreme Court of Pakistan.

The irregularity was pointed out by Audit in August, 2018. The executive replied that Price Reduction was not mentioned by the inspection authority in inspection Note. The reply was not accepted as the requisitioned record of Bank Account was not provided.

The para was included in the agenda of DAC meeting held on 25th November, 2019. However, it was not discussed and pended by DAC. The para was not discussed by DAC till finalization of this report.

Audit recommends for holding of an inquiry to fix responsibility besides provision of record and adoption of remedial measures to avoid such lapses in future.

DP-N-296/2018-19

3.5 Procurement related irregularities – Rs.120.948 Million

3.5.1 Un-authorized award of contracts for procurement of medicines on proprietary basis - Rs. 120.948 Million

As per rule 42(c)(ii) of Public Procurement Rules 2004, "a procuring agency shall only engage in direct contracting, if only one manufacturer or supplier exists for the required procurement".

Provided that the procuring agencies shall specify the appropriate fora, which may authorize procurement of propriety object after due diligence.

During audit of accounts of DP (Air), Chaklala it was noted that seven contracts valuing Rs.120,948,340/- were concluded during 2017-18 for procurement of different medicines on proprietary basis from distributors instead of original manufacturers. Procurement of medicines on proprietary basis from distributors was not covered under above rule and resulted into mis-procurement.

The irregularity was pointed out by Audit in January, 2019. The executive replied that all necessary approvals like proprietary fora, FA concurrence & PSO approval were obtained. Most multinational firms had vast business all over the country. For that reason they appoint their distributers for quoting their medicine / product against those particular tenders. The reply was not agreed, as under rule direct contracting was allowed if only one manufacturer or supplier exists for the required procurement.

The para was discussed by DAC in its meeting held on 24th October, 2019. The executives apprised the DAC that the procurement was carried out in line with AFO 67-140 by adhering all requisite approvals / formalities. DAC deferred the Draft Para and directed the management to obtain procurement policy of medicine from Air Headquarters, as well as record relating to constitution of fora, along with

minutes / proceedings and submit revised reply accordingly. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives.

DP-N-478/2018-19

3.6 Management of accounts with commercial banks

3.6.1 Non-production of record regarding un-authorized collection of refundable enlistment fee (REF)

As per Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan read with the Auditor General Ordinance, 2001 and orders of the Supreme court of Pakistan passed in CMAs 3330, 3471, 3594/13 in Constitution Petition No. 105/12, audit is a constitutionally mandated process and after 18th Amendment in the Constitution, there is no room for denial of disclosure and withholding of accounts from Auditor General for audit.

Under section 14(3) of above Ordinance, 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.

During audit of accounts of DGDP, Rawalpindi it was observed that Refundable Enlistment Fee (REF) was being collected from firms @ Rs.250,000/- to Rs.1,500,000/- each with respect to their category of registration. The amount was kept in four commercial bank accounts without obtaining approval from Government for opening of bank accounts in commercial banks and retention of Government receipts in these accounts. Audit requested for production of Cash Book and bank statements in respect of Refundable Enlistment Fee bank accounts but the same were not produced to audit. Moreover, authorization of Government for collection of REF and interest earned was also not known to audit.

The irregularity was pointed out by Audit in December, 2018. The executive replied that REF was introduced and SOP was under process when audit objected to it. Since it was under process, therefore, DGDP decided not to implement REF and an amount of Rs.491,000,000/- received from firms / suppliers as per their financial categories was returned with immediate effect. The reply was not agreed as no record

relating to the bank accounts and refund of amount was produced to audit for verification.

The para was reported to Ministry of Defence Production on 20th March, 2019. It was requested for holding of DAC meeting vide DGADS letter dated 2nd April, 24th May, 30th July, 21st August, 18th September, 26th September and 7th November, 2019. However, DAC was not held till finalization of this report.

Audit recommends holding of an inquiry regarding receipt of REF, its retention into bank accounts, receipt of interest thereon and non-production of record to audit.

DP-N-390/2018-19

3.7 Un-authorized / Irregular payments – Rs.6,875.31 Million & US$ 15.778 Million

3.7.1 Un-authorized release of full payment before delivery of store - Rs.5,901.602 Million

As per para 3(b)(1) of chapter XIII of Defence Purchase Procedure and Instructions (Revised 2002), If the stores are delivered to the inspecting agency for inspection and subsequently dispatched to the consignee(s), 60%-80% value of the accepted stores as stipulated in the contract, will be paid by CMA (DP) on production of Inspection Note/Certificate issued by the inspecting agency after inspection and acceptance of stores. The remaining 40%-20% will be paid duly supported by CRV after receipt of stores by the consignees.

During audit of accounts of DGP (A) Rawalpindi, it was noticed that various contracts were concluded and payments were released on the basis of Inspection Notes and CRVs. It was however, observed from correspondence with consignee Units / Depots that stores were actually not received and payments were released on provisional inspection notes and CRVs. Audit was of the view that release of payment without actual delivery of store was not covered under rules and resulted into unauthorized advance payment to firms.

(Rs. in million)

S #	DP No.	Name of Unit / Formation	Amount
1	DP-N-231/2018-19	DGP (A) Rawalpindi	1,106.758
2	DP-N-337/2018-19	DGP (A) Rawalpindi	2,890.607
3	DP-N-343/2018-19	DGP (A) Rawalpindi	290.412
4	DP-N-395/2018-19	DGP (A) Rawalpindi	922.345
5	DP-N-465/2018-19	DGP (A) Rawalpindi	691.48
		Total	**5,901.602**

The irregularity was pointed out by Audit in April and August, 2018. The executive replied that they were responsible for release of payments on receipt of inspection notes and CRVs from concerned

authorities. The reply was not agreed as the payments were made before actual delivery of store.

The para at Sl. No.5 was discussed by DAC in its meeting held on 23rd October, 2019. DAC deferred the Draft Para with the direction to DGP(A) to bring more clarity in the case and submit revised reply after obtaining additional documents from GHQ. Paras mentioned at Sl. No. 1-4 were on the agenda of DAC meeting held on 25th November, 2019. However, DAC pended the paras for next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding of inquiry to determine responsibility besides ensuring delivery of stores and regularization of expenditure.

3.7.2 Un-authorized release of 100% payment on shipment documents before issuance of inspection notes and CRV's - US$ 15.778 Million

As per para 3(a)(1) of chapter XIII of Purchase Procedure and Instructions (Revised 2002), 80%-90% of the net FOB value of the accepted stores plus the ocean freight at actual will be paid to the suppliers / principal through letter of credit or by the Accounts Officer working with Attache (Defence Purchase) as applicable on delivery of stores for the shipment supported by relevant shipping documents, production of relevant Inspection Note, submission of insurance documents and Bank Guarantee as the case may be. Remaining 20% - 10% payment would be released on receipt of claim duly supported by CRV issued by the consignee within 30 days of receipt of stores after due satisfaction.

During audit of accounts of DP (Air) Chaklala, it was noted that seven contracts valuing US$ 15,778,415/- were concluded during 2017-18 for purchase of different stores. During scrutiny of contracts, it was observed that 100% payment was released to the firms on the basis of shipment documents before issuance of Acceptance

Certificate, Inspection Notes and CRVs which was in violation of above rules and resulted into unauthorized advance payment to the firms.

The irregularity was pointed out by Audit in January, 2019. The executive replied that all contracts were concluded on payment terms 100% pre-defined by the indentor. The funds were required to be disbursed in financial year 2017-18. In case, payment terms of 80% on shipment and 20% on CRV were included, the funds would have lapsed.

The para was discussed by DAC in its meeting held on 24th October, 2019. DAC deferred the para with the direction to the management that additional documents be provided to Audit for verification. Further progress was not intimated till finalization of this report.

Audit recommends for holding of inquiry to determine responsibility besides ensuring delivery of stores and regularization of expenditure.

DP-N-518/2018-19

3.7.3 Un-authorized procurement of staff cars out of UNRA - Rs.317.450 Million

According to provision of Government of Pakistan, Ministry of Defence letter No. 7/7/2004/05/D-21(Budget) dated 27th November, 2004, the releases from UNRA shall be utilized for the following:-

d) Purchase and replenishment of equipment and stores for Army contingents deployed on UN peace keeping missions.
e) Pay and allowances and transportation of troops.
f) Incidental and Misc expenditure of Army contingents directly related to UN peace keeping mission.

Further, as per amendment made by the Ministry of Defence letter dated 7th March, 2009, expenditure can be incurred on

projects approved by the Chief of Army Staff and concurred by the Finance Secretary on case to case basis.

During audit of accounts of DGP (A) Rawalpindi, it was observed that contract No.01-1122-00/S&T/UNRA/DGP(A)/P-1 dated 3rd May, 2017 was concluded for purchase of 177 staff cars valuing Rs.317,450,002/- from M/s Indus Motor Company out of UNRA in violation of above Government orders.

The irregularity was pointed out by Audit in August, 2018. The executive replied that DGP(A) was responsible to purchase the vehicles to meet indentor's requirement only. The procurement was materialized by DGP (Army) out of Budget head specified by W&E Directorate. The reply was not acceptable as procurement of staff cars out of UNRA was not authorized.

The para was discussed by DAC in its meeting held on 25th November, 2019. DAC directed that case may be taken up with MoD for regularization of the expenditure from Competent Authority. Further progress was not intimated till finalization of this report.

Audit recommends for regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

DP-N-380/2018-19

3.7.4 Un-authorized release of payment before supply of stores - Rs. 198.900 Million

As per para 22 of Annex E to rule 42 Financial Regulations (Vol I), 1986, "no advance payment (except in case of Government to Government contracts) and letter of credit will be authorized without concurrence of the Finance Division, even though the contract may have been approved without reference to the Finance Division. Moreover, according to rule 6(d) of above regulations, Government revenue shall not be utilized for the benefit of a particular person or section of the community.

During audit of accounts of DGP (A) Rawalpindi, it was noted that contract No-14-0886-00 dated 24th May 2017 was concluded for purchase of 4 Versatile EFI Engines Dynamometer Test System at total cost of Rs.198,900,000/- with M/s Pan Islamic. The store was shown received and payment was released to the firm in June 2017. Audit observed the following:

i. CPO (CLS) granted approval of contract on 26th May 2017 vide para 26 of Purchase Proposal. Whereas, contract was issued to firm for signature on 25th May 2017.
ii. According to commercial offer dated 28th April, 2017 of the manufacturer M/s emTEST, delivery period for supply of store was 32 to 36 weeks.
iii. As per Clause 11(g) of Contract, firm will provide and get approved the detailed Acceptance Test Procedure (ATP) as per contracted items within 10 days after signing of contract which were neither received nor approved but CRVs / Inspection notes were issued and payment was released to the firm.
iv. Store was shown inspected on 25th May, 2017 in CIV&EE Chaklala, and CRVs were issued by 305 Spare Depot Karachi and 303 Spare Depot Lahore on 26th May 2017 and 306 Spare Depot Quetta on same date i.e. 25th May, 2017 which was not possible.
v. As per Clause 14 of Special Instructions of Tenders firm was bound to provide import documents i.e. Bill of Lading, Copy of Shipping invoice, Manufacturer, Inspection Certificate and Packing List at the time of Inspection. Whereas, inspection and receipt were made without provision of above documents.

Audit was of the view that above facts revealed that payment of Rs.198,900,000/- was released to the firm before actual receipt of store to utilize the available funds in violation of rules.

The irregularity was pointed out by audit in April, 2018. The executive replied that observation against this Directorate was not justified due to the reason that this Directorate was responsible for release of payment to firm on receipt of Inspection Notes form inspection authorities and CRVs form consignee. The reply was not accepted as payment was released to the firm before actual delivery of store.

The para was discussed by DAC in its meetings held on 25th November, 2019. Detailed discussion was made on the draft para and it was decided that the issue regarding release of payment before supply of store may be resolved in consultation with the Ministry of Finance, being a recurring issue. Further progress was not intimated till finalization of this report.

Audit recommends for holding of inquiry to determine responsibility and recovery / regularization of amount besides adoption of remedial measures to avoid such lapses in future.

DP-N-270/2018-19

3.7.5 Un-authorized expenditure on civil works out of Al-Mizan fund – Rs.158.270 Million

According to para 1(v) of Government of Pakistan Ministry of Defence letter No. 7/6/4004-05/D-21 (Budget) dated 30th November, 2004, "the releases from Special Transfer Accounts shall be used for replenishment of stores and procurement under the Armed Forces Development Plan".

During audit of account of following formations for the years 2017-18 and 2018-19, it was observed that contracts relating to civil works valuing Rs.158,270,000/- were sanctioned out of Al-Mizan fund, in violation of above Government orders.

(Rs. in million)

S #	DP No.	Name of Unit / Formation	Amount
1	DP-N-297/2018-19	DW&CE (DP) Rawalpindi	149.864
2	DP-N-253/2019-20	GE (DP) Const. Chaklala	8.406
		Total	**158.270**

Audit was of the view that incurring of expenditure other than the specified purpose was a violation of Government orders.

The para was reported to Ministry of Defence Production on 19th March, 2019 and 2nd October, 2019. It was requested for holding of DAC meeting vide DGADS letter dated 2nd April, 24th May, 30th July, 21st August, 18th September, 26th September and 7th November, 2019. However, DAC meeting could not be held till finalization of this report.

Audit recommends regularization of the expenditure besides adoption of remedial measures to avoid such lapses in future.

3.7.6 Un-authorized release of payment before actual delivery of store - Rs.142.481 Million

As per para 3(b)(1) of chapter XIII of Defence Purchase Procedure and Instructions (Revised 2002), If the stores are delivered to the inspecting agency for inspection and subsequently dispatched to the consignee(s), 60%-80% value of the accepted stores as stipulated in the contract, will be paid by CMA (DP) on production of Inspection Note/Certificate issued by the inspecting agency after inspection and acceptance of stores. The remaining 40%-20% will be paid duly supported by CRV after receipt of stores by the consignees.

During audit of accounts of DGP (A) Rawalpindi, it was noticed that various contracts were concluded and payments were released on the basis of Inspection Notes and CRVs. It was however, observed from correspondence with consignee Units / Depots that stores were actually delivered after release of payment. Audit was of the view that release of payment without actual delivery of store was not covered under rules and resulted into unauthorized advance payment to firms.

(Rs. in million)

S #	DP No.	Name of Unit / Formation	Amount
1	DP-N-210/2018-19	DGP (A) Rawalpindi	39.629
2	DP-N-303/2018-19	DGP (A) Rawalpindi	4.076
3	DP-N-342/2018-19	DGP (A) Rawalpindi	7.100
4	DP-N-345/2018-19	DGP (A) Rawalpindi	1.482
5	DP-N-379/2018-19	DGP (A) Rawalpindi	26.978
6	DP-N-415/2018-19	DGP (A) Rawalpindi	63.216
		Total	**142.481**

The irregularity was pointed out by Audit in April and August, 2018. The executives replied that they were responsible for release of payments on receipt of inspection notes and CRVs from concerned authorities. The reply was not agreed as the payments were made before actual delivery of store.

The para at Sl. No.6 was discussed by DAC in its meeting held on 23rd October, 2019. DAC deferred the para with the direction to DGP (A) to bring more clarity in the case and submit revised reply after obtaining additional documents from GHQ. Paras mentioned at Sl. No. 1-5 were on the agenda of DAC meeting held on 25th November, 2019. However, para at Sl. No.1 was discussed and management informed the DAC that store was actually procured and taken on charge and payment to the contractor was made on the basis of CRV and inspection note and no loss incurred to the state. The DAC directed that relevant documents including accounts cards and issue vouchers from COD Rawalpindi, be provided to Audit for verification. The paras at Sl. No. 2-5 were pended till next DAC meeting. Further progress was not intimated till finalization of this report.

Audit recommends for holding of inquiry to determine responsibility and regularization of expenditure besides adoption of remedial measures to avoid such lapses in future.

3.7.7 Un-authorized advance payment to firm - Rs. 135.288 Million

As per para 22 of Annexure E to Rule 42 Financial Regulations (Vol I) 1986, no advance payment (except in case of Government to Government Contracts) and letter of credit will be authorized without the concurrence of the Finance Division, even though the contract may have been approved without reference to the Finance Division.

During audit of accounts of Tank Manufacturing Factory, HIT Taxila, it was noted that in violation of Financial Regulations advance payment @ 30% of the store amounting to Rs.45,096,000/- was included in clause 7 of contract No.150/RT-3107/2014-15/55/ RHA/ Trojans/ CP/ TM/ Proc dated 8th May, 2015 to be paid by CMA (DP), Rawalpindi to the firm on provision of Bank Guarantee of equal amount. However, it was observed that 90% advance payment amounting to Rs.135,288,000/- was actually made to the firm in violation of above rule and contract clause.

The irregularity was pointed out by Audit in May, 2018. The executive replied that contract management functions were controlled by BMP Directorate of HITB. The reply was not justified as payment was released through TMF, Taxila.

The para was discussed by DAC in its meeting held on 27th September, 2019. HIT management informed the DAC that advance payment was made after approval of Competent Authority against equal amount of Bank Guarantee. However, Audit pointed out that 90% advance payment was not allowed under rules. DAC directed HIT Board to hold fact finding inquiry in the case and submit the report with the approval of

Chairman, HIT Board to PAO within 30 days. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives and adoption of remedial measures to avoid such lapses in future besides initiation of disciplinary action against the responsible(s).

DP-N-446 /2018-19

3.7.8 Un-authorized expenditure out of revolving fund – Rs.11.024 Million

As per para 5(a) of Government of Pakistan, Ministry of Defence Production letter No.5/10/2002/DP-8 dated 20th August, 2004 "after depositing the proportionate cost, the revolving fund would be utilized for following purposes:-

(i) Financial support for marketing and contractual activities.
(ii) Payment to the personnel engaged from market/civil and sector for export / commercialization.
(iii) Advertisement in papers for market promotion and commercialization.
(iv) Cost Accountant for carrying out of costing of products for commercial purposes.
(v) Expenditure on IDEAS, Expos, defence exhibitions and displays.
(vi) Purchases of vehicles for commercialization and marketing activities subject to approval of the Prime Minister.

During audit of accounts of Revolving Fund, HIT Taxila, it was observed that Rs.2,024,562/- and Rs.9,000,000/- were incurred on renovation of Chairman Secretariat and Gate No.04 HIT, Taxila. The expenditure was incurred out of revolving fund which was not covered

under the above Government orders. Further, such works were required to be carried out through GE (Maint). However, the same work was initially executed directly through a private firm M/S Zulfiqar Ali developer. Later on, the cheque was cancelled and fresh cheque dated 29th August, 2017 for Rs.2,024,562/- was issued in favor of G.E (Maint) DP Taxila and the work of "Theme wall and Panaflex" at Gate No.4 were shown completed through GE (Maint) DP but relevant record in support of the work was not available with that office which proved that only paper transactions were made to fulfill the codal formalities.

The irregularity was pointed out in August, 2018. The executive replied that in order to host national & International visitors / delegations in a benefitting manner as per norm of commercial culture, renovation work / maintenance was incurred for marketing purpose out of Revolving Fund. The reply was not agreed as there was no provision for incurring of expenditure on such works out of Revolving Fund.

The para was discussed by DAC in its meeting held on 27th September, 2019. DAC directed HIT management to get the expenditure regularized from the Competent Authority. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives besides adoption of remedial measure to avoid such irregularities in future.

DP-N-579/2018-19

3.7.9 Un-authorized procurement of vehicle out of revolving fund - Rs.10.295 Million

As per para 5(a)(6) of Ministry of Defence Production letter No. 5/10/2002/DB-8 dated 20th August, 2004 "purchase of vehicle for commercial and marketing activities is permissible subject to approval by the Prime Minister".

During audit of accounts of M&P Directorate, HIT Taxila it was observed that a Toyota Land Cruiser V8 was procured out of Revolving Fund without obtaining approval from Prime Minister which was in violation of above Government orders.

The irregularity was pointed out by Audit in September, 2018. The executive replied that the vehicle was procured for manufacturing of 1 x sample of Discrete Armed Vehicle for display / promotion purpose for the potential buyers / customers. Whereas, approval of the Prime Minster was required for procurement of vehicles for in house / departmental use. The reply was not justified as approval of the Prime Minister was required in all type of vehicles to be used for commercialization and marketing purposes.

The para was discussed by DAC in its meeting held on 27th September, 2019. DAC directed HIT Board to send the vehicle to MVRDE for inspection and report be shared with Audit through MoDP. If the vehicle is reported as brand new and being used only for display purpose the para will be settled subject to verification of Inspection Report. Otherwise, regularization of expenditure from Competent Authority may be obtained. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-583/2018-19

3.8 Recoverables / Overpayments – Rs.1,710.665 Million

3.8.1 Un-authorized transfer of public money into private account - Rs.1,569.800 Million

As per rule 2 of Financial Regulations (Vol II) 1986, "all transactions to which any officer of Government in his official capacity is a party, shall, without any reservation, be brought to account and all moneys received by or tendered to Government officer which are due to, or are required to be deposited with Government shall, without undue delay, be paid, in full, into a Government treasury". Moreover, as per Rule 6 of Financial Regulations (Vol I), 1986 "Government revenue shall not be utilized for the benefit of a particular person or section of community".

During audit of accounts of DGP(A), Rawalpindi it was noted that thirteen contracts valuing Rs. 1,515,014,444/- were concluded during January to April, 2016 with M/s Sheikh Nawab-ud-Din & Sons, Lahore for procurement of different stores. During Scrutiny of above contracts it was observed that full payment was released before 30th June, 2016 on the basis of Inspection Notes and CRVs showing that complete store was delivered by the firm and taken on charge. However, an amount of Rs.1,427,090,586/- released / passed by CMA (DP) Rawalpindi in favor of above firm was transferred into DGP(A), Rawalpindi account as evident from firm's letter No.ST/9267/16 dated 10th July, 2016 and minute sheet dated 17th November, 2016. Later on different claims against partial supply of store and refund of remaining amount of GST were forwarded by the firm in the name of DGP(A), Rawalpindi for release of payment.

Audit was of the view that fake Inspection Notes and CRVs were prepared in order to draw public money from Government Treasury and further transferred into a private account which was not authorized under above rules. Therefore, the principle amount along with interest amounting to Rs.1,569,799,644/- [1,427,090,586+142,709,058 (10%)] needed recovery.

The irregularity was pointed out by Audit in August, 2018. The executive replied that in the light of para 4(l) chapter IX of PP & I (revised 2002) CMA (DP) cleared the firm`s bills against the contracts and transferred into firms account as per procedure in vogue. The reply was not agreed as letters and minutes sheet revealed that amount was actually transferred to a private account of DGP (A), Rawalpindi.

The para was reported to Ministry of Defence Production on 17th October, 2019. It was requested vide DGADS letter dated 7th November, 2019 for convening of DAC meeting. However, DAC meeting could not be held till finalization of this report.

Audit recommends for holding an inquiry into the matter besides recovery of amount with interest and adoption of remedial measures to avoid such lapses in future.

DP-N-308/2019-20

3.8.2 Non-recovery of risk and expense amount from defaulting contractor - Rs. 98.335 Million

According to para 16 of Defence Purchase Procedure and Instructions (Revised 2002), "if the contractor fails to deliver the stores or any consignment thereof within the stipulated period or any extension thereof, the Purchaser shall be entitled at his option to either cancel the contract, and or to purchase from elsewhere stores not delivered, at the risks and expense of the Supplier and without notice to him, the stores can be procured at his risk and cost".

During audit of following units / formations for the years 2016-17 and 2017-18, it was observed that two contracts were concluded for procurement of "Rice Basmati" & "Rope Sisal". However, due to non-delivery of store, the contracts were cancelled at risk and expense of the

defaulting contractors but the risk and expense amount of Rs.98,335,000/- was not recovered.

(Rs. in million)

S #	DP No.	Name of Unit / Formation	Amount
1	DP-N-215/2018-19	DGP (A) Rawalpindi	95.964
2	DP-N-516/2018-19	DP (N) Rawalpindi	2.371
		Total	**98.335**

The para at Sl No. 2 was discussed by DAC in its meeting held on 27th September, 2019. DAC was apprised that contract was cancelled on firm's risk and expense and CMA (DP) was approached for recovery of the R&E amount from the firm. However, CMA (DP) confirmed that no bill was received from the firm till date and the amount could not be recovered. DAC directed DP (N) to hold a fact finding inquiry and take suitable punitive action against the responsible person. Further, the process for black listing the firm and individual be started by DGDP alongwith filing a suit for damages. Further progress was not intimated till finalization of this report.

The para at Sl. No.1 was included in the agenda of DAC meeting held on 25th November, 2019. However, it was not discussed and pended by DAC. The para was not discussed by DAC till finalization of this report.

Audit recommends early implementation of DAC directives in case of Draft Para at Sl No.2 and recovery of RE amount in case of Sl No.1 besides adoption of remedial measures to avoid such lapses in future.

3.8.3 Overpayment to contractor on account of Taxes – Rs.38.159 Million

As per rule 6(a) of Financial Regulations (Vol I) 1986, "every officer should exercise the same vigilance in respect of expenditure from Government revenue as a person of ordinary prudence would exercise in respect of expenditure of his own money". Moreover, as per rule 6(d) of above regulations, "Government revenues shall not be utilized for the benefit of a particular person or section of community".

A) During audit of the accounts of DGP (A), Rawalpindi it was noted that contract agreement No.13-939-00 dated 5th June, 2017 valuing Rs.60,840,000/- was concluded with M/s Pan Islamic for purchase of "painting booth" Qty 50 @ Rs.1,040,000/- per booth. On scrutiny of contract, it was observed that GST (17%) and Income Tax (6%) was included in per unit cost as evident from cost break down provided by the firm vide letter No.75/DGP(A)/ P-13/9994 dated 20th May, 2017 which was not allowed under relevant provisions of Tax Laws. Further, 17% GST amounting to Rs.8,840,000/- was again added in the contract which resulted into double / overpayment to the contractor for Rs.11,960,000/- (8,840,000 + 3,120,000).

The irregularity was pointed out by audit in April, 2018. The executive replied that GST and Income Tax observed was not justified as breakdown mentioned in the letter also clearly indicated that price was without GST and Income Tax. The reply was not justified as taxes were included in unit price by the firm.

The para regarding Income Tax was discussed by DAC in its meetings held on 23rd October, 2019. DAC directed DGP (A) to recover the amount of Income Tax from firm within 03 months. Whereas, the para regarding GST was discussed in DAC meeting dated 25th November, 2019. DAC directed the management to club all draft paras of

PAN Islamic of this contract and to place the matter to DAC in its next meeting. Further progress was not intimated till finalization of this report.

B) Similarly, five contracts valuing Rs.650.400 million were concluded with M/s Shirazi Trading Company and M/s Acumen Tech for repair maintenance of Electro Medical Equipments and Digital Radiography Systems in different CMHs. During scrutiny of these contracts it was observed that 8% withholding Tax amounting to Rs.26,199,000/- was included in contract value as evident from cost break down and clause 10 of contracts which was not allowed under Income Tax Ordinance.

The irregularity was pointed out by Audit in August, 2018. The executives replied that page 2 of the contract clearly showed the price, Provincial sales Tax and Federal withholding Tax separately in order to facilitate CMA (DP) for deduction at the time of payment of Quarterly installments to firm. These were not included in the price. The reply was not agreed as withholding Tax was included in contract value.

The para was discussed by DAC in its meetings held on 23rd October, 2019. DAC deferred the para for 15 days with the direction to DGP (A) to submit revised reply by obtaining further clarification in the case and reconcile the amount with Audit. Further progress was not intimated till finalization of this report.

Audit recommends immediate recovery of the overpaid amount on account of Income Tax and Sales Tax in both cases besides adoption of remedial measures to avoid such lapses in future.

DP-N-350, 410 & 533/2018-19

3.8.4 Overpayment to contractor due to non-deduction of income tax - Rs. 4.371 Million

As per section 153(1)(a) of Income Tax Ordinance 2001, "Income Tax @ 4.5% is required to be deducted while making payment to supplier".

During audit of accounts of DP (Air), Chaklala, it was noted that Contract Agreement No. 459224/P-45 dated 25th May 2016 valuing Rs.97,138,634/- was concluded with M/S Askari Enterprises, Rawalpindi for purchase of "Anti-Ballistic Helmets". During scrutiny of contract, it was observed that 100% payment was released to the firm but Income Tax was not deducted which resulted into overpayment to firm for Rs.4,371,238/- (97,138,634 x 4.5%).

The irregularity was pointed out by Audit in October, 2018. The executive replied that deduction of Income Tax was responsibility of CMA. Therefore, CMA would be instructed to recover the amount before release of Bank Guarantee. The executive admitted the overpayment.

The para was on the agenda of DAC meeting held on 24th October, 2019. However, due to shortage of time, DAC pended the para till next meeting. The Ministry was requested vide DGADS letter dated 7th November, 2019 for convening of DAC meeting. However, no further DAC meeting was held to discuss the Audit para till finalization of this report.

Audit recommends recovery of the overpayment besides adoption of remedial measures to avoid such lapses in future.

DP-N-574/2018-19

3.9 Loss to State – Rs.1,874.961 Million & SEK 50.00 Million

3.9.1 Non-delivery of store and cancellation of contract at risk and expense of the firm - Rs.918.969 Million

As per clause 23 of Contract Agreement No.07-1035-5-00 dated 27th June, 2013, "should the supplier fails to deliver the store or any consignment thereof within the period prescribed then on the expiry the purchaser shall be entitled to cancel the contract or to purchase elsewhere store not delivered at Risk and Expense of the supplier".

During audit of accounts of DGP (A), Rawalpindi it was noted that contract agreement No.07-1035-5-00 dated 27th June, 2013 valuing Rs.1,288,516,400/- was concluded with M/S SUPARCO Karachi for purchase of Bullet Proof Jackets qty 24,290 with delivery of store up to 26th June, 2014. However, it was observed from record that Despite lapse of five years, the firm provided only 7,145 Jackets as evident from Inspection Note dated 3rd November, 2017. Remaining quantity 17,145 valuing Rs.918,968,820/- was still lying outstanding. Due to failure of firm, contract was required to be cancelled at risk and expense of the defaulting firm, which was not done and undue favor was extended to the firm.

The irregularity was pointed out by Audit in August, 2018. The executive replied that the firm has tendered 760 x BPJs to inspection authorities for testing / approval vide letter dated 18th December, 2017, out of which 260 x PBJs were accepted by inspection authorities and balance Qty-500 would be received soon. In case of late deliveries, LD was deducted from the firm's bills by CMA (DP) Rawalpindi. Cancellation of contract at risk and expense of the firm would lead to hike in prices and required long time for recovery of RE amount from defaulted firm. The reply was not justified as store was required on emergent basis but not

delivered even after lapse of five years, which was an obvious favor to the firm.

The para was discussed by DAC in its meeting held on 23rd October, 2019. The executive informed that the firm could supply only 8,625 Jackets out of 24,290. All out, efforts were being made to complete the contract. DAC deferred the para till confirmation of complete delivery of stores and its verification by Audit. DAC further directed to impose LD charges for late delivery of stores. Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives besides adoption of remedial measures to avoid such lapses in future.

DP-N-418/2018-19

3.9.2 Non-delivery of stores - Rs.849.218 Million

As per para 17 of DP-35 (Revised) November, 2001 "the 'time' for and the date of delivery of the stores as stipulated in the contract shall be taken as the essence of the contract. All deliveries must be completed within the dates specified in the contract. Should the supplier fail to deliver the stores or any consignment thereof within the stipulated period or any extension thereof, the Purchaser shall be entitled at his option to either:

(1) Cancel the contract, and

(2) To purchase elsewhere stores not delivered, at the risk and expense of the Supplier and without notice to him, OR

(3) To recover liquidated damages at the rate of up to 2% but not less than 1 % of the value of un-supplied quantity of the item(s) per month or a part of a month for the period exceeding the original delivery period, subject to the provision that the total liquidated damages will not exceed 10% of the total value of the un-delivered stores.

During audit of accounts of COD, Rawalpindi it was noted that 11 contracts valuing Rs.849,218,000/- were concluded by DGP(A) / DGMP / HQ Civil Work Organization, but the suppliers failed to supply complete store in nine contracts. However, in two contracts few quantity could only be supplied despite the fact that the delivery period were expired between 2007 to 2016. It was observed that no action was taken against the suppliers for long outstanding delivery of store and non-finalization of contracts.

The irregularity was pointed out by Audit in September 2018. The executives replied that COD Rawalpindi was neither an indenter nor a purchaser. All formalities regarding processing / execution of contract exclusively falls in the ambit of procuring agencies and depot was solely responsible for issue / receipt of contracted stores. The reply was not justified, the matter of non-delivery of contracted store since long needs to be resolved.

The para was discussed by DAC in its meeting held on 5th July, 2019. DAC was informed that the contracts were awarded by the DGP(A) and action against contractor can only be taken by the contract accepting officer. DAC directed that the para may be shifted to DGP(A) for reply. Accordingly, the matter was reported to Ministry of Defence Production on 31st October, 2019. Further progress was not intimated till finalization of this report.

Audit recommends holding of an inquiry to investigate the reasons for delay in finalization of contracts and adoption of remedial measures to avoid such lapses in future.

DP-N-357/2018-19

3.9.3 Non-conclusion of offset[28] agreement with firm - SEK 50.00 Million

As per para 1.2 of Defence Offset Policy issued vide MoDP U.O No.3/5/DP-4/2014 dated 23rd October, 2014, "as per aforesaid policy, all foreign, whether state owned / private / semi Government / Defence Conglomerates / Group of companies / consortia's etc. entering into a contract with Ministry of Defence Production for supply of Defence goods and services for the Armed forces of Pakistan shall be mandated / obliged to sign, execute and implement an "Offset Contract", as and when the supply contract(s) exceeds the prescribed limit as stipulated in the said policy". Further, as per para 2 of Financial Regulations (Vol II) 1986, "all transactions to which any officer of Government in his official capacity is a party, shall, without any reservation, be brought to account and all money received by or tendered to Government officer which are due to, or are required to be deposited with Government shall, without undue delay".

During audit of the accounts of DGDP, Rawalpindi it was noted that Contract No.1366/288/DGDP/PC-5 dated 15th May, 2017 and Contract No.1366/289/DGDP/PC-5 dated 27th November, 2017 were concluded with M/S SAAB, Sweden for procurement of "SAAB 2000 Aircrafts". In the light of Defence offset policy, the firm offered an offset having value of SEK 25,000,000/- in each contract for Education City. However, it was observed that no offset agreement was signed by DGDP with the firm. Audit was of the view that offset agreements against above mentioned contracts were required to be signed and amount so received be credited into Federal Government Treasury.

The irregularity was pointed out in December, 2018. However, no reply was furnished by the executive.

[28] Offset contract is the contract signed between the contractor and DP Organizations as a sequel to the procurement agreements which determines the terms and conditions regarding the realization of contractor's offset obligations. For further details please see Defence Offset Policy issued by Ministry of Defence Production vide u.o No.3/5/DP-4/2014 dated 23rd October, 2014.

The para was reported to Ministry of Defence Production on 15th July, 2019. It was requested vide DGADS letters dated 30th July, 21st August, 18th September, 26th September and 7th November, 2019 for convening of DAC meeting. However, DAC meeting could not be held till finalization of this report.

Audit recommends for early conclusion of offset agreement besides determination of responsibility for the omission and adoption of remedial measures to avoid such lapses in future.

DP-N-770/2018-19

3.9.4 Loss to state due to non-cancellation of contracts at risk and expense of the Firm - Rs.43.049 Million

As per clause 23 of Contracts, "should the supplier fail to deliver the store or any consignment thereof within period prescribed then, on the expiry the purchaser shall be entitled to cancel the contract or to purchase elsewhere store not delivered, at Risk and Expense of the supplier".

During audit of accounts of DGP(A), Rawalpindi it was noted that certain contracts for purchase of Tent Modified were concluded in 2012-13. However, it was observed by audit that despite lapse of five years the firms failed to complete the delivery of store but the contracts were not cancelled at the risk and expense of the firms. Further, the contracted items were procured through other contracts during 2016-17 at much higher rates from other firms which caused extra burden on the national exchequer. Thus, due to non-cancellation of contract at R&E of defaulting firms and procurement of stores at higher rates through other contracts, the public exchequer sustained a loss amounting to Rs.43,049,470/-.

The irregularity was pointed out by Audit in August, 2018. The executive replied that firms was given maximum chance/opportunity to honor the contractual obligations. However, on non-compliance from firm, DGP(A) approached indentor for allotment of funds to cancel the contracts on R&E. Reply of indentor was still awaited. As and when reply will received the contract will be cancelled on Firm's RE and BGs of the firm will be forfeited. Reply was not acceptable as Performance BGs were required to be forfeited and contract should be cancelled at the risk and expense of the firm.

The para was included in the agenda of DAC meeting held on 25th November, 2019. However, it was not discussed and pended by DAC. The para was not discussed by DAC till finalization of this report.

Audit recommends for holding an inquiry to fix responsibility for non-cancellation of contracts at R&E of the firms and non-encashment of BGs besides adoption of remedial measure to avoid such lapses in future.

DP-N-396/2018-19

3.9.5 Loss to state due to re-tendering of stores - Rs. 36.591 Million

As per rule 6(a) of Financial Regulations (Vol I) 1986, "every officer should exercise the same vigilance in respect of expenditure incurred from Government revenue as a person of ordinary prudence would exercise in respect of the expenditure of his own money". Further, as per rule 47(e) of Financial Regulations (VoI I) 1986, "most careful supervision over expenditure is to be exercised and on no account money shall be spent simply because it is available".

During audit of DGP(A), Rawalpindi it was observed that tenders were called for purchase of "Heavy duty Rack with Pallet Support (F/3/PFC-2005)" on emergent tendering basis with opening date of 8th May, 2017. Tenders were opened and M/S ISS Engineering Services came

lowest with the rate of Rs.25,914/-.Instead of awarding contract to the lowest bidder, requirement was re-tendered on the grounds that firm had withdrawn its offer due to increased quantity by the indenter. On re-tendering, M/S Store and Space Engineering was awarded the contract No-7-1176-1-02 dated 2nd June, 2017 for a Qty of 2,574 @ Rs.37,860/- which proved that re-tendering was not correct as M/S ISS Engineering Services had quoted for a Qty of 3,600 @ Rs.25,914/- which was more than the contracted quantity of 2,574. Therefore, re-tendering of item was not justified and caused loss to state amounting to Rs.36,591,314/- (Rs.37,860-25,914= Rs.11,946 x 2,574 =Rs.30,749,004/- +5,842,311(GST 19%).

The irregularity was pointed out by audit in April, 2018. The executive replied that tender No. 07-1175-1-00 for procurement of "Heavy Duty Rack with Pallet Support" was opened on 8th May, 2017. M/s ISS was first lowest. After opening of commercial offer, indenter increased the quantity to which the firm did not agreed to accept. The reply was not agreed, as firm had already quoted less rate for the contracted quantity.

The para was included in the agenda of DAC meeting held on 25th November, 2019. However, it was not discussed and pended by DAC. The para was not discussed by DAC till finalization of this report.

Audit recommends holding of an inquiry to fix responsibility for the loss caused to state besides regularization of the loss and adoption of remedial measures to avoid such lapses in future.

DP-N-331/2018-19

3.9.6 Loss to state due to undue benefit to supplier after closure of contract - Rs. 27.134 Million

As per para 9 (Chapter 10) of Defence Purchase Procedure and Instructions, 2017, the authority for waving off LD will be the next

waving off authority i.e. not the one who had imposed LD. Further, as per para 12 of above instructions, appeal can be made to Secretary (DP) by the firm within twelve months of imposition of LD / RE against the firm.

During audit of accounts of Tank Manufacturing Factory, Taxila, it was noted that Contract No. 150/RT-3107/2014-15/55/RHA/Trojans/CP/TM/Proc dated 8thMay, 2015 &No. 163/RT-3108/2014-15/55/RHA/Trojans/CP/TM/Proc dated 2nd June, 2015 were concluded with M/S Trojans, Islamabad for supply of "RHA Plates" at a cost of Rs.150,320,000/- & Rs.81,596,350/- respectively with delivery period up to 2nd June, 2016. However, due to late delivery of the store LD charges amounting to Rs.27,134,215/- were deducted from bills of the firm. Later on the case was furnished to the Chairman HIT Board for extension in DP up to 13th February, 2017 and it was approved with imposition of 2% LD charges, which were later on waived off by Chairman HIT on the appeal made by the firm and refunded in violation of above rules.

The irregularity was pointed out by Audit in August, 2018.The executive replied that responsibility of imposing / re-imbursement of LD charges remains with M&P Directorate of HITB. The reply was not agreed because LD charges were waived off in violation of rules.

The para was discussed by DAC in its meeting held on 27th September, 2019. DAC observed that HIT Board was not competent to consider the appeal case of the firm. DAC deferred the para and directed HIT Board to process the case in accordance with prescribed procedure of DPPI 35 and place the case before the Joint Appeal Committee (JAC). Further progress was not intimated till finalization of this report.

Audit recommends early implementation of DAC directives and recovery of the amount besides initiation of disciplinary action against the responsible(s).

DP-N-573/2018-19

Annexure-I

MefDAC Paras (DGADS North) 2018-19 and 2019-20

Pakistan Army

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
1	218	2018-19	GE (A) Nowshera	Unjustified payment of RAR for the work not actually carried out at site by the contractor	18.160
2	219	2018-19	HQ Signal Centre & Records Kohat	Award of dhobi and barber contracts without open and competitive bidding	67.735
3	220	2018-19	GE (A) Maintenance-II Rawalpindi	Overpayment to contractor due to calculation error	0.872
4	221	2018-19	CMH Peshawar	Loss to state due to non-deduction of cost of three elements	6.635
5	223	2018-19	GE (A) Murree	Incurring of irregular expenditure on store not taken on charge arranged by the contractor	6.281
6	224	2018-19	GE (Services) Okara	Un-authorized payment made to contractor before scrutiny of contract from CMA	14.683

7	227	2018-19	CMHPeshawar	Un-authorized local purchase of electro medical equipment	74.104
8	232	2018-19	HQ 111 Bde Rawalpindi	Loss to state due to non-recovery of house rent allowance	2.930
9	243	2018-19	GE (A) Services Mangla	Un-justified payment to contractor without actual completion of work	3.954
10	245	2018-19	GE (A-II) Okara	Un-authorized conclusion of contracts	13.675
11	249	2018-19	HQrs 2 Corps Multan	Violation of public procurement rules	2.130
12	253	2018-19	Military Farm Gujranwala	Un-authorized advance payment to contractor	1.440
13	254	2018-19	GE (A) – II Rawalpindi	Un-authorized conversion of squash court into living accommodation	1.050
14	255	2018-19	GE (Svcs) Sialkot	Un-authorized advance payment of electricity bills to WAPDA	77.820
15	256	2018-19	GE (Svcs) Sialkot	Un-justified advance payment to contractor without actual completion of work	2.959

16	259	2018-19	G.E (A) Services Rawalpindi	Un-authorized expenditure for procurement of 275 KVA generator set	5.985
17	260	2018-19	GE (A) Kohat	Undue financial benefit to contractor by releasing payment without execution of works	20.986
18	261	2018-19	GE (A) Jhelum	Loss due to non-recovery of rent of shops	1.680
19	263	2018-19	GE (Svcs) Sialkot	Un-authorized conclusion and execution of contract without performance bond	1.086
20	265	2018-19	Base Supply Depot Rawalpindi	Non-production of auditable record for scrutiny	
21	271	2018-19	GE (A) Nowshera	Un-justified payment for a work not actually executed,	2.977
22	275	2018-19	174 Engr Bn Okara	Un-authorized procurement out of defence fund without observing public procurement rules	10.500
23	280	2018-19	GE (A) Peshawar	Un-authorized payment of deviation order after completion of construction	2.578
24	281	2018-19	GE (A) Multan	Overpayment to contractor	1.538

25	282	2018-19	Military Farm Kharian Cantt	Un-authorized advance payment to contractor without actual completion of work	10.566
26	283	2018-19	Remount Depot Mona	Over payment to contractor for an item not provided in drawing	1.872
27	285	2018-19	POL Depot Lahore	Non provision of lab reports to audit regarding receipt of POL	410.700
28	290	2018-19	304 Spares Depot Khanewal	Un-authorized conclusion of contracts	2.524
29	291	2018-19	4 Corps (Def Coy) Lahore Cantt	Un-authorized conclusion of contract	11.500
30	292	2018-19	GE(A) Constructi on Kakul	Overpayment due to calculation mistake	2.496
31	293	2018-19	GE (A) Tarbela	Un-authorized sanction of abnormal repair works	21.539
32	304	2018-19	GE (A) Nowshera	Un-authorized commencement of major works and allotment of funds	43.632

33	307	2018-19	GE (A) Construction Kakul	Excess payment due to provision of expensive specification through DO in GC block	10.357
34	311	2018-19	GE (Construction-I) Rawalpindi	Extra / avoidable expenditure due to provision of glazed tiles in "D" type residential flats	9.485
35	313	2018-19	PMA Kakul	Un-authorized payment of messing allowance	2.588
36	317	2018-19	Military Farm Lahore	Un-authorized payment made to contractor for construction of milking parlor	15.890
37	322	2018-19	701 Pak Works Section Muzzaffarabad	Unjustified payment to contractor without execution of work	3.251
38	323	2018-19	COD Rawalpindi	Non-production of auditable documents	
39	324	2018-19	GE (A)-II Bahawalpur	Non recovery of liquidated damages from contractor	3.747
40	329	2018-19	G.E (A) PMA Kakul	Unjustified payment to contractor through RAR	159.855

41	332	2018-19	GE(A-I), Sialkot	Double payment to contractor for plinth raising of 128 SM barracks	1.400
42	333	2018-19	GE(A-II) Okara	Un-authorized expenditure on abnormal repairs	118.625
43	335	2018-19	AK Centre Mansar Camp	Un-authorized expenditure on account of ration allowance due to holding of excess recruits than authorized strength	9.319
44	336	2018-19	GE (A) Services Lahore	Loss to state due to allotment of accommodation to non entitled officers	3.556
45	338	2018-19	AGE (A) Banu	Un-justified advance payment to the contractor	4.968
46	346	2018-19	GE (A)-II Sialkot	Over payment to contractor due to excess quantity of marble patti shown in BQ	0.997
47	349	2018-19	GE(A) Construction Kakul	Overpayment due to incorrect application of rate	20.474
48	359	2018-19	GE(A) GHQ Rawalpindi	Un-authorized sanctioning of work beyond financial powers	25.817

49	360	2018-19	GE Construction-I Rawalpindi	Avoidable extra expenditure due to provision of richer specification	3.485
50	362	2018-19	Remount Depot Sargodha	Overpayment to contractor due to wrong specifications	2.392
51	363	2018-19	GE(A) Construction Kakul	Un-authorized issuance of steel in excess of requirement	1.307
52	365	2018-19	Army School of Music (ASM) Abbottabad	Irregular expenditure due to excess holding of mechanical transport vehicles	1.028
53	366	2018-19	CMH Rawalpindi	Loss to state due to non-acceptance of the lowest bid	3.940
54	369	2018-19	GE(A) GHQ Rawalpindi	Un-authorized splitting of work to avoid Government sanction	9.798
55	371	2018-19	GE (A) Nowshera	Un-authorized payment to contractor for an item of work	3.368

56	372	2018-19	School of Military Intelligence Murree	Un-authorized expenditure due to utilization of special ATG for other than specified purpose	7.000
57	377	2018-19	Military College of Signals Rawalpindi	Irregular local purchase of miscellaneous items for foreign trainees	5.000
58	383	2018-19	GE(A) Const-I Rawalpindi	Overpayment to contractor due to wrong application of rates	2.593
59	385	2018-19	GE (A) PMA Kakul	Irregular sanctioning of expenditure under para-17 and non regularization of expenditure	368.314
60	389	2018-19	School of Military Intelligence Murree	irregular expenditure without observing public procurement rules	22.150
61	392	2018-19	JLA Shinkiari	Un-authorized opening of tenders before response time limit	3.000
62	397	2018-19	GE (A) Kohat	Non-recovery of outstanding rent and allied charges	1.446
63	404	2018-19	Military College of Signals Rawalpindi	Irregular award of contracts to dhobi and barber contractors without open competitive bidding	2.881

64	409	2018-19	GE (A) Kohat	Irregular splitting of financial powers	56.458
65	411	2018-19	JLA Shinkiari,	Irregular expenditure beyond the financial powers	3.700
66	412	2018-19	Military Farm Multan	Less deposit of income from agriculture into Government treasury	6.590
67	419	2018-19	AK Centre Mansar	Irregular award of contracts to dhobi and barber contractors without open competitive bidding	27.060
68	421	2018-19	POL Depot Khanewal	Non fulfillment of contractual obligations	11.810
69	422	2018-19	District Remount Officer Sahiwal	Overpayment to contractor due to wrong application of rate for an item not provided in drawing	1.037
70	425	2018-19	AK Centre Mansar	Un-authorized expenditure on account of pay & allowances to officers/JCOs/soldiers and civilians	80.228
71	426	2018-19	DRO Sahiwal	Non-recovery of cost of bricks retrieved from demolition	1.897
72	429	2018-19	BSD Multan	Un-authorized local purchase of store	4.240
73	432	2018-19	DRO Sahiwal	Un-authorized expenditure made without sanction of work	2.303
74	434	2018-19	Hand Upper Limb Surgery (HULS) Lahore	Non production of auditable documents	

75	436	2018-19	GE (A) Services Rawalpindi	Un-authorized advance payment of electric bills to IESCO	636.900
76	437	2018-19	BSD Multan	Un-authorized local purchase of store in piecemeal	. 7.38
77	440	2018-19	Military Intelligence Murree	Irregular expenditure by issuance of sanctions in piecemeal	3.600
78	441	2018-19	HQ Coy ASC Centre Nowshera	un-authorized expenditures on pay & allowances due to holding of NCES without authorization	4.140
79	443	2018-19	CMH Abbottabad	Un-justified purchase of medical stores without advertisement on public procurement regulatory authority website	2.470
80	445	2018-19	G.E-Army (Services) Kharian	Non recovery of rent and allied charges	1.812
81	447	2018-19	Military Dairy Factory Okara	Non-recovery of liquidated damages	1.350
82	452	2018-19	JLA Shinkiari,	Un-authorized procurement of security jammers for vehicles	3.250
83	454	2018-19	GE (A)-II Lahore	Overpayment due to an item of work not required at site	1.079

84	455	2018-19	School of Military Intelligence Murree	Un-authorized expenditure on account of repair / maint of foreign trainees accommodation	17.000
85	457	2018-19	Ordnance Depot Nowshera	Irregular local purchase of stores beyond financial powers	8.820
86	459	2018-19	Central Ordnance Depot Lahore	Blockade of public money due to un-necessary local purchase of cap knitted khaki	0.999
87	460	2018-19	GE (A) Services Lahore	Un-authorized advance payment to SNGPL on account of sui gas bills	590.653
88	461	2018-19	GE (A) Services Multan	Un-authorized conclusion of contracts in violation of public procurement rules	10.132
89	462	2018-19	CMH Gujranwala	Loss to state due to less-recovery of income tax	1.251
90	464	2018-19	POL Depot Sargodha	Receipt/decanting of MS-90/92 RON and HSD 20/0 pour without lab reports	133.907
91	466	2018-19	CMH Kharian	Un-authorized conclusion of contract with other than lowest bidder	1.330
92	472	2018-19	Military Farm Lahore	Un-authorized expenditure on local purchase of tractor	5.823
93	473	2018-19	Military Farm Multan	Un-authorized conclusion of contract	7.000

94	474	2018-19	HQ Coy ASC Centre Nowsehra	Award of contracts to dhobi / barber contractors without open competitive bidding	3.785
95	475	2018-19	Military Farm Multan	Non finalization of annual trading account for FY	81.560
96	476	2018-19	JLA Shinkiari	Un-due favor to contractor by issuance of supply order before tender closing date	5.000
97	477	2018-19	Military Dairy Factory Okara	Local purchase of fresh milk without sanctions	715.075
98	479	2018-19	GE (A) Hospital Rawalpindi	Un-authorized advance payment made to contractor	27.234
99	481	2018-19	GE (A)-II Okara	Splitting up financial powers	44.731
100	484	2018-19	AGE (A) Chunian	Un-authorized utilization of lapsable funds on account of advance payment to WAPDA	37.300
101	488	2018-19	AGE (A) Khanewal	Un-authorized expenditure on purchase of lightening conductor without Government approval	2.299
102	489	2018-19	AGE(A) Chunian	Un-authorized utilization of lapsable funds on account of advance payment to WAPDA	25.197
103	490	2018-19	SMI Murree	Un-authorized expenditure on running of non custom paid luxurious vehicles	1.120

104	491	2018-19	501 Central workshop Rawalpindi	Un-authorized purchase of stores in piecemeal	7.060
105	495	2018-19	GE (A) Services Lahore	Un-authorized advance payment to WAPDA on account of electricity bills	268.812
106	499	2018-19	GE (A)-II Lahore	Irregular payment to contractor due to richer specifications	3.902
107	501	2018-19	GE (A)-I Okara	Conclusion of contract by violating of public procurement rules	58.398
108	502	2018-19	CTTI Islamabad	Non deduction of income tax	1.425
109	504	2018-19	AGE (A) Bannu	Non-recovery of outstanding allied charges from private consumers	2.379
110	511	2018-19	GE (A) Services Rawalpindi	Unjustified payment to contractor against a work neither required nor actually executed at site	3.520
111	512	2018-19	CMES (SSD) Rawalpindi	Un-authorized construction of parking shed against the sanction of store shed	10.298

112	523	2018-19	GF (A) Services Gujranwala	Un-authorized conclusion of contracts without observing public procurement rules	54.295
113	524	2018-19	GE(Svcs) Sialkot	Un-authorized advance payment to contractor to avoid lapse of funds	3.415
114	534	2018-19	Ammunition Depot Niaz Bag Lahore	Non production of auditable documents	
115	535	2018-19	GE (A) Construction–II Rawalpindi	Un-authorized payment to contractor without actual completion of work / non delivery of store at site	247.500
116	538	2018-19	GE (A) Services Kharian	Un-authorized conclusion of contracts by splitting up project	5.795
117	543	2018-19	GE (Army-II), Rawalpindi	Un-authorized expenditure on provision of distempering in soldier quarters	1.820
118	545	2018-19	CMH Abbottabad	Un-authorized negotiations with firms on quoted rates	14.513
119	546	2018-19	GE Construction-I, Rawalpindi	Un-due favour to contractor	25.783

120	551	2018-19	Military Farm Bengali Lahore	Un-authorized retention / running of tractors	4.192
121	552	2018-19	Military Farm Lahore	Non writing off the loss occurred in handling of milk on expense voucher	1.492
122	554	2018-19	CMH Okara	Un-authorized conclusion of contract for life saving medicines	33.650
123	556	2018-19	CMH Lahore	Non production of auditable documents	
124	557	2018-19	CMH Okara	Un-authorized purchase of electro medical equipments	13.397
125	559	2018-19	Military Farm Bengali Lahore	Non finalization of annual trading account for the financial year 2017-18	5.000
126	561	2018-19	GE (A) Services Lahore	Loss to state due to wrong application of WAPDA tariff	5.132
127	562	2018-19	SSD Bahawalpur	Non charging of PRA (punjab revenue authority) sales tax on hired mechanical transport	4.786
128	565	2018-19	GE (A-II), Rawalpindi	Un-authorized release of final payment without completion of work	20.105
129	576	2018-19	COD Rawalpindi	Mis-procurement of store due to non observance of public procurement rules	549.606
130	582	2018-19	GE Construction-I Rawalpindi	Loss to state due to less recovery from contractor	2.163

131	584	2018-19	GE (A) Hospital Rawalpindi	Over payment to contractor	1.146
132	587	2018-19	Punjab Regimental Centre Mardan	Non-deposit of Government share of commercial activities	2.836
133	589	2018-19	Military Dairy Factory Renala	Un-authorized expenditure on installation of solar system without Government approval	33.970
134	593	2018-19	JLA Shinkiari	Un-due favour to contractor by issuing supply order before tender closing date	2.636
135	599	2018-19	GE (Const-I) Rawalpindi	Un-authorized advance payment to contractors through running account receipt	48.505
136	600	2018-19	GE (A) Hospital Rawalpindi	Un-authorized payment of GST and “further tax” in electricity bills	6.056
137	604	2018-19	GE(A) Hospital Rawalpindi	Un-justified award of contracts on the basis of defence operational necessity and non regularization of expenditure	9.462
138	605	2018-19	GE (A-II) Rawalpindi	Un-authorized sanctioning of work beyond financial powers	8.335

139	606	2018-19	GE(A) Hospital Rawalpindi	Un authorized expenditure on construction / repair and maintenance works due to non-observance of public procurement rules	64.326
140	607	2018-19	CMES (SSD Rawalpindi	Un-authorized conclusion of contracts by splitting up the requirement	28.920
141	612	2018-19	Punjab Regimental Centre Mardan	Non deposit of Government share of commercial projects of station HQ market into Government treasury	1.645
142	616	2018-19	GE(A)-II Rawalpindi	Un-authorized release of final bill payment before scrutiny of the contracts from controller of accounts	34.417
143	626	2018-19	501 Central workshop Rawalpindi	Un-authorized purchase of store	3.974
144	629	2018-19	GE (Const-I), Rawalpindi	Un-authorized expenditure on provision and installation of elevators	82.500
145	631	2018-19	ACE (A) Mangla	Un-authorized advance payment to contractor before actual completion of work	8.910
146	632	2018-19	GE (A)-II Bahawalpur	Un-authorized payment to contractors	2.122

147	638	2018-19	GE(A)-I Bahawalpur	Un–due benefit to contractors	1.952
148	639	2018-19	GE (A)-I Bahawalpur	Overpayment to contractor	3.309
149	640	2018-19	GE (A)-II Bahawalpur	Un-authorized payment to contractors	1.031
150	641	2018-19	GE (Services), Bahawalpur	Non-recovery of BTS tower/ antenna fee from cellular companies	1.056
151	643	2018-19	MF Sargodha	Un-authorized retention / running of tractors	2.178
152	644	2018-19	304 Spares Depot EME Khanewal	Non observance of public procurement rules	1.345
153	645	2018-19	CMH Bahawalpur	Non-recovery of benevolent fund	1.028
154	646	2018-19	CMH Sialkot	Un-authorized advance payment to	1.980
155	648	2018-19	Military Farm Sargodha	Un-authorized conclusion of contract regarding loose white bhoosa	5.372
156	649	2018-19	GE (A)-I Bahawalpur	Un-authorized payment to contractor	23.531

157	651	2018-19	GE (A)-I Bahawalpur	Overpayment to contractor	1.881
158	654	2018-19	Military Dairy Factory Renala	Un-authorized local purchase of fresh milk	980.685
159	655	2018-19	C.M.H Sialkot	Un-authorized conclusion of contract of life saving medicines	34.425
160	670	2018-19	GE (A) Hospital Rawalpindi	Un-authorized sanction of expenditure in piecemeal	61.898
161	675	2018-19	COD Rawalpindi	Issuance of advance CRV and inspection note to extend undue favour to contractor	97.196
162	684	2018-19	CMH Bahawalpur	In fructuous expenditure on redundant equipment	1.490
163	686	2018-19	Military Farm Sargodha	Un-authorized installation of dairy plant	13.325
164	687	2018-19	CMH Bahawalpur	Un-authorized expenditure in excess of authorization	18.333
165	689	2018-19	GE (A) Services Guranwala	Un-authorized payment of construction works out of Al-Mizan fund	6.633
166	695	2018-19	Station Headquarters Multan	Un-authorized diversion of Government receipts to non public fund	1.065

167	698	2018-19	GE (A) Services Rawalpindi	Non-recovery of electricity charges from inter services organizations	108.064
168	703	2018-19	GE (A) Services Rawalpindi	Non recovery from contractors on account of defective works	10.593
169	707	2018-19	HQ SSG Tarbela	Un-authorized payment of pay & allowances	21.044
170	708	2018-19	Military College Jhelum	Non deposit of outstanding utility charges	2.139
171	712	2018-19	HQ SSG Tarbela	Un-authorized holding of MT vehicles in excess of TO&E	44.996
172	716	2018-19	SSG HQ Tarbela	Un-authorized expenditure out of fixed ATG	1.018
173	718	2018-19	GE (A) Murree	Sanction of work from wrong head of account	23.026
174	720	2018-19	AMC Rawalpindi	Non production of auditable documents	
175	738	2018-19	GE (Services) Rawalpindi	Un-authorized expenditure on abnormal repair	7.042
176	740	2018-19	501 Central Workshop EME Rawalpindi	Un-authorized procurement of spare parts without conclusion of contract agreement	537.051

177	742	2018-19	SSD Bahawalpur	Un-authorized expenditure on purchase of supplies without observing public procurement rules	3.299
178	746	2018-19	Army Medical College, Rawalpindi	Mis-procurement of stores in violation of public procurement rules	2.099
179	759	2018-19	HQ 14 Div Okara	Un-authorized piecemeal sanctions of expenditure out of wrong head	5.102
180	768	2018-19	GE(A) Murree	Non recovery of rent and allied charges from guest rooms	23.478
181	772	2018-19	GE(A) PMA Kakul	Non regularization of expenditure	379.468
182	775	2018-19	AGE (A) Risalpur	Extra avoidable expenditure due to provision of distemper instead of white washing	1.285
183	782	2018-19	Remount Depot Sargodha	Overpayment to contractor	1.476
184	783	2018-19	Remount Depot Sargodha	Un-authorized payment to contractor	1.107
185	784	2018-19	GE(A)Services Okara	Overpayment to contractor due to recording of excavation and earth work pertaining to buildings instead of roads	2.848
186	785	2018-19	608 Regional Workshop EME, Bahawalpur	Un-authorized payment on account of assistance package	2.000

187	786	2018-19	Military Farm, Punjnad Okara	Un-authorized conclusion of capital / major contracts after 15th April	456.253
188	787	2018-19	GE (A-II), Rawalpindi	un-authorized expenditure on provision of weather shield paint to soldier/ORS quarters	5.082
189	789	2018-19	HQr 10 Corps Chaklala	Non-recovery of sales tax on solar panels and accessories	170.000
190	790	2018-19	GE(A) Murree	Non recovery of rent and allied charges from army schools / college	11.015
191	792	2018-19	CMES (A) Rawalpindi	Un-authorized conclusion of contracts on account of abnormal repairs without the sanction of competent authority	48.901
192	793	2018-19	GE(A) Services, Rawalpindi	Un-authorized expenditure on abnormal repair without approval of competent authority	22.018
193	797	2018-19	CASD & EME Rawalpindi	Un-authorized sanction of expenditure beyond financial powers	5.075
194	802	2018-19	GE (A) Services, Rawalpindi	Overpayment to WAPDA due to non-installation of TOU (time of use) meters	222.909
195	804	2018-19	Remount Depot Mona	Un-authorized execution of contract beyond financial powers	29.002

196	805	2018-19	Farm Section, Remount Depot, Mona	Loss to state due to low outturn of barley	1.213
197	806	2018-19	AGE (A) Khanewal	Conclusion of contracts without observing public procurement rules	1.858
198	2	2019-20	708 Comp Workshop Sargodha	Un-authorized issue of clothing items	1.038
199	21	2019-20	DD S & T Log Area Rawalpindi	Un-authorized expenditure in violation of public procurement rules	38.998
200	24	2019-20	AMC, Rawalpindi	Un-authorized retention / transfer of specialist share	8.452
201	28	2019-20	Remount Depot Mona	Un-authorized payment of electricity charges	10.844
202	31	2019-20	BSD, Multan	Un-authorized extra payment made to contractor on repeat order basis	4.940
203	35	2019-20	GE(A) Services Okara	Overpayment to contractor due to recording of asphaltic wearing course instead of asphaltic base course	1.043

204	36	2019-20	GE (A) Services, Okara	Un-authorized payment of Neelam Jhelum surcharge to WAPDA	2.562
205	40	2019-20	Military Farm Punjnad Okara	Un-authorized conclusion of contract	560.710
206	43	2019-20	FSD Skardu	Loss due to non deduction of income tax from contractors	11.277
207	45	2019-20	607 Regional workshop EME Gujranwala	Un-authorized local purchase of store	256.388
208	54	2019-20	GE (A) Kohat	Un-authorized expenditure on solarization of tube well	5.242
209	112	2019-20	CMH Bahawalpur	Un-authorized retention of unclaimed amount of CNE deposits and transfer of interest accrued thereon to hospital amenity fund	1.447
210	124	2019-20	MDF Renala	Non-retention of amount deducted from contractor as security money	12.735
211	125	2019-20	CMH Bahawalpur	Un-authorized transfer out of CNE fund	3.510
212	128	2019-20	GE (A) Sargodha	Un-authorized expenditure on abnormal repair	21.528
213	131	2019-20	AGE (A) Risalpur	Un-authorized advance payment to contractor before commencement of work	9.113

214	132	2019-20	GE (A) Murree	Un-authorized conclusion of contracts in piecemeal	62.417
215	145	2019-20	GE (A) Nowshera	Un-authorized expenditure on abnormal repair work without obtaining Government	23.373
216	146	2019-20	GE (A) Nowshera	Un-authorized expenditure due to provision of weather shield paint instead of authorized cement slurry	1.187
217	149	2019-20	CEME Muzaffara bad	Un-authorized expenditure without approval from competent authority	3.418
218	150	2019-20	GE (A) Murree	Un-authorized expenditure on abnormal repairs without Government sanction	39.481
219	152	2019-20	GE(A) Services Kharian	Un-authorized payment of Neelam Jhelum surcharge to WAPDA	3.13
220	154	2019-20	Military Farm Punjnad Okara	Award of contracts in violation of public procurement rules	11.4
221	156	2019-20	COD Lahore	Un-authorized expenditure on model sheds	22.644
222	157	2019-20	Ammuniti on Depot Niaz Baig Lahore	un-authorized payment to contractor out of A-in-U cash grant	6.37
223	158	2019-20	Military Farm Punjnad Okara	Un-authorized conclusion of contract	11.835

224	159	2019-20	Military Farm Punjnad Okara	Running of military farm in loss	72.038
225	162	2019-20	GE (Services) Bahawalpur	Un-authorized payment to contractor for work not sanctioned	2.314
226	164	2019-20	GE (A) Nowshera	Un-authorized execution of capital works	101.452
227	165	2019-20	Garrision Engineer (A) Services Rawalpindi	Un-authorized payment to contractor rs.9.00 million and non-imposition of sales tax Rs.1.530 million	10.53
228	174	2019-20	GE (A) Services Rawalpindi	Un-authorized advance payment to contractors before actual completion of works	41.244
229	176	2019-20	GE (A) Kakul	Non accountal of stores arranged by the contractor	80.429
230	180	2019-20	GE (A) Jhelum	Un-authorized award of contract without obtaining Government. Sanction	7.746
231	189	2019-20	HQr 10 Corps Chaklala	Procurement of stores in violation of public procurement rules	188.39
232	190	2019-20	AGE (A) Risalpur	Un-authorized expenditure on abnormal repair of work without obtaining Government sanction	9.599

233	194	2019-20	AGE (A) Khanewal	Un-authorized conclusion of contract	3.615
234	197	2019-20	GE (A) Kohat	Un-authorized expenditure on provision of distemper in soldier quarters	1.938
235	198	2019-20	Army School of Logistics Murree	Mis-procurement of stores in violation of public procurement rules	2.473
236	203	2019-20	AGE (A) Khanewal	Un-authorized conclusion of contracts in piecemeal	8.67
237	204	2019-20	CMH Lahore Cantt	Un-authorized payment on account of pay & allowances	3.083
238	206	2019-20	COD Kala Jhelum	Non recovery of cost of brass fired cases from POF Wah	6.036
239	208	2019-20	SSD Bhawalpur Cantt	Un-authorized local purchase of hospital supplies	0.96
240	209	2019-20	Military Farm Punjnad Okara	Conclusion of contract beyond financial powers	5.59
241	213	2019-20	PMA kakul	Loss to state due to purchase of building material at exorbitant rates	5.88
242	216	2019-20	PMA Kakul	Loss to state due to non realization of stamp duty	34.31

243	219	2019-20	HQ 11 Corps Peshawar	Un-authorized expenditure on POL due to holding of vehicles in excess of authorization	9.55
244	226	2019-20	GE (A) Jhelum	Un-authorized expenditure on provision of distemper in soldier quarters	5.523
245	234	2019-20	HQ 11 Corps Peshawar	Loss to state due to less deposit of Government share against commercial projects	7.210
246	235	2019-20	HQ 11 Corps Peshawar	Un-authorized payment of census fund to HQ FC KPK	2.000
247	237	2019-20	PMA Kakul	Un-authorized payment of incentive out of public fund	1.290
248	238	2019-20	AGE(A) Attock	Non-recovery of rent and allied charges from civil consumers and commercial projects	2.210
249	239	2019-20	CEME Muzaffara bad	Mis-procurement of MT spares	56.427
250	241	2019-20	GE (A) Kohat	Over payment to contractors due to less deduction of income tax	5.333
251	242	2019-20	ISPR Rawalpin di	Un-authorized payment to contractors	100.00
252	243	2019-20	CMH Jhelum	Loss to state due to less deposit of share from CNE receipts into Government. Treasury	1.510

253	245	2019-20	GE (A) Construction Kakul	Un-authorized installation of dumb waiter lift without Government sanction	5.195
254	247	2019-20	GE (A) Multan	Over payment to contractor	1.301
255	248	2019-20	GE (A) Services Gujranwala	Un-authorized payment of Neelam Jhelum surcharge to WAPDA	3.489
256	249	2019-20	Military Farm Lahore	Un-authorized handing over of A-1 land to Punjab Government	
257	255	2019-20	CMH Mangla	Un-authorized transfer of profit to private fund	1.312
258	257	2019-20	HQ 11 Corps Peshawar	Loss to state due to non deposit of Government share against aps project	79.872
259	270	2019-20	701 PWS Muzaffarabad	Undue financial favour to contractor through D.O against already executed and paid steel work	6.577
260	275	2019-20	CASD Rawalpindi	Loss to state due to procurement of aviation store at exorbitant rate	1.138
261	287	2019-20	AGE (A) Attock	Un-authorized conclusion of contract without sanction of competent authority	15.244
262	300	2019-20	GE (A) Jhelum	Un-authorized expenditure on construction of vehicles sheds by splitting up sanctions	38.121

263	302	2019-20	GE (A)-I Gujranwala	Un-authorized installation of air conditioners without Government approval	1.720
264	303	2019-20	Military Farm Sialkot	Un-authorized conclusion of contracts	59.600
265	304	2019-20	Military Farm Sialkot	Running of military farm in loss	7.911
266	306	2019-20	ESD, COD Lahore	Non fulfillment of contractual obligations	5.708
267	311	2019-20	Army Medical College Rawalpindi	Mis-procurement of stores	19.010
268	317	2019-20	Military Farm Sialkot	Un-authorized execution of contract beyond financial powers	72.597
269	318	2019-20	603 Base workshop Lahore	Non observance of public procurement rules	4.668
270	332	2019-20	603 Base Workshop Lahore	Non production of auditable documents	41.802
271	334	2019-20	GE Services (A) Peshawar	Un-authorized payment of electricity and sui gas bills	505.561
272	335	2019-20	CMP Centre D.I.Khan	Un-authorized expenditure by splitting expenditure into different sanctions	5.522

273	337	2019-20	502 Central Workshop Rawalpindi	Un-authorized payments of pay & allowances to recruits not authorized in to &e	18.060
274	338	2019-20	GE (A) Jhelum	Doubtful payment to contractor without availability of contract and BQ	5.804
275	339	2019-20	SSD Okara	Un-authorized local purchase of stores	1.110
276	342	2019-20	AGE (A) Attock	Un-authorized expenditure on excess provision of covered area	15.224
277	344	2019-20	ADS&T Muzaffarabad	Loss to state due to non-acceptance of lowest evaluated bid	29.787
278	347	2019-20	Army Medical College Rawalpindi	Un-authorized allotment of special ATG beyond financial powers	8.599
279	348	2019-20	GE (Services) Gujranwala	Un-authorized payment of Neelum Jhelum surcharge to WAPDA	3.766
280	349	2019-20	Military Farm Lahore	Un-authorized acceptance of contracts beyond financial powers	11.170
281	352	2019-20	GE (A) Sargodha	Sanction of expenditure by splitting up financial powers	59.536

282	354	2019-20	District Remount Office (Cattle Breeding Area) Faisalabad	Un-authorized excess consumption of ration item	1.904
283	355	2019-20	JLA Shinkiari	Over payment to contractors due to non deduction of income tax and sales tax	1.118
284	357	2019-20	GE (A) Murree	Un-authorized sanction of abnormal repair works	32.647
285	365	2019-20	CTTI Islamabad	Non approval of utilization of CTTI land by Nutech university	288.000
286	368	2019-20	GE (Cosntn-II) Rawalpindi	Un-authorized expenditure on provision of terrazzo flooring in SM barrack	1.014
287	371	2019-20	Military Farm Punjnad	Un-authorized conclusion of contracts	10.648
288	372	2019-20	GE (A) Multan	Un-authorized expenditure on abnormal repair	17.570
289	373	2019-20	Remount Depot Mona	Un-authorized conclusion of contract and expenditure on construction works	11.138

290	375	2019-20	HQ Engrs 30 Corps Gujranwala	Un-authorized expenditure on defence work	296.950
291	376	2019-20	Military Farm Sialkot	Un-authorized execution of contract for purchase of animal feed beyond financial powers	10.935
292	377	2019-20	53 Cav Regt Bahawalpur	Un-authorized retention and issue of CBT boot	1.323
293	378	2019-20	GE (A) Nowshera	Extra avoidable expenditure due to provision of distemper instead of white washing	1.730
294	385	2019-20	GE (C-II) Rawalpindi	Non imposition of penalty for delayed completion of work	2.344
295	386	2019-20	GE (A-I) Rawalpindi	Un-authorized release of final bill payment before scrutiny of the contracts from controller of accounts	11.005
296	388	2019-20	GE (A) Constn-II Rawalpindi	Undue favour to contractors due to non receipt of bank/insurance guarantee	104.633
297	389	2019-20	GE (A) Construction-II Rawalpindi	Non finalization of contracts	245.679

298	391	2019-20	GE Construction-I Rawalpindi	un-authorized construction of MOQs against the sanction for BOQs	48.408
299	393	2019-20	GE (A) Services Rawalpindi	Un-authorized final payment of contracts before scrutiny from controller of accounts	55.995
300	394	2019-20	GE (A) Construction PMA Kakul	Un-authorized payment to contractor on account of 1st RAR	340.000
301	395	2019-20	Army Medical College Rawalpindi	Un-authorized purchase/installation of different items	3.110
302	396	2019-20	GE (A) Sargodha	Non recovery of sale tax	3.088
303	397	2019-20	GE (A) Construction Lahore	Un-authorized execution of contract	8.059
304	398	2019-20	AGE(A) Attock	Un-authorized conclusion of contracts in violation of public procurement rules	3.399
305	399	2019-20	AGE(A) Attock	Un-authorized expenditure on abnormal repair without approval of Government	6.137
306	400	2019-20	CMH Abbottabad	Un-authorized local purchase of electro medical equipment without obtaining NOC from DGDP	34.084

307	404	2019-20	ADS&T Muzzaffarabad	Mis-procurement due to violation of public procurement rules	346.891
308	405	2019-20	GE (A) Hospital Rawalpindi	Unjustified payment to contractor without shipping documents Rs.18.519 million & non recovery of GST Rs.3.148 million	21.667
309	406	2019-20	ISPR Rawalpindi	Un-authorized expenditure due to non transparent award of contracts for printing of monthly magzine "Hilal"	95.852
310	409	2019-20	GE (A) Const. Rawalpindi	Un-authorized expenditure out of defence budget instead of QMG fund	127.804
311	410	2019-20	AMC Rawalpindi	Un-authorized expenditure out of training grant	20.000
Total					14,427.521

Pakistan Air Force

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
312	240	2018-19	GE (Air) Noor Khan	Less recovery of income tax on repairs / maintenance works contracts	3.140

313	247	2018-19	PAF Base Mushaf	Un-authorized receipt of allied charges from the airmen and taken on cash book	25.226
314	252	2018-19	AGE(Air) PAF Base Multan	Un-authorized expenditure on purchase of furniture	8.140
315	257	2018-19	PAF Base M.M Alam Mianwali	Non provision of auditable documents	-
316	267	2018-19	AGE (Air) Murid	Un-authorized expenditure on purchase of non-scheduled furniture items	6.388
317	268	2018-19	PAF Base Mushaf	un-authorized payment of SMA to JCOs/airmen	8.789
318	272	2018-19	PAF Base Lahore	Un-authorized payment of DMA/SMA to P.A.F warrant officers/airmen & civilians	4.580
319	299	2018-19	PAF Base MM Alam Mianwali	un-authorized payment of SMA to officers/JCOs/airmen	3.337
320	301	2018-19	PAF Hospital Islamabad	Irregular release of advance payment to suppliers against issuance of fake installation certificates	7.590
321	314	2018-19	GE (Air) Project Islamabad	Less recovery of income tax	1.035

322	318	2018-19	PAF Hospital Islamabad	Un-authorized expenditure due to holding of surplus officers / staff	83.100
323	325	2018-19	PAF Base Rafiqui	un-authorized payment of SMA to officers/JCOs/airmen	6.429
324	327	2018-19	PAF Base Mushaf	Non provision of auditable documents	-
325	330	2018-19	GE (Air) Project Islamabad	Un-authorized construction of married officers quarters against the sanction of bachelor officers quarters	44.028
326	347	2018-19	PAF Base Lahore	Irregular payment of pay and allowances to uniform personnel working with fazaia project	10.155
327	353	2018-19	GE (Air) Risalpur	Loss to state due to non recovery of rent from commercial entities	7.125
328	354	2018-19	PAF Base Kalabagh	Irregular purchase of sports goods	2.860
329	356	2018-19	AGE (Air) PAF Base Kalabagh	Un-authorized sanctioning of expenditure under para-17 of DSR for MES	12.498
330	367	2018-19	PAF Base Rafiqui Shorkot	Non provision of auditable documents	-

331	368	2018-19	PAF Base Mushaf	Loss due to writing off POL losses at higher percentage	39.476
332	384	2018-19	PAF base MM Alam Mianwali	Irregular receipt of allied charges from the airmen and taken on cash book	10.555
333	403	2018-19	Central Accounts Office PAF Peshawar	Un-authorized refund of withholding tax to PAF officers	5.629
334	427	2018-19	PAF hospital Mianwali	Irregular local purchase of NIV (not in vocabulary) items	4.213
335	428	2018-19	PAF Base Sakesar	Irregular recovery of allied charges from the airmen and taken on cash book	2.129
336	433	2018-19	PAF Base Lahore	Un-authorized consumption of POL and payment of pay and allowances to drivers working with fazaia project	2.344
337	442	2018-19	PAF Base Lahore	Un-authorized consumption of POL & payment of pay and allowances to drivers working with AFOHS	2.168
338	444	2018-19	GE (Air) Project Islamabad	Un-authorized provision of plastic emulsion paint	1.525
339	448	2018-19	GE (Air), M.M.Alam Minawali	Un-authorized expenditure on purchase of special furniture	6.982

340	449	2018-19	PAF Base Lahore	Non provision of auditable documents	-
341	450	2018-19	GE (Air) Project Islamabad	Overpayment to contractor due to accounting of excess quantity	2.444
342	456	2018-19	GE (Air) Rafiqui Shorkot	Un-authorized expenditure on purchase of furniture	10.595
343	468	2018-19	GE (Air) Rafiqui Shorkot	Un-authorized advance payments to contractors without actual completion of work	104.752
344	470	2018-19	PAF Base Sakesar	Non provision of auditable documents	-
345	485	2018-19	PAF Hospital Islamabad	Un-authorized procurement of stores and blockage of public money due to non-installation / commissioning of equipment	37.948
346	500	2018-19	G.E. (Air) Lahore	Un-authorized payment for installation of perimeter light without Government sanction	7.946
347	503	2018-19	G.E (Air), M.M. Alam Mianwali	Un-authorized commencement of major works and irregular conclusion of contract	27.563
348	510	2018-19	103 Air Logistics Centre PAF Chaklala	Un-authorized expenditure due to spending of funds other than the purpose for which allocated	18.000

349	515	2018-19	GE (Air), M.M Alam Mianwali	Un-authorized expenditure on purchase of special furniture	1.333
350	522	2018-19	P.A.F Base Lahore	Un-authorized expenditure on sports grounds	22.488
351	529	2018-19	AGE (Air) Risalewal a	Non-observance of public procurement rules	33.610
352	530	2018-19	103 ALC Chaklala	Non replacement of faulty store by the contractors -	US$ 1.456 Euro 0.848
353	537	2018-19	G.E. (Air) Lahore	Un-authorized expenditure on construction of BOQs beyond specifications	20.193
354	555	2018-19	GE (Air) Mushaf Sargodha	Un-authorized purchase of furniture without necessity	9.565
355	560	2018-19	110 ALD PAF Base Lahore	Un-authorized local purchase of store	1.785
356	568	2018-19	103 ALC Chaklala	Un-authorized payment of overtime allowance	108.978
357	575	2018-19	PAF Academy Asghar Khan Risalpur	Un-authorized payment of special messing allowance/daily messing allowance to airmen and officers	9.334

358	588	2018-19	GE (Air) M.M Alam Mianwali	Loss due to authorization of free electricity	13.950
359	590	2018-19	GE (Air) Lahore Cantt	Un-authorized expenditure on purchase of furniture	2.183
360	592	2018-19	GE (Air) Lahore Cantt	Un-authorized payment of electricity against meter installed at golf club	1.911
361	614	2018-19	AHQ Peshawar	Un-authorized conclusion of contract with private courier company	1.449
362	615	2018-19	AHQ Peshawar	Un-authorized retention of vehicles in excess of authorization	10.033
363	617	2018-19	Air Headquarters (Unit) Peshawar	Non production of auditable documents	
364	618	2018-19	CMES (Air) Islamabad	Non regularization of works executed under para-17 of DSR	25.333
365	621	2018-19	AHQ Peshawar	Procurement of imported stores through local purchase and without NOC from DG MP	10.417
366	622	2018-19	GE (Air) Kohat	Un-authorized sanction of expenditure in piecemeal	23.116

367	625	2018-19	GE (Air) Kohat	Un-authorized expenditure under para 17	132.095
368	627	2018-19	DW & CE (Air) Chaklala	Un-authorized expenditure on civil works from irrelevant head of account	75.646
369	633	2018-19	AGE(Air) Sakesar	Un-authorized conclusion of contract beyond financial powers	6.348
370	634	2018-19	AGE(Air) Sakesar	Un-authorized purchase of FON gas	3.908
371	635	2018-19	A.G.E. (Air), Risalewal a	Un-authorized conclusion of contract	11.600
372	636	2018-19	GE (Air) Lahore	Irregular payment of rehabilitation works out of heads other than abnormal repair	34.590
373	637	2018-19	GE (Air) Mushaf Sargodha	Un-authorized usage of bungalows / MOQs as guest rooms without re-re-appropriation	3.494
374	650	2018-19	PAF Base Rafiqui Shorkot	Loss to state due to non implementation of P.S.T on HMT contracts	38.799
375	652	2018-19	A.G.E. (Air), Risalewal a Faisalabad	Mis-procurement due to violation of public procurement rules	45.407

376	653	2018-19	AGE.(Air) ,Risalewal a Faisalabad	Mis-procurement due to violation of public procurement rules	2.100
377	666	2018-19	Air Headquart ers, Peshawar	Irregular payments of conservancy charges without pre/ post audit of agreements / payments	8.331
378	667	2018-19	Air Headquart ers, Peshawar	Un-authorized conclusion of conservancy contracts without observance of legal provisions	6.335
379	669	2018-19	AGE (Air), Murid	Un-authorized execution of work without Government sanction	6.992
380	683	2018-19	AGE (Air) Multan	Un-authorized advance payment to contractors	54.931
381	691	2018-19	PAF Base Rafiqui Shorkot	Un-authorized receipt of allied charges from the airmen and taken on cash book	20.812
382	693	2018-19	AGE (Air) PAF Base Multan	Un-authorized issuance of store	8.485
383	705	2018-19	GE (Air) PAF Minhas Kamra	Un-authorized conclusion of contract for non scheduled items of furniture	14.310
384	706	2018-19	GE (Air) Minhas	Undue favour to contractor due to excess payment for an item of work	1.363

385	728	2018-19	GE (Air), Rafiqui Shorkot	Non-recovery of tower fee from cellular companies	1.114
386	735	2018-19	CMES (PAF) Islamabad	Un-authorized sanction of abnormal repair work in piecemeal	9.587
387	741	2018-19	GE (Air) AHQ Peshawar	Un-authorized expenditure due to award of contracts by splitting up financial powers	3.853
388	745	2018-19	GE (Air) AHQ Peshawar	Non regularization of expenditure incurred under para-17 of DSR	44.701
389	763	2018-19	GE (Air) Kohat	Non- recovery of rent of shops	5.760
390	765	2018-19	GE (Air) Minhas Kamra	Un authorized expenditure for an item of work	1.184
391	766	2018-19	GE (Air) PAF Base Nur Khan	Un-authorized expenditure on account of abnormal repairs	69.486
392	769	2018-19	GE (Air) Nur Khan Chaklala	Un due favour to contractor	2.405
393	791	2018-19	AHQ, Peshawar	Irregular cash deposit in public fund account	5.070

394	799	2018-19	GE (Air) Nur Khan Chaklala	Un-authorized payment of electricity consumption charges out of public fund against a private housing scheme	123.833
395	4	2019-20	PAF Base Rafiqui Shorkot	Un-authorized conclusion of contract beyond financial powers	242.496
396	5	2019-20	PAF Hospital Mushaf Sargodha	Un-authorized conclusion of contract for purchase of life saving medicines	121.218
397	6	2019-20	PAF Base Mushaf, Sargodha	Un-authorized payment of SMA/ DMA to airmen and officers	9.600
398	13	2019-20	GE (Air), Rafiqui Shorkot	Un-authorized expenditure on purchase of furniture	6.065
399	14	2019-20	GE (Air), Mushaf Sargodha	Un-authorized expenditure on purchase of furniture without observing public procurement rules	3.083
400	22	2019-20	AHQ, Peshawar	Un-authorized deployment of PAF vehicles to non entitled civil officers	4.032
401	37	2019-20	GE (Air) Rafiqui, Shorkot	Loss to state due to payment of sui gas bill of PAF officers colony	34.029
402	38	2019-20	GE (Air), PAF Base Mushaf, Sargodha	Un-authorized expenditure on purchase of non scheduled furniture items	18.382

403	39	2019-20	GE(Air) Rafiqui Shorkot	Less withholding of GST from non filer	1.385
404	46	2019-20	GE(Air) Rafiqui Shorkot	loss to state due to payment of sui gas bill of domestic camp	23.879
405	47	2019-20	110 ALD PAF Base, Lahore	Un-authorized local purchase of stores at exorbitant rate	2.152
406	127	2019-20	PAF Base Sakesar	Un-authorized payment of SMA to JCOs / airmen and civilians	2.007
407	136	2019-20	110 ALD PAF Base Lahore	Un-authorized local purchase of stores	1.508
408	137	2019-20	AGE (Air) Sakesar	Un-authorized conclusion of contracts violating public procurement rules	20.789
409	161	2019-20	GE (Air) MM Alam Mianwali	Un-authorized advance payment made to WAPDA	28.524
410	195	2019-20	PAF Hospital Islamabad	Un-authorized posting of LDCs to a non-public institution viz fizaia medical college (FMC), Islamabad	2.392
411	196	2019-20	103 ALC Chaklala	Un-authorized expenditure on purchase of material handling equipment	12.533

412	222	2019-20	GE (Air) Kohat	Over payment to contractors due to less deduction of income tax	1.71
413	224	2019-20	GE (Air) Nur Khan Chaklala	Un-authorized expenditure on account of consumption of electricity in excess of free authorization	30.09
414	244	2019-20	AGE (Air) PAF Base Kalabagh	Un-authorized construction of MOQs at non-family station	10.600
415	254	2019-20	PAF Information & Selection Center Peshawar	Non-deposit of receipt into Government Treasury	7.00
416	258	2019-20	GE (Air) Minhas Kamra	Undue payment to contractor for an un-authorized item of work	1.164
417	260	2019-20	AGE (Air) Kalabagh	Un-authorized expenditure against a building used as "guest room" – Rs 11.522 million and non-recovery of rent of guest rooms – Rs 13.32million	24.842
418	274	2019-20	GE (Air) Minhas Kamra	Loss to state due to avoidable extra expenditure/ richer specification for an item of work	1.564
419	289	2019-20	GE (Air) Kohat	Un-authorized expenditure on provision of 1st class soft wood	2.398

420	305	2019-20	110 ALD PAF Base Lahore	Un-authorized procurement of split air conditioners	3.043
421	340	2019-20	PAF Base Mushaf Sargodha	Un-authorized receipt of allied charges from airmen and taken on cash book	26.609
422	341	2019-20	CMES (Air) Islamabad	Un-authorized conclusion of contract	25.332
423	351	2019-20	PAF Base MM Alam Mianwali	Non-approval of loss statement	
424	370	2019-20	PAF Hospital Islamabad	Un-authorized payment to civilian faculty salary from hospital amenity fund / CNE account	22.975
425	380	2019-20	PAF Base Mushaf Sargodha	Non provision of auditable documents	
426	381	2019-20	110 ALD PAF Base Lahore	Overpayment to contractor	2.058
427	382	2019-20	GE (Air) PAF Base Minhas Kamra	Undue favour to contractor due to excess payment for an item of work	3.097
428	383	2019-20	PAF Information & Selection Centre	Un-authorized payment of pay and allowances without pre-audits	32.413

			Peshawar		
429	392	2019-20	GE (Air) AHQ Peshawar	Un-authorized release of advance payment to contractor to avoid lapse of funds	13.808
430	412	2019-20	PAF Base Lahore	Un-authorized consumption of POL against fazaia housing scheme	0.828
Total					2300.511 US$ 1.456 Euro 0.848

Pakistan Navy

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
431	209	2018-19	GE (N) Lahore	Un-authorized expenditure on purchase of non-schedule furniture.	6.860
432	212	2018-19	GE (N) Lahore Cantt	Undue benefit to contractor due to payment made before actual completion of work	9.028

433	239	2018-19	PNS Hafeez Islamabad	Loss to state exchequer due to acceptance and non replacement of defective store	9.413 US $ 0.0968
434	248	2018-19	GE (N) Maintenance Islamabad	Non recovery of rent and allied charges from Naval personnel	2.279
435	276	2018-19	GE (N) Maintenance Islamabad	Un-authorized conclusion of contracts in piecemeal	4.463
436	378	2018-19	PNS Zafar Islamabad	Un-authorized retention of cash assignment in cash from within unit	321.500
437	405	2018-19	Sports Directorate, Navy Islamabad	Irregular appointment / hiring of services of games coaches	3.558
438	406	2018-19	GE (N) Construction Islamabad	Irregular splitting of project to avoid sanction of higher authority	9.290
439	497	2018-19	HQ DW&CE (N) Islamabad	Un-authorized conclusion of contract for special work without Government sanction, Rs.5.288 million and in fructuous expenditure of Rs.5.9 million	11.188

440	509	2018-19	DW&CE (N) Islamabad	Undue favour to contractor due to amendment in bill of quantities of contract	5.454
441	526	2018-19	PNS Zafar Islamabad	Un-authorized payment of daily messing allowance (DMA)	48.977
442	591	2018-19	GE (N) Walton Lahore	Over payment to contractor	0.933
443	803	2018-19	GE (N) Walton, Lahore	Un-authorized advance payment to WAPDA on account of electricity bills	35.000
444	138	2019-20	GE (N) Lahore	Loss to state due to excess consumption of electricity than free authorization	20.138
445	155	2019-20	GE Navy Lahore	Un-authorized payment to contractor	1.007
446	346	2019-20	PNS Zafar Islamabad	Un-authorized utilization of lapsable public funds in next financial year	9.083

Total	498.171 US$ 0.097

ML&C Deptt

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
447	207	2018-19	Cantt Board Chaklala	Loss to cantt fund due to non-recovery of premium and development charges for Un-authorized use of residential property as commercial –	3252.952
448	228	2018-19	Cantt Board Mangla	Loss to cantt fund due to non-realization of conservancy charges	16.328
449	235	2018-19	Cantt Board Mangla	Non recovery of dues on account of shared sites of BTS towers	29.500
450	238	2018-19	Cantt Board Mangla	Loss to cantt fund due to non-realization of rent of cantt board shops occupied by military authorities	2.498
451	264	2018-19	Cantt Board Lahore Cantt	Non-depositing of amount of interest accrued on M.N.A's grant into Government. Treasury	1.914
452	273	2018-19	Cantt Board Mardan	Loss to cantonment fund due to non acceptance of highest bid against shops	10.500

453	310	2018-19	Cantt Board Peshawar	Non recovery of composition fee from pearl continental hotel	48.571
454	358	2018-19	Cantt Board Murree	Loss to state due to non deposit of sale proceeds into Government treasury	7.640
455	482	2018-19	Cantt Board Wah	Non-recovery of outstanding cantt dues	36.120
456	498	2018-19	Cantt Board Chaklala	Loss to cantt fund due to non imposition of composition charges	1.122
457	505	2018-19	Cantt Board Risalpur	Loss to cantt fund due to non-recovery of BTS tower/ antenna fee from cellular companies	3.922
458	513	2018-19	Cantt Board Risalpur	Loss to cantonment fund due to non receipt of conservancy charges from military authorities	7.889
459	521	2018-19	Cantt Board Jhelum	Loss to cantt fund due to less recovery of rent from army public school	3.721
460	527	2018-19	Cantt Board Wah	Loss to cantt fund due to encroachment of cantt board lands	1268.280
461	563	2018-19	Cantt Board Wah	Non-receipt of compensation due to non-renewal of lease agreement of tenancy rights of petrol pump-cum-service station with POF welfare	6.256

				trust	
462	566	2018-19	Cantt Board Wah	Non realization of pension share from other cantonment boards	15.135
463	570	2018-19	Cantt Board Wah	Un-authorized / illegal establishment of housing scheme in the cantonment area and non-regularization thereof	
464	578	2018-19	Cantt Board Wah	Non recovery of loan	12.875
465	580	2018-19	Cantt Board Wah	Illegal encroachment of Government land	138.574
466	594	2018-19	Cantt Board Risalpur	Non recovery of parking fee from auction	1.261
467	601	2018-19	Cantt Board Wah	Non-depositing of half salary and pension contribution of CEO into Government treasury	2.227
468	602	2018-19	Cantt Board Wah	Un-authorized subletting of petrol pump and service station	5.062
469	603	2018-19	Cantt Board Wah	Non-receipt of compensation due to non-renewal of lease agreement of tenancy rights of CNG filling station with POF welfare trust	2.316

470	609	2018-19	Cantt Board Wah	Un-authorized change of purpose due to use of residential property as commercial	25.690
471	659	2018-19	Cantt Board D.I.Khan	Loss to cantt fund due to non-realization of conservancy charges from local military authorities	21.425
472	663	2018-19	Cantt Board Abbottabad	Un-authorized procurement of services without observing public procurement rules	4.636
473	664	2018-19	Cantt Board Wah	Non-recovery of premium and development charges due to Un-authorized use of residential property for commercial purposes	11.025
474	700	2018-19	Cantt Board Rawalpindi	Non recovery of composition fee	2.858
475	709	2018-19	Cantt Board Peshawar	Non recovery of dues on account of shared sites of BTS towers	1.920
476	719	2018-19	Cantt Board Jhelum	Loss to cantt fund due to non-realization of arrears of conservancy charges	32.512
477	721	2018-19	Cantt Board Jhelum	Missing of term deposit receipt from the record of cantonment board	4.000

478	724	2018-19	Cantt Board Sargodha	Loss to cantt fund due to catering of duplicate	1.017
479	725	2018-19	Cantt Board Sargodha	Un-authorized advance payment	32.857
480	727	2018-19	Cantt Board Sargodha	Non recovery of income tax from contractor	2.482
481	737	2018-19	Cantt Board Jhelum	Non accountal of profits on investments (sewerage system) (account no.788-5	0.829
482	743	2018-19	Cantt Board Rawalpindi	Non recovery of cantt board dues	2.562
483	747	2018-19	Cantt Board Jhelum	Non-accountal / entry of profit in overhead water tank account no.787-6	1.154
484	748	2018-19	Cantt Board Jhelum	Non-accountal / entry of profit in development charges account (main cantt.)-	2.559
485	750	2018-19	Cantt Board Sargodha	Non recovery of composition fee and conversion charges of niazi hospital club road	4.806

486	751	2018-19	Cantt Board Sargodha	Non-recovery of conversion charges in respect of readers college	9.064
487	752	2018-19	Cantt Board Sargodha	Un-authorized construction & non-recovery of conversion charges in respect of superior college	25.382
488	753	2018-19	Cantt Board Sargodha	Loss to cantt fund due to Un-authorized construction & non-recovery of conversion charges of ombudsman building Punjab	8.701
489	754	2018-19	Cantt Board Sargodha	Loss to cantt fund due to Un-authorized use of residential building as harvard school	4.992
490	755	2018-19	Cantt Board Sargodha	Non-recovery of outstanding streamers charges	1.746
491	757	2018-19	Cantt Board Multan	Non-recovery of fee from cable operators	2.875
492	760	2018-19	Cantt Board Sargodha	Less recovery of rent from shops of cantonment board markets	8.820
493	761	2018-19	Cantt Board Sargodha	Loss to cantt fund due to Un-authorized use of residential property into commercial building namely Lahore shoes	12.544

494	773	2018-19	Cantt Board Wah	Non recovery of premium, development charges and ground rent on conversion of residential buildings for commercial purposes	4.875
495	778	2018-19	Cantt Board Rawalpindi	Un-authorized construction of marriage hall resulting into loss to cantt fund	19.275
496	780	2018-19	Cantt Board kharian	Loss to cantt fund due to less recovery of hoarding charges	2.438
497	796	2018-19	Cantt Board Rawalpindi	Non-recovery of composition fee	7.129
498	1	2019-20	Cantt Board Sialkot	Non-recovery of rent of cantt bungalows in occupation of army authorities	2.808
499	7	2019-20	Cantt. Board Peshawar	Loss to cantonment fund due to Un-authorized construction without approval of building plan	3.351
500	8	2019-20	Cantt. Board Rawalpindi	Non recovery of commercialization charges	1.079
501	9	2019-20	Cantt. Board Rawalpindi	Un-authorized construction of plaza resulting loss to cantt fund	5.112

502	10	2019-20	Cantt. Board Rawalpindi	Non-recovery of less parking fee	3.267
503	11	2019-20	Cantt. Board Rawalpindi	Less assessment of property tax resulting loss to cantt Fund	9.204
504	19	2019-20	Cantt. Board Sialkot	Less deposit of income tax with income tax department	1.289
505	23	2019-20	Cantt Board Sialkot	Non recovery of surcharge from the contractor of general bus stand	6.763
506	25	2019-20	Cantt Board Multan	Un-authorized charging of extra tax and further tax in electricity bills	5.133
507	29	2019-20	Cantt Board Multan	Un-authorized payment out of original work head instead of maintenance works	1.196
508	30	2019-20	Cantt Board Sialkot	Non accountal / non credit of antenna fee of Zong BTS sites into cantt fund	15.460
509	32	2019-20	Cantt Board Sialkot	Non recovery of electricity charges from the contractor of general bus stand	2.392

510	34	2019-20	Cantt Board Multan	Non recovery of arrears of conservancy charges from army authority	17.162
511	48	2019-20	Cantt Board Wah	Loss to cantt fund due to un-authorized encroachment of agricultural land	35.979
512	51	2019-20	Cantt Board Rawalpindi	Loss to cantt fund due to non recovery of rent of cantt fund buildings	18.713
513	52	2019-20	Cantt Board Rawalpindi	Loss to cantt fund due to non-finalization of assessment for recovery of property tax of a commercial plaza	348.872
514	55	2019-20	Cantt Board Peshawar	Non surrender of unspent balance of grant in aid,	42.499
515	56	2019-20	Cantt Board Peshawar	Loss to cantonment fund due to less application of cost of land	86.678
516	57	2019-20	Cantt Board Peshawar	Loss to cantonment fund due to less assessment of a commercial concern	2.121
517	58	2019-20	Cantt Board Peshawar	Non-recovery of premium against auction of commercial plaza	3.331

518	59	2019-20	Cantt Board Peshawar	In fructuous expenditure on procurement of Hino Dutro trucks and Millat agricultural tractors	23.247
519	61	2019-20	Cantt Board Peshawar	Less assessment due to submission of fake lease agreement	3.938
520	62	2019-20	Cantt Board Peshawar	Loss to cantonment fund due to non assessment of a commercial concern	1.299
521	63	2019-20	Cantt Board Okara	Less recovery of cantonment dues from the contractor for holding of cattle mandi	8.029
522	64	2019-20	Cantt Board Peshawar	Loss to cantonment fund – non recovery of tip tax	59.808
523	65	2019-20	Cantt Board Jhelum	Less recovery of rent for un-authorized commercial use of residential property	18.577
524	68	2019-20	Cantt Board Sialkot	Non adjustment of conservancy services expenditure with army authorities	6.137
525	69	2019-20	Cantt Board Sialkot	Non-deposit of BTS tower fee	1.440

526	70	2019-20	Cantt Board Sialkot	Un-authorized continuation of services of lady teachers	5.728
527	71	2019-20	Cantt Board Walton Lahore	Non-recovery of rent and cost of cantonment institute of military land administration CIMLA building	240.346
528	72	2019-20	Cantt Board Walton Lahore	Non recovery of property tax from rising sun institute	31.390
529	73	2019-20	Cantt Board Walton Lahore	Un-authorized conversion of land without approval of the competent authority	67.760
530	74	2019-20	Cantt Board Lahore	Non-surrendering of M.N.A grant	49.766
531	75	2019-20	Cantt Board Walton Lahore	Un-authorized retention of grant in aid after lapse of financial year	30.000
532	76	2019-20	Cantt Board Walton Lahore	Un-authorized payment to mangla cantt	5.000
533	77	2019-20	Cantt Board Walton Lahore	Un-authorized purchase of vehicles	8.900

534	78	2019-20	Cantt Board Walton Lahore	Loss to cantt fund due to nonpayment of electricity bills by the contractor	10.016
535	79	2019-20	Cantt Board Walton Lahore	Un-authorized appointment of staff for schools & colleges	1.672
536	81	2019-20	Cantt Board Walton Lahore	Un-authorized purchase of medical equipments	4.233
537	82	2019-20	Cantt Board Walton Lahore	Un-authorized encroachment of Government	8.247
538	83	2019-20	Cantt Board Walton Lahore	Un-authorized grant of remission to commercial plaza	12.119
539	84	2019-20	Cantt Board Walton Lahore	Loss to cantonment fund due to non revision of annual rental value	54.00
540	85	2019-20	Cantt Board Walton Lahore	Non-recovery of conversion charges from packages mall	556.684
541	86	2019-20	Cantt Board Walton Lahore	Non adjustment on account of overbilling from LESCO	2.831

542	87	2019-20	Cantt Board Walton Lahore	Undue benefit to army authorities on account of conservancy agreement	16.386
543	88	2019-20	Cantt Board Walton Lahore	Non-recovery of electricity bills of L.E.D screens	63.462
544	89	2019-20	Cantt Board Walton Lahore	Non-recovery of tip tax	25.389
545	90	2019-20	Cantt Board Walton Lahore	Avoidable extra expenditure due to integration of expensive system	8.400
546	91	2019-20	Cantt Board Walton Lahore	Irregular approval of commercial building plan (block-F)	1.650
547	92	2019-20	Cantt Board Walton Lahore	Overpayment to contractor due to excess quantity	2.800
548	93	2019-20	Cantt Board Peshawar	Loss to cantonment fund due to less assessment of a commercial concern	2.835
549	94	2019-20	Cantt Board Peshawar	Loss to cantonment fund due to Un-authorized allotment of cantonment quarters to DML&C and MEO staff	2.056

550	95	2019-20	Cantt Board Mardan	Loss to cantonment fund due to mis-management	22.335
551	97	2019-20	Cantt Board Bahawalpur	Loss to state due to non implementation of Punjab sales tax on cattle mandi contract	22.000
552	99	2019-20	Cantt Board Bahawalpur	Loss to cantt fund due to conclusion of conservancy contract at lesser rates	17.904
553	100	2019-20	Cantt Board Bahawalpur	Un-authorized expenditure	48.477
554	102	2019-20	Cantt Board Multan	Loss to cantt fund due to less recovery of GST share from provincial Government	16.384
555	103	2019-20	Cantt Board Walton Lahore	Un-authorized payment of electricity charges to WAPDA	20.818
556	104	2019-20	Cantt Board Walton Lahore	Non-adaptation of proper procedure and investment on lesser rates	1355.000
557	105	2019-20	Cantt Board Walton Lahore	Loss due to non recovery of income tax	1.401

558	106	2019-20	Cantt Board Walton Lahore	Loss due to non-recovery of tip tax	2.373
559	107	2019-20	Cantt Board Walton Lahore	Loss due to less-recovery of tip tax	1.614
560	108	2019-20	Cantt Board Walton Lahore	Un-authorized transfer of public money without sanction of the competent authority for medical & dental college	300.000
561	109	2019-20	Cantt Board Walton Lahore	Loss due to less-recovery of tip tax	17.386
562	110	2019-20	Cantt Board Rafiqui, Shorkot	Un-authorized payment of soil investigation/ topographic digital survey and design charges	2.853
563	111	2019-20	Cantt Board Rafiqui, Shorkot	Un-authorized conclusion of contract	139.815
564	113	2019-20	Cantt Board Peshawar	Un-justified payment for provision of sand cushion under concrete	0.605
565	114	2019-20	Cantt Board Peshawar	(i) non recovery of ground rent, Rs.0.331 Million, (ii) transfer of land without Government approval, non finalization of disputed area, Rs.173.679 Million, and non recovery of balance amount of Rs.1,867.266 Million	2041.276

566	115	2019-20	Cantt Board Peshawar	Un-authorized payment of health allowance	3.682
567	118	2019-20	Cantt Board Mardan	Less recovery of income tax	2.923
568	119	2019-20	Cantt Board Mardan	Un-authorized establishment of old grant premium account	12.110
569	122	2019-20	Cantt Board Multan	Loss to cantonment fund due to non-compliance of Government orders	12.914
570	123	2019-20	Cantt Board Multan	Un-authorized / excess expenditure on establishment	122.000
571	129	2019-20	Cantt Board Okara	Loss to cantt fund due to unauthorized award of Re-bate	59.371
572	135	2019-20	Cantt Board Gujranwala	Un-authorized allotment of “C” land for Fiqha e Jafaria mosque	2.406
573	139	2019-20	Cantt Board Multan	Un-authorized investment of funds	103.743

574	140	2019-20	Cantt Board Gujranwala	Loss to cantt fund due to sanction of mutation as residential properties without recovery of conversion charges and TIP tax	4.690
575	143	2019-20	Cantt Board Gujranwala	Un-authorized sanction of mutation as commercial property without recovery of conversion charges	24.314
576	144	2019-20	Cantt Board Sialkot	Undue benefit to U.Fone cellular company by less recovery of antenna fee	10.989
577	153	2019-20	Cantt Board Gujranwala	Loss to cantt fund due to mismanagement in selling of collection rights for cattle mandi	20
578	166	2019-20	Cantt Board Rawalpindi	Construction of commercial building without approval of building plan resulting loss to cantt. Fund	5.786
579	175	2019-20	Military Estate Office Lahore Cantt	Un-authorized transfer of land	408.976
580	187	2019-20	Cantt Board Mardan	Loss to cantonment fund due to un-authorized reduction in monthly rent and non-refundable security	5.606
581	202	2019-20	MEO Peshawar	Non-recovery of premium due to un-authorized use of residential property as commercial	336.248

582	220	2019-20	Cantt Board Mardan	Loss to cantonment fund due to unjustified favour to Askari bank	10.360
583	228	2019-20	MEO Abbottabad	Un-authorized utilization of public money for other projects without Government approval	23.404
584	229	2019-20	MEO Abbottabad	Un-authorized retention of Government funds out of Government treasury	12.703
585	232	2019-20	MEO Abbottabad	Non mutation of land in favor of defence department	3047.00
586	233	2019-20	MEO Abbottabad	Un-authorized payment of district council fee in contravention of constitutional provisions	0.654
587	251	2019-20	Cantt Board Mardan	Loss to cantt fund due to less recovery of Government / cantonment dues	7.461
588	261	2019-20	Cantt Board chaklala	Non recovery of rent from BTS tower companies	19.672
589	262	2019-20	Cantt Board chaklala	Loss to cantt fund due to non refund of cantt board chaklala loan	100.000

590	263	2019-20	Cantt Board Chaklala	Un-authorized expenditure on pay & allowances / contingencies without obtaining revised authorization	446.599
591	264	2019-20	Cantt Board Chaklala	Un-authorized expenditure due to payment of medical consultancy without provision in cantt fund	2.400
592	265	2019-20	Cantt Board Chaklala	Non recovery on rent from cantt market / old dispensary	3.511
593	266	2019-20	Cantt Board Chaklala	Loss to cantt fund due to non raising of rent claims and tower fee against BTS tower companies	10.360
594	276	2019-20	Cantt Board Chaklala	Un-authorized change of purpose without regularization and non-deposit of premium	2248.180
595	277	2019-20	Cantt Board Chaklala	Outstanding dues on account of bulk water supply	5.544
596	278	2019-20	Cantt Board Chaklala	Less recovery of tip tax due to application of construction cost other than the prescribed rate	2.844
597	279	2019-20	Cantt Board Chaklala	Non-adjustment of imprest money by college / school management	2.000

598	280	2019-20	Cantt Board Chaklala	Loss to cantt fund due to non realization of 3 / 4th bid amount from successful bidders	86.363
599	281	2019-20	Cantt Board Chaklala	Non recovery of property tax	84.967
600	282	2019-20	Cantt Board Chaklala	Un-authorized expenditure due to employment of staff over and above authorization	24.215
601	283	2019-20	Cantt Board Chaklala	Non provision of sale tax return for Rs.6.497 million and non deduction of 1/5th GST Rs. 1.624 million	8.121
602	284	2019-20	Cantt Board Chaklala	Non imposition of composition fee on un-authorized construction	1.819
603	285	2019-20	Cantt Board Chaklala	Non-recovery of property tax and conservancy charges from commercial concern	70.145
604	286	2019-20	Cantt Board Chaklala	Un-authorized expenditure due to undue payment released on account of security guard of ML&C department	3.216
605	292	2019-20	Cantt Board Abbottabad	Loss to cantt fund due to non recovery of development charges and composition fee against un-authorized commercial construction of “Balcochi Hall”,	9.013

606	293	2019-20	Cantt Board Chaklala	Non-deposit of 50% pay and pension contribution of CEO to the federal Government	1.325
607	294	2019-20	Cantt Board Chaklala	In fructuous expenditure on construction of girls college	15.745
608	295	2019-20	Cantt Board Chaklala	Loss to cantt fund due to non recovery of tower fee charges from BTS tower companies	28.933
609	296	2019-20	Cantt Board Chaklala	Non-recovery of property tax from commercial concerns	8.118
610	297	2019-20	Cantt Board Chaklala	Non-realization of TIP tax on transfer of lease property	1.033
611	298	2019-20	Cantt Board Chaklala	Mis-procurement of conservancy services	44.100
612	312	2019-20	Cantt Board Jhelum	Un-authorized appointment of college lecturers/ school teachers	2.088
613	314	2019-20	Cantt Board Chaklala	Loss to cantt fund due to non-revision of school fee structure of CB public schools	28.743

614	315	2019-20	Cantt Board Chaklala	Un-authorized incurrence of perks and privilege to software team leader on contract basis without approval of competent forum	3.580
615	319	2019-20	Cantt. Board Chaklala	Non-levy of sales tax on taxable supplies	16.068
616	320	2019-20	Cantt. Board Chaklala	Loss to cantt fund due to non recovery of rent and non execution of tenancy agreement with successful bidders	12.571
617	321	2019-20	Cantt. Board Chaklala	Non provision of record on account of fixed deposit investment and premium account	25.843
618	322	2019-20	Cantt. Board Chaklala	Incorrect inclusion of estimated receipts in the budget and final account	209.748
619	323	2019-20	Cantt. Board Chaklala	Un-authorized expenditure on medical college out of cantt fund	3.712
620	324	2019-20	Cantt. Board Chaklala	Non deduction of 30% share maintenance charges of dumping ground from conservancy contractor	0.975
621	325	2019-20	Cantt. Board Chaklala	Un-authorized expenditure out of cantt	2.585

622	326	2019-20	Cantt. Board Chaklala	Loss to cantt fund due to less collection of slaughter house revenue receipts through cantt board staff	22.696
623	327	2019-20	Cantt. Board Chaklala	Non recovery of conservancy charges from army authorities	252.748
624	328	2019-20	Cantt. Board Chaklala	Non realization of hoarding charges and income tax from the advertiser	30.414
625	329	2019-20	Cantt. Board Chaklala	Loss to cantt fund due to non-recovery of hoarding charges	14.210
626	330	2019-20	Cantt. Board Chaklala	Mis- procurement of civil works	238.990
627	331	2019-20	Cantt. Board Chaklala	Non-recovery of property tax from commercial properties	5.286
628	369	2019-20	Cantt Board Peshawar	Un-authorized payment of consultancy charges	0.783
629	414	2019-20	MEO Peshawar	Un-authorized disbursement of compensation to land owners before announcement of award	5.802

630	416	2019-20	MEO Peshawar	Loss to state due to less deposit of Government share	5.191
631	417	2019-20	MEO Peshawar	Non recovery of premium due to Un-authorized use of residential property as commercial	127.437
Total					19,566.664

MAG

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
632	319	2018-19	CMA (PC) Peshawar	Non recovery of income tax from honorarium	1.408
633	420	2018-19	CMA (PC) Peshawar	Irregular payment in cash instead of cheque	2.676
634	467	2018-19	Dy. CAAF Lahore	Un-authorized expenditure on purchase of furniture	3.470
635	487	2018-19	CMA Multan	Non provision of vouchers against expenditure head "pay and allowances (R.W)"	853.566

636	492	2018-19	Dy CAAF Lahore	Excess claim of TA / DA	1.737
637	493	2018-19	Dy. CAAF Lahore	Less deduction of income tax	1.670
638	630	2018-19	CMA (PC) Peshawar	Un-authorized expenditure on procurement of training aids beyond financial power	20.000
639	656	2018-19	CMA (P) Lahore	Incorrect punching of class of voucher IX	5.230
640	690	2018-19	Dy CAAF Lahore	Un-authorized local purchase of medical stores	3.838
641	17	2019-20	MAG office MAG	Un-justified payment of more than one honorarium to specific staff	0.932
642	126	2019-20	CMA (DP) Rawalpindi	Lapse of funds allotted for procurement of computer hardware	4.457
643	177	2019-20	CMA (OP) Rawalpindi	Overpayment of pension	4.536
644	221	2019-20	CMA (GB) Gilgit Baltistan	Unjustified booking of expenditure	5.945

645	273	2019-20	E Section CAAF Peshawar	Irregular payment from wrong head of accounts	42.296
646	345	2019-20	CMA (FWO) Rawalpindi	Un-authorized payment out of imprest account without supporting documents	84.280
647	350	2019-20	CMA (MC) Multan	Un-authorized payment of i.s. Allowance in respect of personnel posted at rear locations	4.217
648	353	2019-20	'M' Section' CMA (LC) Lahore	Less recovery of income tax	2.645
649	374	2019-20	CMA (LC) Lahore	Un-authorized local purchase of stationery by splitting up financial powers	3.237
Total					1046.14

ISO's

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
650	213	2018-19	GE (NDU) Islamabad	Un-justified payment to contractor before completion of work to avoid lapse of funds	48.730
651	234	2018-19	AFIRM Rawalpindi	Un-authorized procurement of stores beyond financial power	8.621
652	246	2018-19	AFIC Rawalpindi	Loss to state due to non-recovery of house rent allowance	1.099
653	250	2018-19	AFIC Rawalpindi	Un-authorized local purchase of spare parts for echo cardiograph machine	2.950
654	294	2018-19	AFIC/ NIHD Rawalpindi	Non-accountal of receipt from bank profit	0.989
655	295	2018-19	AFIC/ NIHD Rawalpindi	Irregular purchase of NIV items without Government approval	3.315

656	309	2018-19	AFPGMI Rawalpindi	Un-authorized purchase of stationery by splitting of financial powers and without healthy competition	4.340
657	315	2018-19	FGEI (C/G) Regional Office Rawalpindi	Non production of auditable documents	
658	321	2018-19	FGEI (C/G) Directorate Rawalpindi	Un-authorized excess expenditure of Rs.4.209 million and non surrender of saving Rs.6.408 million	10.617
659	355	2018-19	F.G Sir Syed College Rawalpindi	Non-production of auditable documents	17.217
660	374	2018-19	AFIC/NIHD Rawalpindi	Local purchase of stents, balloons, devices etc without advertisement on public procurement authority website	1727.928
661	399	2018-19	FG School Mehfooz Road Rawalpindi	Non-depositing of Government receipts into Government treasury	8.672
662	401	2018-19	FGEI (C/G) Directorate Rawalpindi	Non surrendering of releases	135.000
663	407	2018-19	FG School Mehfooz Road Rawalpindi	Un-authorized execution of construction / repair and maintenance work	6.539

664	408	2018-19	AFIC/ NIHD Rawalpindi	Lack of annual procurement planning and without advertisement on public procurement rules's website	1727.928
665	438	2018-19	F.G Sir Syed College Rawalpindi	Un-authorized retention of public money,	14.809
666	439	2018-19	AFIC/ NIHD Rawalpindi	Loss to state exchequer due to non recovery of income tax	42.357
667	471	2018-19	FGEI Rawalpindi	Un-authorized payment of honorarium by FGEI directorate to the employees not on its pay roll	4.979
668	696	2018-19	AFIO Rawalpindi	Un-authorized local purchase of electro medical equipment	27.999
669	701	2018-19	AFIRI Rawalpindi	Un-authorized retention / transfer of specialist share	6.003
670	767	2018-19	AFIC/NIHD, Rawalpindi	Un-authorized retention / transfer of specialist share to hospital amenity fund	32.574
671	776	2018-19	AFIC/NIHD, Rawalpindi	Non imposition of departmental charges	3.697

672	779	2018-19	NDU Islamabad	Non recovery of rent from scholar café & shops	3.480
673	788	2018-19	AFIC/NIHD, Rawalpindi	Un-authorized payment of CNE share to retired medical specialist	5.305
674	801	2018-19	AFIC Rawalpindi	Un-authorized holding of POL beyond the authorization	2.378
675	3	2019-20	AFIC / NIHD, Rawalpindi	Overpayments to suppliers	3.097
676	27	2019-20	JSHQ Chaklala	Un- justified payment on account of air travel of foreign delegation without air tickets	11.322
677	41	2019-20	JSHQ, Chaklala	Unjustified / doubtful expenditure without supporting documents	110.000
678	42	2019-20	JSHQ, Chaklala	Un-authorized expenditure on printing, publication and seminars without observing public procurement rules	117.983
679	49	2019-20	National Defence University Islamabad	Un-authorized purchase of stores beyond financial power	2.631

680	80	2019-20	JSHQ Chaklala	Mis-procurement of stores	1.260
681	116	2019-20	JSHQ Chaklala	Un-justified payment on account of venue/hotel charges	29.595
682	147	2019-20	AFPGMI Rawalpindi	Mis-procurement of services	2.7
683	148	2019-20	AFPGMI Rawalpindi	Mis-procurement of stores	9.86
684	151	2019-20	AFPGMI Rawalpindi	Un-authorized construction of bath rooms without observing public procurement rules rs.2.951 million and overpayment to contractor, rs.1.194 million	4.145
685	163	2019-20	AFPGMI Rawalpindi	Overpayment to contractor due to purchase of air conditioners at higher rates	1.495
686	169	2019-20	JSHQ Chaklala	Un-authorized expenditure on printing and publication of books without obtaining NOC from Pakistan printing press	46.5
687	170	2019-20	JSHQ Chaklala	Loss to state due to un-authorized retention of vehicles beyond authorization	32.875

688	171	2019-20	JSHQ Chaklala	Un-authorized expenditure on seminars printing and publication without observing public procurement rules	141.35
689	181	2019-20	AFIC/ NIHD Rawalpindi	Un-authorized transfer of profit accrued on CNE fund account to private fund	16.135
690	184	2019-20	JSHQ Chaklala	Un-authorized expenditure on POL due to holding of vehicles in excess of authorization	36.893
691	185	2019-20	JSHQ Chaklala	Overpayment to contractors due to non-deduction of income tax	14.056
692	193	2019-20	AFIO Rawalpindi	Un-authorized deduction of security charges from CNE patients	1553
693	199	2019-20	AFPGMI Rawalpindi	Loss to state due to excess consumption of electricity	1.786
694	200	2019-20	NDU Islamabad	Un-authorized credit of accommodation charges into private account	US $ 0.18
695	227	2019-20	FG Postgraduate College for Women Rawalpindi	Un-authorized execution of repair and maintenance works	1.413

696	240	2019-20	FG Postgraduate College for Women Rawalpindi	Un-authorized establishment of student fund and non depositing of collection into Government. Treasury	52.570
697	252	2019-20	AFPGMI Rawalpindi	Un-authorized expenditure in piecemeal for purchase of books	1.000
698	267	2019-20	AFPGMI Rawalpindi	Un-authorized collection and retention of funds from students	9.328
699	268	2019-20	GSO-I Wah	Un-authorized retention of public money & non-production of auditable documents for audit scrutiny	306.410
700	269	2019-20	FGEI (C/G) Regional office Wah Cantt	Less recovery of income tax	1.310
701	271	2019-20	AFIC/NIHD Rawalpindi	Non-production of auditable record requisitioned by audit	99.906
702	288	2019-20	FGEI (C/G) Regional Office Wah Cantt	Un-authorized execution of works	17.100
703	299	2019-20	JSHQ Chaklala	Loss to state due to non-deduction of sales tax	20.057

704	316	2019-20	JSHQ Chaklala	Loss to state due to non-deduction of income tax	11.000
705	333	2019-20	AFIO Rawalpindi	Un-authorized expenditure on purchase of electro medical equipment, Rs. 65.190 million and non recovery of interest, Rs.3.259 million	68.449
706	336	2019-20	AFIC/ NIHD Rawalpindi	Loss to state due to less recovery of income tax from salaried officers	23.987
707	356	2019-20	AFPGMI Rawalpindi	Un-authorized expenditure	50.000
708	359	2019-20	AFID Rawalpindi	Mis-procurement of electro medical equipment	14.200
709	360	2019-20	AFIC/ NIHD Rawalpindi	Un-authorized expenditure on procurement of electro medical equipment through local purchase / DGP(A)	139.000
710	384	2019-20	NDU Islamabad	Un-authorized expenditure on bandwidth charges	3.315
711	418	2019-20	FGEI (C/G) Regional Office Rawalpindi	Overpayment to contractor	1.322

Total	6,804.576 US$ 0.18

MODP

(Rs. In million)

S No.	DP No.	Year	Unit / Formation	Subject	Amount
712	214	2018-19	DP Navy Rawalpindi	Blockade of Government money due to rejection of store US$.1.598 million and non renewal of performance bank guarantee US $ 99,906.	US $ 1.6979
713	216	2018-19	DP (Navy) Rawalpindi	Blockage of Government money due to rejection of stores US$ 2.217 million and non-imposition of liquidated damages US$ 0.111 million	US $ 2.328
714	226	2018-19	GE (DP) Services Taxila	Un-authorized installation of air conditioners in officers mess	0.946
715	233	2018-19	DP (Air) Chaklala	Non conclusion of contract at risk and expense of defaulting firm - Rs.22.972 million and forfeiture of BG Rs.1.963 million	24.935
716	236	2018-19	(ASRF) Heavy Industries Taxila	Non receipt of contracted store within prescribed period inspite of 90% advance payment to proprietor firm and non-imposition of liquidated damages	51.480
717	274	2018-19	GE Maintenance (DP) Taxila	Overpayment to contractor due to acceptance of higher rate against difference in cost of store	4.652

718	277	2018-19	DGP (A) Rawalpindi	Non recovery of interest on release of advance payment to the contractor	32.707
719	284	2018-19	DGP (A) Rawalpindi	Procurement of stores before award of contract	60.840
720	287	2018-19	DGP (A) Rawalpindi	Loss to state due to non award of contracts during validity period of offers of contractor	59.616
721	288	2018-19	DGP (A) Rawalpindi	Non-recovery of cost of short supplied/ defective items from contractor	4.759
722	300	2018-19	M&P Dte, (HIB) Taxila	Non replacement of rejected stores	US $ 0.0234
723	326	2018-19	DGP (A) Rawalpindi	Loss to state due to non cancellation of contract at risk and expense of the defaulted firm	139.351
724	328	2018-19	HIT Board Taxila	Un-due benefit extended to the firm due to non-deduction of liquidated damages	3.006
725	334	2018-19	DGP (A) Rawalpindi	Mis-procurement due to award of contracts for kabli chana without advertisement in newspapers and public procurement rules website	236.791

726	341	2018-19	DGP (A) Rawalpindi	Mis-procurement of stores	37.214
727	348	2018-19	DGP (A) Rawalpindi	Loss to state due to reduction in quantity of contracts	16.754
728	352	2018-19	DGP (A) Rawalpindi	Non recovery of difference in cost of stores from contractors	23.752
729	373	2018-19	DGP (A) Rawalpindi	Un-authorized issuance of CRV and release of payment against substandard generators	13.932
730	375	2018-19	DGP (A) Rawalpindi	Un-authorized expenditure on purchase of vehicle in excess of requirement	170.300 US $ 14.712
731	376	2018-19	DGP (A) Rawalpindi	Loss to state due to non award of contracts to first lowest bidder	8.584
732	381	2018-19	DGP (A) Rawalpindi	Loss to state due to cancellation of contract on reduction demand	1.306
733	387	2018-19	DGDP Rawalpindi	Mis-procurement of services	47.000

734	388	2018-19	M&P Dte, (HIB) Taxila	Loss to state due to procurement of stores on proprietary basis	US $ 0.035
735	391	2018-19	DP (Air) Chaklala	Non recovery/non-replacement of rejected	US $ 0.5497
736	394	2018-19	DGP (A) Rawalpindi	Non recovery of interest on release of advance payment to the contractor	34.182
737	398	2018-19	DP (Air) Chaklala	Non return of loan item by the firm/non recovery of cost of store retained by the contractor	US $ 0.1426
738	400	2018-19	DP (Air) Chaklala	Non recovery/ replacement of rejected	Euro 0.1181
739	414	2018-19	DGP (A) Rawalpindi	Over payment to contractor on account of installation and transportation charges	3.600
740	416	2018-19	DGP (A) Rawalpindi	Loss to state due to non forfeiture of bank guarantee Rs. 0.906 million and non cancellation of contract at risk and expense Rs. 9.07 million	9.976
741	423	2018-19	DP (Air) Chaklala	Non recovery of overpayment from the firm	2.840

742	430	2018-19	DGP (A) Rawalpindi	Loss to state due to non forfeiture of bank guarantee	44.503
743	494	2018-19	DGDP Rawalpindi	Un-authorized inclusion of medical appliances in contract	US $ 1
744	496	2018-19	DP (Air) Chaklala	Non replacement of counterfeited / fake parts by the firm	US $ 0.0498
745	506	2018-19	DP (Air) Chaklala	Un-authorized award of contracts on proprietary basis	44.955 US $ 5.938
746	507	2018-19	DP (Air) Chaklala	Non recovery/ replacement of rejected	US $ 0.156
747	514	2018-19	DP (Air) Chaklala	Mis procurement due to revalidation/ recoupment of stores without observing Government	4225.000
748	519	2018-19	DP (Air) Chaklala	Irregular award of contract on proprietary basis for Rs. 37.524 million and loss to state due to acceptance of higher rates Rs. 3.735 million	41.259
749	520	2018-19	TMF, HIT Taxila	Un-authorized expenditure over & above to budgetary allocation	236.167

750	536	2018-19	DP (Air) Chaklala	Un-authorized payment to contractor for second year warranty	12.417
751	539	2018-19	DGDP Rawalpindi	Un-authorized purchase of staff car	1.391
752	540	2018-19	DP (Air) Chaklala	Un-authorized release of payment to contractor before installation / commissioning of CCTVs	23.562
753	542	2018-19	DP (Air) Chaklala	Non deposit of unspent balance in LCS against rate running contracts into Government treasury Euro 3.387 million and US$ 2.60 million	US$ 2.60 EURO 3.387
754	544	2018-19	DP (Air) Chaklala	Un-authorized release of 100% advance payment in June 2016 and non delivery of store	97.139
755	547	2018-19	DP (Air) Chaklala	Un-authorized release of payment, inspection notes and CRV's before actual receipt of vehicles US$ 2.986 million and Rs. 383.867 million	383.867 US $ 2.986
756	548	2018-19	DP (Air) Chaklala	Non recovery of overdrawn amount from contractor	US $ 0.0767
757	549	2018-19	DP (Air) Chaklala	Non replacement of rejected stores	US $ 0.0589

758	564	2018-19	DGP (A) Rawalpindi	Loss to state due to non cancelation of contracts at risk and expense of the defaulted firm	8.192
759	569	2018-19	Revolving Fund HIT Taxila	Non-deposit of money into Government treasury beyond the prescribed limits of ceiling	4923.485
760	577	2018-19	DGP (A) Rawalpindi	Non replacement of faulty generators	170.280
761	581	2018-19	DGDP Rawalpindi	Un-authorized diversion of public receipt	SEK 25.00
762	586	2018-19	Revolving Fund HIT Taxila	Loss to state due to conclusion of contract at exorbitant rate	8.529
763	595	2018-19	HIB Taxila	Un-authorized conclusion of contract on proprietary basis	US$.0.784
764	596	2018-19	DGDP Rawalpindi	Overpayment to the contractor due to award of contracts at exorbitant rates	US $ 1.173
765	608	2018-19	Tank Manufacturing Factory HIT Taxila	Loss to state due to purchase of stores from china	150.485

766	610	2018-19	Revolving fund HIT Taxila	Un-authorized retention of public money in revolving fund	4446.785
767	611	2018-19	Gun Factory HIT Taxila	Undue benefit to the firm due to non recovery of LD charges	5.250
768	613	2018-19	Gun Factory, HIT Taxila	Undue benefit to the firm due to non-provision of advance bank guarantee	17.668
769	619	2018-19	Revolving fund HIT Taxila	Un-authorized expenditure on provision of permanent advance to factories	20.174
770	620	2018-19	Revolving fund HIT Taxila	Non- deduction of sales tax amounting	15.235
771	624	2018-19	GE (DP) NDU Islamabad	Undue benefit to contractor by releasing payment before completion of work	299.999
772	628	2018-19	DP (Navy) Rawalpindi	Un-authorized purchase of one fire tender during ban period	49.383
773	657	2018-19	DP (Air) Chaklala	Overpayment to contractors due to non deduction of liquidated damages	US$ 3.380 (M) and EURO 0.073 (M)

774	660	2018-19	DP (Navy) Rawalpindi	Un-authorized conclusion of contract	19.492
775	661	2018-19	Gun Factory HIT Taxila	Un-authorized advance payment to a firm in violation of purchase procedures	76.923
776	671	2018-19	Gun Factory HIT Taxila	Un-authorized purchase of store without genuine necessity	5.702
777	672	2018-19	DGDP	Loss to state due to inclusion of charges in the contract for validation and qualification	Euro 2.00
778	673	2018-19	DP (Air) Chaklala	Non recovery / replacement of defective store	29.007
779	674	2018-19	Gun Factory Taxila	Undue benefit to the firm due to excess payment	37.722
780	676	2018-19	DGDP (A) Rawalpindi	Loss to state due to purchase of store at higher rates	SEK 19.74
781	677	2018-19	M&P Dte, (HIB) Taxila	Undue favour to contractor for procurement of stores at higher rates within bid validity period	5.414

782	678	2018-19	Tank Manufacturing Factory HIT Taxila	Blockade of public money due to purchase of stores without emergent requirement	39.365
783	679	2018-19	M&P Dte, (HIB) Taxila	Loss to state due to procurement of stores on propriety basis	1.496
784	680	2018-19	Gun Factory, HIT, Taxila	Loss to state due to short closure of contract and non-conclusion of contract at the risk and expense of defaulting firm	264.303
785	681	2018-19	Heavy Rebuild Factory Taxila	Non-replacement of rejected stores	US$ 0.0224
786	682	2018-19	Gun Factory HIT Taxila	Blockage of public money due to purchase of stores without genuine necessity	8.553
787	697	2018-19	GE (DP) MRF Kamra	Expenditure on abnormal repair works without Government sanction	14.289
788	702	2018-19	M&P Dte, (HIB) Taxila	Loss to state due to exorbitant rates / mis-management	19.980
789	704	2018-19	DGP (A) Rawalpindi	Un-authorized payment to contractor on account of custom duty	6.162

790	710	2018-19	GE (DP) MRF PAC Kamra	Un-authorized advance payment to contractor without actual completion of work	2.558
791	711	2018-19	(ASRF) H.I.T Taxila	Blockage of Government money due to non- utilization of stores	1.176
792	713	2018-19	Gun Factory HIT Taxila	Blockade of public money due to unnecessary purchase of tank gun components	103.360
793	714	2018-19	M&P Dte, (HIB) Taxila	Undue favour to contractor for procurement of stores at higher rates from the same contractor within bid validity period	18.629
794	717	2018-19	DW&CE (DP) Rawalpindi	Overpayment due to accountal of excessive quantities in bill of quantities	2.208
795	722	2018-19	GE (DP) MRF PAC Kamra	Non accountal of stores arranged by the contractors –	7.127
796	723	2018-19	GE (DP) MRF Kamra	Un-authorized payment to IESCO without approval	5.796
797	729	2018-19	Heavy Rebuild Factory (T series), Taxila	Mis-procurement of stores	3.940

798	731	2018-19	DW & CE (DP) Rawalpindi	Mis procurement due to award of contracts in violation of public procurement rules	64.754
799	733	2018-19	DW & CE (DP) Rawalpindi	Non obtaining of performance bank guarantees	32.649
800	749	2018-19	ARF PAC Kamra	Un-authorized purchase of vehicles during ban period	47.847
801	774	2018-19	ARF Kamra	Less recovery of vehicle hire charges,	1.069
802	777	2018-19	DW & CE (DP) Rawalpindi	Mis-procurement due to award of contracts in violation of public procurement rules	256.931
803	798	2018-19	DW&CE (DP) GHQ, Rawalpindi	Non obtaining of extended performance bond	7.781
804	16	2019-20	ARF Kamra	Non surrender of anticipated saving	2.608
805	117	2019-20	DGP (A) Rawalpindi	Non production of auditable documents for audit	

806	130	2019-20	GE (DP) AMF Kamra	Un-authorized payment against stores not brought to material at site	13.785
807	133	2019-20	GE (DP) Maintenance Taxila	Overpayment to WAPDA on account of extra electricity units charged due to wrong calculation	48.504
808	173	2019-20	Revolving Fund of PAC Board Kamra	Loss to state due to non-finalization of commercial projects	1414.532
809	179	2019-20	GE (DP) ARF Kamra	Less deduction of income tax on repair & maintenance work	1.168
810	182	2019-20	PAC Board Kamra	Un-authorized purchase of vehicle during ban period	4.711
811	183	2019-20	DW & CE (DP) Rawalpindi	Un-authorized expenditure due to splitting of work	152.512
812	191	2019-20	GE (DP) construction Taxila	Irregular expenditure due to provision of imported gentry cranes instead of indigenous and splitting of measure to avoid sanction of higher authority	51.739
813	201	2019-20	GE(DP) MRF Kamra	Un-authorized payment for an item of work neither required nor provided at site	2.911

814	217	2019-20	GE (Maint) DP Taxila	Un-authorized advance payment to contractor	10.50
815	218	2019-20	GE (DP) MRF Kamra	Loss due to non accounting of material retrieved from demolition	1.44
816	223	2019-20	PAC Board Kamra	Non delivery of store and non-cancellation of contract at risk and expense of supplier	USD 0.127
817	256	2019-20	M&P Dte, (HIB) Taxila	Avoidable extra expenditure due to excess procurement of stores	26.057
818	259	2019-20	GE (Maint) DP Taxila	Overpayment to contractor due to amendment of excess area not required	4.684
819	309	2019-20	DGP (A) Rawalpindi	Un-authorized conclusion of contract for imported vehicles and release of CRVs before actual receipt of stores	360.750
820	310	2019-20	GE (DP) Maintenance Taxila	Un-authorized expenditure through PLS without sanction	0.873
821	343	2019-20	GE(DP) Const Chaklala	Overpayment to contractor for item of work not required at site	0.807

822	358	2019-20	GE (Maint) DP Taxila	Undue favour to contractor due to excess payment for an item of work	5.727
823	361	2019-20	GE (DP) Maintenance Chaklala	Un-authorized advance payment to WAPDA / SNGPL against future bills	7.994
824	362	2019-20	GE(DP) Const Chaklala	Overpayment to contractor for item not required at site	7.115
825	363	2019-20	GE (DP) Maintenance Chaklala	Un-authorized payment for an un-authorized item of work	1.499
826	364	2019-20	ARF Kamra	Un-authorized retention of receipt of allied charges in cash book	34.246
827	379	2019-20	PAC Revolving Fund Kamra	Un-authorized blockage of public money	46.757
828	407	2019-20	GE (DP) Const. Chaklala	Un-authorized sanction of expenditure	6.219
829	408	2019-20	GE (DP) Const. Chaklala	Un-authorized expenditure on provision of special items	1.507

830	411	2019-20	GE (DP) Const. Rawalpindi	Un-authorized advance payment to contractor	5.000
831	413	2019-20	GE (DP) Const. Chaklala	Non recovery on account of defective work	1.134
Total					Rs.19,513.299 US$ 37.805 SEK 44.74 Euro 5.578
Grand Total					Rs.64,156.882 US$ 39.538 SEK 44.740 Euro 6.426

Annexure-II

MefDAC Paras (DGADS South) 2019-20

Pakistan Army

(Rs in million)

S #	DP No.	Year	Unit/Formation	Subject	Amount
1	71	2019-20	317 Mech Engr Bn	Irregular expenditure on defence work	9.780
2	100	2019-20	HQ 56 Brigade	Irregular direct award of contract	1.403
3	117	2019-20	GE (Army) I, Malir.	Less-recovery of GST from de-registered supplier	0.934
4	121	2019-20	CMH Sibi	Irregular payment of salaries in cash	107.574
5	127	2019-20	Mil College Sui	Irregular payment of salaries in cash	222.682
6	129	2019-20	Mil College Sui	Unauthorized-Irregular adjustment of officers	10.740
7	130	2019-20	Mil College Sui	Irregular conclusion of contracts without advertisement	12.149
8	133	2019-20	GE (A) Cons P/Aqil	Doubtful payment against Laboratory tests	46.929
9	139	2019-20	GE(Army)-I, Malir	Irregular expenditure on account of unauthorized award of contracts	258.413
10	151	2019-20	SI&T Quetta	Unauthorized holding of surplus staff beyond TO&E	33.828
11	156	2019-20	CMH Sibi	Irregular award of LP contract for procurement of medicine	8.286
12	157	2019-20	16 Engr Bn Hyd	Procurement of washing & hair cutting services in violation of PPRA Rules –2004	2.847
13	158	2019-20	16 Engr Bn Hyd	Misappropriation of Funds	0.278
14	161	2019-20	16 Engr Bn Hyd	Doubtful expenditure incurred on defence work	12.500

15	162	2019-20	16 Engr Bn Hyd	Unauthorized issuance of Jogger Shoes	0.930
16	163	2019-20	16 Engr Bn Hyd	Irregular deposit & withdrawal from public fund account	0.711
17	164	2019-20	16 Engr Bn Hyd	Procurement of defence work stores-services in violation of PPRA Rules	36.200
18	165	2019-20	16 Engr Bn Hyd	Less-recovery of General Sales Tax (GST) from defence work contractors suppliers	6.006
19	199	2019-20	GE (Army)-II, Malir	Non-recovery of stamp duty from contractors	5.095
20	222	2019-20	GE (Army) Maint P/Aqil	Irregular procurements made in violation of PPRA Rule	21.915
21	225	2019-20	GE (Army)-I Quetta	Irregular/unjustified payment made to contractor before submission of bill	10.766
22	244	2019-20	HQ 4 AD Div,Malir	Split up	1.013
23	249	2019-20	HQ Engr SC, Quetta	Non-surrender of lapsable budget	900.000
24	258	2019-20	16 Engr Bn Hyd	Irregular and unjustified execution of Def works	23.287
25	263	2019-20	HQ Log Area Khi	Irregular/Non-transparent award of contract on favoritism after negotiation	64.077
26	265	2019-20	HQ Log Area Khi	Non-recovery of risk purchase from contractor	10.388
27	270	2019-20	HQ 4 AD Div Malir	Non-surrender of lapsable budget	4.583
28	271	2019-20	HQ 4 AD Div Malir	Unauthorized holding of surplus staff beyond TO&E	52.127
29	273	2019-20	GE (Army) Maint P/Aqil	Overpayment to contractors	6.328
30	274	2019-20	AGE (Army) RY Khan	Unjustified increase in liability due to late payment surcharge	3.587
31	275	2019-20	SCARP –VI RY Khan	Loss due to duplicate execution of the same work	0.933

32	276	2019-20	SCARP –VI RY Khan	Irregular payment of salaries in cash	13.018
33	277	2019-20	SCARP –VI RY Khan	Irregular execution of contracts without technical sanction	74.991
34	278	2019-20	SCARP –VI RY Khan	Unjustified award of contract without deposit of bid security	3.349
35	281	2019-20	SSD Hyd	Non-recovery of GST from auctioneer	0.874
36	283	2019-20	SSD Hyd	Non-recovery of on payment of ration items	22.667
37	285	2019-20	SSD Hyd	Un-authorized excess expenditure beyond the allotment	1.028
38	287	2019-20	COD Khi	Irregular local purchase in violation of PPRA Rules	83.700
39	289	2019-20	COD Khi	Non-recovery of GST from suppliers	1.36
40	290	2019-20	HQ Engr SC, Quetta	Irregular procurement of stores in violation of SOP	1955.743
41	302	2019-20	23 S & T Bn	Unathorized excess consumption of POL for vehicles	1.650
42	311	2019-20	HQ Log Area Karachi	Loss to state due to award of contract on higher rates	1.233
43	318	2019-20	GE(A) Quetta-II	Irregular commencement of works	315.176
44	325	2019-20	16 Engr Bn Hyd	Overpayment in Pay & Allowance	0.299
45	342	2019-20	GE (A) Karachi	Non Recovery of rent at Market rate	15.043
46	348	2019-20	AGE (A) Khuzdar	Splitting-up work to avoid financial limit	125.275
47	349	2019-20	AGE (A) Khuzdar	Irregular expenditure on abnormal repair works	233.550
48	374	2019-20	COD Karachi	Non deposit of sales tax from auction proceeds	22.024
49	375	2019-20	COD Karachi	Irregular local purchase of selective pellet racks	53.570
Total					**4,800.839**

ML&C

(Rs in million)

S #	DP No.	Year	Formation	Subject	Amount
50	80	2019-20	MEO Karachi	Loss to state due to leasing out land to DHA agasint nominal premium instead of open tender	102.636
51	83	2019-20	MEO Karachi	Irregular & unjustified payments against invalid agreements	39.603
52	85	2019-20	MEO Karachi	Non-recovery of Stamp duty	403.859
53	106	2019-20	CB Khi	Irregular/Unjustified Invoking Of Sectin 25 Of Cantonment Act, 1924	5.943
54	107	2019-20	CB Khi	Non-Deposit Of Income Tax Into Government Treasury	0.713
55	109	2019-20	CB Khi	Less-Deduction Of Income Tax From Contractor	0.702
56	110	2019-20	CB Faisal	Award of contracts without re-tendering in violation of PPRA Rules	5.75
57	145	2019-20	CB K/Creek	Less-deposit of Income tax	5.699
58	148	2019-20	CB K/Creek	Loss to state due to Less-deduction of income tax from the contractors	0.672
59	160	2019-20	CB Korangi Creek	Non-recovery of various taxes from residential and commercial properties	1.01
60	170	2019-20	CB Clifton	Non-recovery of cantonment dues	81.14
61	178	2019-20	CB Faisal	Loss to cantt fund due to non-recovery of road cutting charges from Gold Line Properties	1.719
62	208	2019-20	CB Clifton	Non-clearance of liabilities in respect of Conservancy Contractors	12.265
63	210	2019-	CB Clifton	Doubtful payments on	1.517

		20		account of repair/maintenance works.	
64	211	2019-20	CB Clifton	Loss to state due to non-deposit of Stamp Duty	4.407
65	218	2019-20	CB Quetta	Irregular payment made to contractor without obtaining bank guarantee.	6.697
66	272	2019-20	CB Quetta	Unjustified installation of hoarding in violation of Supreme Court decision	0
67	334	2019-20	CB Faisal	Less-recovery of property tax & conservancy charges of commercial used property as residential properties.	6.343
68	345	2019-20	CB Clifton	Unjustified duplication of expenditure on conservancy services	421.918
69	346	2019-20	CB Clifton	Irregular execution of Army conservancy contract	5.004
Total					**1,107.597**

Pakistan Air Force

(Rs in million)

S #	DP No.	Year	Unit/Formation	Subject	Amount
70	7	2019-20	AGE (Air) Sat MPK	Irregular expenditure by splitting up of sanctions	116.380
71	8	2019-20	AGE (Air) Sat MPK	Non-recovery of Stamp Duty from contractors	0.643
72	48	2019-20	AGE (Air) Sat MPK	Blockage of Government money due to unjustified suspension of works	66.387
73	49	2019-20	AGE (Air) Sat MPK	Unauthorized sanction of work under Para 17	42.454
74	57	2019-20	GE (Air) Malir	Non-recovery of stamp duty from contractors	0.524
75	91	2019-20	CMES (Air) Faisal	Non-recovery of stamp duty from contractors	1.03
76	93	2019-20	GE (Air) Shahbaz	Non-recovery of GST from contractor/ supplier	0.739
77	166	2019-	AGE (Air) Sat	Irregular award of	29.507

		20	MPK	contracts to unlicensed firms	
78	167	2019-20	AGE (Air) Sat MPK	Loss due to unauthorized consumption of electricity	7.544
79	169	2019-20	AGE (Air) Sat MPK	Irregular & unjustified award of contracts to non-enlisted contractors without obtaining security deposit	26.789
80	189	2019-20	GE (Air) Faisal	Less-recovery of GST on the procurement of Bazzar Supply	1.217
81	247	2019-20	GE (Air) Masroor	Unauthorized excess expenditure beyond approved limit	3.065
82	280	2019-20	AGE (Air) Sat MPK	Irregular/Unauthorized holding of 21 x surplus staff	15.3
83	295	2019-20	GE (Air) Bholari	Irregular conclusion of contract without obtaining performance guarantee	37.403
84	297	2019-20	GE (Air) Bholari	Non-surrender of savings amount against contract	6.494
85	313	2019-20	GE (Air) Malir	Split-up of contracts to avoid sanction of higher authority	8.752
86	314	2019-20	GE (Air) Malir	Irregular expenditure by split up of sanctions	71.275
87	322	2019-20	GE (Air) Bholari	Irregular expenditure of Pay &allowances in violation of TO&E	22.298
88	327	2019-20	PAF Base Shahbaz	Unauthorized holding of air conditioners	73.3
89	331	2019-20	Director, Project Bholari, Islamabad	Loss to state due to excess payment	3.192
90	332	2019-20	GE (Air) Masroor	Irregular expenditure by Splitting up of sanctions	4.710
91	337	2019-20	AGE (Air) MPK	Irregular/Unjustified expenditure on LPG Gas	1
92	339	2019-20	AGE (Air) MPK	Irregular execution of work without approval/sanction	1.058
93	350	2019-20	PAF Base Shahbaz	Irregular/Unauthorized payment of SMA/DMA	6.438

94	352	2019-20	GE (Air) Bholari	Loss to state due to conclusion of contract at higher contractor percentage	7.88
95	353	2019-20	GE (Air) Bholari	Over-payment to the contractor due to difference in rate	1.582
96	356	2019-20	GE (Air) Bholari	Less deduction of G.S.T.	0.112
97	357	2019-20	GE (Air) Bholari	Irregular payment of difference in cost of store and non-deduction of G.S.T	13.126
98	358	2019-20	GE (Air) Bholari	Less deduction of Income Tax from Non-filer contractors	20.305
99	359	2019-20	GE (Air) Bholari	Loss to state due to non-imposition/recovery of stamp duty	6.748
100	360	2019-20	GE (Air) Bholari	Irregular expenditure of POL on MES MT Vehicles without approval of TO&E by Government of Pakistan	0.971
101	370	2019-20	Dir Welfare A/c Islamabad	Irregular award of contract to M/s Lucky Oil without advertisement	18.76
102	371	2019-20	Director, Project Bholari, Islamabad	Loss to state due to non-incorporation of discount factor in VOs	6.912
				Total	**623.895**

PAK NAVY

(Rs in million)

S #	DP No	Year	Unit/Formation	Subject	Amount (Rs.)
103	3	2019-20	PNAD Mauripur	Irregular expenditure incurred on local purchase	1.941
104	12	2019-20	PNS Shifa	Un-authorized payment on account of hair cutting & washing allowance	60.617
105	14	2019-	GE (N) Cons	Less-recovery of GST	1.440

		20	D/Yard		
106	16	2019-20	GE (N) Cons D/Yard	Non-recovery of stamp duty from contractors	2.232
107	18	2019-20	PNS Haider	Irregular execution of conservancy contract	10.800
108	22	2019-20	PNS Himalaya	Recovery on account of TA/DA accommodation charge	2.556
109	23	2019-20	PNS Himalaya	Irregular local purchase of steel Almirah beyond financial power	1.518
110	24	2019-20	PNS Himalaya	Un-authorized payment on account of hair cutting & washing allowance	53.594
111	25	2019-20	PNS Himalaya	Irregular payment of Daily Messing Allowance (DMA)	20.460
112	26	2019-20	VSD Khi	Non-recovery of GST from contractors	6.199
113	29	2019-20	PNS Himalaya	Irregular expenditure beyond delegated power	1.310
114	31	2019-20	VSD Khi	Irregular execution of conservancy contract	4.129
115	33	2019-20	VSD Khi	Non-recovery of GST from contractors	5.229
116	34	2019-20	VSD Khi	Non-production of auditable documents	0.000
117	35	2019-20	PNS Iqbal	Non-recovery of Sales Tax on Services	0.247
118	36	2019-20	PNS Iqbal	Irregular Procurement of Fresh Water	1.903
119	37	2019-20	PNS Iqbal	Doubtful payment of Daily Messing Allowance (DMA)	36.722
120	40	2019-20	PNS Iqbal	Unjustified excess expenditure on local purchase of POL	0.440
121	55	2019-20	PNS Shifa	Over-payment due to abnormal rates of hair cutting & washing services	26.886
122	60	2019-20	PNS Peshawar	Unauthorized payment of SMLR/MLR to Sailors/CPO	2.815

123	64	2019-20	PNS Dilawar	Doubtful payment of Daily Messing Allowance (DMA)	9.865
124	72	2019-20	PNS Iqbal	Un-authorized payment on account of hair cutting & washing allowance	26.918
125	74	2019-20	GE (N) Cons D/Yard	Irregular expenditure on account of Soil Testing	1.258
126	98	2019-20	PNS Jauhar	Irregular payment of DMA	4.462
127	112	2019-20	GE (N) South	Loss To State Due To Non-Deposit Of Gst Into Government Treasury By The Suppliers	9.212
128	113	2019-20	GE (N) South	Loss To State Due To Payment Of Excess Units To K-Electric	6.202
129	114	2019-20	GE (N) South	Less-Deduction Of Income Tax From Contractor	1.381
130	136	2019-20	GE (N) Cons-I, Ormara	Irregular execution of works without administrative approval	74.963
131	137	2019-20	GE (N) Cons-I, Ormara	Irregular award of contracts after negotiations	255.613
132	140	2019-20	GE (N) East	Less deduction of income tax from the non-filer Contractors	5.389
133	141	2019-20	GE (N) East	Irregular execution of electrical works by un-licensed contractors	24.884
134	154	2019-20	GE (N) Cons-II, Ormara	Non-recovery of sales tax on services	1.165
135	155	2019-20	GE (N) Cons-II, Ormara	Irregular execution of works without administrative approval	66.358
136	173	2019-20	GE (N) South	Irregular/unauthorized expenditure without government sanction	27.420
137	186	2019-20	AGE (N) Maint. Ormara	Non-recovery of sales tax on services	2.770
138	190	2019-20	GE (N) Const-II, Ormara	Less recovery from contractor against retained store	0.480
139	200	2019-	GE (N) Log	Non-recovery of stamp	1.428

		20	Khi	duty from contractors	
140	203	2019-20	GE (N) Fleet	Loss to state due to non-recovery of Sales Tax on Services	11.297
141	204	2019-20	GE (N) Fleet	Irregular/Non-transparent execution of works without recording on Measurement Book	86.907
142	205	2019-20	GE (N) Fleet	Unauthorized advance payment to avoid lapse of funds	9.250
143	213	2019-20	GE (N) Central Cons Khi	Unjustified advance payment to contractor.	13.531
144	214	2019-20	GE (N) Central Cons Khi	Non-recovery of sales tax on services	3.349
145	241	2019-20	GM SMC Dockyard	Non-recovery of GST on goods	2.061
146	254	2019-20	GE (N) Central Const, Khi	Non-recovery of stamp duty from contractors	7.203
147	266	2019-20	PNMSD (N) Khi	Irregular execution of contracts without obtaining performance guarantee	77.65
148	267	2019-20	PNMSD (N) Khi	Non-installation of life saving equipments	7.614
149	279	2019-20	GE (N) Fleet Khi	Wasteful expenditure on construction of another hut for CNS	29.458
150	294	2019-20	GE (Navy) Fleet, Khi	Irregular award of contract for abnormal repair through splitting	3.471
151	304	2019-20	GE (N) Const Dockyard	Non-recovery of stamp duty from contractors	2.459
152	310	2019-20	GM SMC Dockyard	Irregular award of contract in violation of PPRA	0.560
153	316	2019-20	PNMSD (N) Karachi	Non-recovery of stamp duty from contractors	2.717
154	324	2019-20	GE (N) Central Construction Karachi	Splitting up of works to avoid financial limit	57.049
155	326	2019-20	GM SMC Dockyard	Irregular issue of local purchase orders beyond financial powers	10.925

156	364	2019-20	AGE (N) Maintenance Ormara	Irregular & unauthorized procurement of fresh water beyond permissible limit at exorbitant rates	35.724
157	365	2019-20	GE (N) Central Construction Karachi	Undue favor to contractor by issuance of payment	19.873
158	366	2019-20	GE (N) Karsaz Karachi	Irregular procurement of fresh water through splitting	150.000
159	367	2019-20	GE (N) Karsaz Karachi	Irregular electrical work of a project by a sub-contractor	4.193
Total					**1,296.097**
Grand Total					**7,828.428**