



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
GOVERNMENT OF GILGIT-BALTISTAN**

**AUDIT YEAR 2023-24**

**AUDITOR-GENERAL OF GILGIT-BALTISTAN**



## **PREFACE**

Section-98(4) of the Government of Gilgit-Baltistan Order, 2018 read with Section 9 of Auditor-General of Gilgit-Baltistan (Functions, Powers and Terms and Conditions of Services) Act, 2012 mandates the Auditor-General of Gilgit-Baltistan to conduct audit of the accounts of Government of Gilgit-Baltistan.

The Audit Report is based on audit of the accounts of the Government of Gilgit-Baltistan for the Financial Year 2022-23 and some formations of the previous financial year. The Directorate General of Audit, Gilgit-Baltistan conducted audit during 2023-24 on a test check basis with a view to report significant findings to the concerned stakeholders. The main body of the Audit Report includes only systemic issues and audit findings carrying value of rupees one million or more. Relatively less significant issues are listed in Annexure-1 as MfDAC of the audit report and shall be pursued with the Principal Accounting Officers (PAOs) at Departmental Accounts Committee (DAC) level and in all cases where the PAOs do not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee (PAC) through the next year's audit report.

Impact Audit has been conducted and made part of this report at chapter-25. It is an attempt to evaluate the socio-economic impact of investment made in one particular sector by the government.

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

Most of the observations included in this report have been finalized in the light of written responses and discussions in DAC meetings. However, in a few cases as mentioned in the report, the departments neither submitted written replies nor convened DAC meetings despite repeated requests.

There are certain audit paras which were also reported in last year(s) Audit Report(s) for the financial year(s) 2019-20, 2020-21 and 2021-22. Recurrence of such irregularities is a matter of concern and needs to be addressed.

The Audit Report is submitted to Governor of Gilgit-Baltistan in pursuance of Section-98(6) of Government of Gilgit-Baltistan Order, 2018 for causing it to be laid before the Gilgit-Baltistan Assembly.

(Muhammad Ajmal Gondal)

**Auditor-General of Gilgit-Baltistan**

Islamabad

Dated:



## TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS .....	i
EXECUTIVE SUMMARY .....	v
CHAPTER-1.....	1
1. PUBLIC FINANCIAL MANAGEMENT ISSUES .....	1
1.1 Sectoral Analysis .....	1
1.2 AUDIT PARAS .....	7
CHAPTER-2.....	12
2. AGRICULTURE, LIVESTOCK AND FISHERIES DEPARTMENT .....	12
2.1 Introduction.....	12
2.2 Classified summary of Audit observations.....	13
2.3 Comments on the status of compliance with PAC directives .....	14
2.4 AUDIT PARAS .....	14
CHAPTER-3.....	18
3. ANTI CORRUPTION DEPARTMENT.....	18
3.1 Introduction.....	18
3.2 Classified summary of Audit observations.....	19
3.3 Comments on the status of compliance with PAC directives .....	19
3.4 AUDIT PARAS .....	19
4. CABINET DEPARTMENT.....	21
4.1 Introduction.....	21
4.2 Classified summary of Audit observations.....	22
4.3 Comments on the status of compliance with PAC directives .....	22
4.4 AUDIT PARAS .....	22
CHAPTER-5.....	25
5. CHIEF MINISTER'S SECRETARIAT .....	25
5.1 Introduction.....	25
5.2 Classified summary of Audit observations.....	26
5.3 Comments on the status of compliance with PAC directives .....	26
5.4 AUDIT PARAS .....	26
6. DIRECTOR GENERAL CHAIRMAN INSPECTION TEAM.....	32
6.1 Introduction.....	32

6.2	Classified summary of Audit observations .....	33
6.3	Comments on the status of compliance with PAC directives .....	33
6.4	AUDIT PARAS .....	34
CHAPTER-7.....		35
7.	EDUCATION DEPARTMENT.....	35
7.1	Introduction.....	35
7.2	Classified summary of Audit observations .....	36
7.3	Comments on the status of compliance with PAC directives .....	36
7.4	AUDIT PARAS .....	37
CHAPTER-8.....		53
8.	EXCISE & TAXATION, ZAKAT, USHER AND COOPERATIVE DEPARTMENT....	53
8.1	Introduction.....	53
8.2	Classified summary of Audit observations .....	54
8.3	Comments on the status of compliance with PAC directives .....	54
8.4	AUDIT PARAS .....	54
CHAPTER-9.....		57
9.	FINANCE DEPARTMENT.....	57
9.1	Introduction.....	57
9.2	Classified summary of Audit observations .....	58
9.3	Brief comments on the status of compliance with PAC directives.....	58
9.4	AUDIT PARAS .....	59
CHAPTER-10.....		72
10.	FOOD DEPARTMENT .....	72
10.1	Introduction.....	72
10.2	Classified summary of Audit observations .....	73
10.3	Brief comments on the status of compliance with PAC directives.....	73
10.4	AUDIT PARAS .....	74
CHAPTER-11.....		79
11.	FOREST, PARKS, WILDLIFE AND ENVIRONMENT DEPARTMENT.....	79
11.1	Introduction.....	79
11.2	Classified summary of Audit observations .....	80
11.3	Brief comments on the status of compliance with PAC directives.....	81
11.4	AUDIT PARAS .....	81

CHAPTER-12.....	88
12. GILGIT-BALTISTAN RURAL SUPPORT PROGRAMME .....	88
12.1 Introduction.....	88
12.2 Classified summary of Audit observations.....	89
12.3 Brief comments on the status of compliance with PAC directives.....	90
12.4 AUDIT PARAS .....	90
CHAPTER-13.....	96
13. HEALTH AND POPULATION WELFARE DEPARTMENT.....	96
13.1 Introduction.....	96
13.2 Classified summary of Audit observations.....	97
13.3 Brief comments on the status of compliance with PAC directives.....	98
13.4 AUDIT PARAS .....	98
CHAPTER-14.....	108
14. HOME AND PRISONS DEPARTMENT .....	108
14.1 Introduction.....	108
14.2 Classified summary of Audit observations.....	109
14.3 Brief comments on the status of compliance with PAC directives...	109
14.4 AUIDT PARAS .....	110
CHAPTER-15.....	124
15. LOCAL GOVERNMENT AND RURAL DEVELOPMENT DEPARTMENT .....	124
15.1 Introduction.....	124
15.2 Classified summary of Audit observations.....	125
15.3 Brief comments on the status of compliance with PAC directives...	126
15.4 AUDIT PARAS .....	126
CHAPTER-16.....	137
16. MINERAL DEVELOPMENT, INDUSTRIES, COMMERCE & LABOUR DEPARTMENT.....	137
16.1 Introduction.....	137
16.2 Classified summary of Audit observations.....	138
16.3 Brief comments on the status of compliance with PAC directives...	139
16.4 AUDIT PARAS .....	139
CHAPTER-17.....	144
17. NORTHERN AREAS TRANSPORT CORPORATION (NATCO).....	144

17.1	Introduction.....	144
17.2	Classified summary of Audit observations.....	145
17.3	Brief comments on the status of compliance with PAC directives...	145
17.4	AUDIT PARAS .....	146
CHAPTER-18.....		153
18.	PLANNING AND DEVELOPMENT DEPARTMENT.....	153
18.1	Introduction.....	153
18.2	Classified summary of Audit observations.....	154
18.3	Comments on the status of compliance with PAC directives.....	155
18.4	AUDIT PARAS .....	155
CHAPTER-19.....		170
19.	SERVICES AND GENERAL ADMINISTRATION DEPARTMENT .....	170
19.1	Introduction.....	170
19.2	Classified summary of Audit observations.....	171
19.3	Comments on the status of compliance with PAC directives.....	172
19.4	AUDIT PARAS .....	172
CHAPTER-20.....		176
20.	SENIOR MEMBER BOARD OF REVENUE GILGIT-BALTISTAN.....	176
20.1	Introduction.....	176
20.2	Classified summary of Audit observations.....	177
20.3	Comments on the status of compliance with PAC directives.....	177
20.4	AUDIT PARAS .....	177
CHAPTER-21.....		179
21.	SOCIAL WELFARE, POPULATION WELFARE AND WOMEN DEVELOPMENT DEPARTMENT.....	179
21.1	Introduction.....	179
21.2	Classified summary of Audit observations.....	180
21.3	Comments on the status of compliance with PAC directives.....	180
21.4	AUDIT PARAS .....	180
CHAPTER-22.....		183
22.	WATER AND POWER DERPARMENT .....	183
22.1	Introduction.....	183
22.2	Classified summary of Audit observations.....	184



22.3	Brief comments on the status of compliance with PAC directives...	184
22.4	AUDIT PARAS .....	185
23.	WATER MANAGEMENT & IRRIGATION DEPARTMENT.....	210
23.1	Introduction.....	210
23.2	Classified summary of Audit observations.....	211
23.3	Brief comments on the status of compliance with PAC directives...	211
23.4	AUDIT PARAS .....	211
CHAPTER-24.....		213
24.	WORKS DEPARTMENT .....	213
24.1	Introduction.....	213
24.2	Classified summary of Audit observations.....	214
24.3	Brief comments on the status of compliance with PAC directives...	214
24.4	AUDIT PARAS .....	215
CHAPTER-25.....		244
IMPACT AUDIT.....		244
1.	Socio-economic Impacts of Farm to Market Road (FMR) Under Economic Transformation Initiative (Thallay Valley Baltistan), Gilgit-Baltistan .....	244
Annexure-1 MfDAC Paras .....		260
Annexure-2 Para No. 5.4.5 .....		288
Annexure-3 Para No. 22.4.3 .....		289
Annexure-4 Para No. 22.4.4 .....		290
Annexure-5 Para No. 24.4.3 .....		292
Annexure-6 Para No. 24.4.4 .....		293
Annexure-7 Para No. 24.4.5 .....		295
Annexure-8 Para No. 24.4.6 .....		298
Annexure-9 Para No. 24.4.7 .....		299
Annexure-10 Para No. 24.4.11 .....		300
Annexure-11 Para No. 24.4.32 .....		301



## ABBREVIATIONS AND ACRONYMS

ADP	Annual Development Program
AG GB	Accountant General (Gilgit-Baltistan)
AJK	Azad Jammu and Kashmir
AKCSP	Agha-Khan Culture Support Program
AKPBS	Agha-Khan Planning and Building Services
ARDP	Annual Rural Development Program
APUG	All Pakistan Unified Grad
B&R	Building and Road
BoG	Board of Governor
BOQ	Bill of Quantities
BTS	Base Transceiver Station
Cft	Cubic Foot
CGA	Controller General of Accounts
CKNP	Central Karakorum National Park
COC	Condition of Contract
CPS	Contingent Paid Staff
CPWA	Central Public Works Account
CPWD	Central Public Works Department
CRVS	Civil Registration and Vital Statistics
CSD	Canteen Stores Department
CSO	Civil Supply Officer
CSR	Composite Schedule of Rates
CuM	Cubic Meter
CWT	Cubic Weight
DAC	Departmental Accounts Committee
DC	Deputy Commissioner
DDO	Drawing & Disbursing Officer
DDWP	Departmental Development Working Party
DFO	Divisional Forest Officer
DHQ	District Headquarters Hospital
DoH	Directorate of Health
DSU	District Support Unit
ECNEC	Executive Committee of the National Economic Council
EmONC	Emergency Obstetric and Newborn Care
ETI	Economic Transformation Initiative
FAM	Financial Audit Manual
FAPs	First Aid Posts
FC	Frontier Constabulary
FFI	Fact Finding Inquiry
FFS	Farmer Facilitation System
FMR	Farm to Market Road

FRF	Forest Regeneration Fund
FRFC	Forest Regeneration Fund Committee
FTR	Federal Treasury Rules
FW&E	Forest, Wildlife & Environment
FWF	Forest Welfare Fund
GAAP	Generally Accepted Accounting Principles
GB	Gilgit-Baltistan
GB DDWP	Gilgit-Baltistan Department Development Working Party
GB EPA	Gilgit-Baltistan Environmental Protection Agency
GB HEW	Gilgit-Baltistan Hydro Electric Workshop
GBC	Gilgit-Baltistan Council
GBDMA	Gilgit-Baltistan Disaster Management Authority
GBRSP	Gilgit-Baltistan Rural Support Program
GCC	General Conditions of Contract
GDA	Gilgit Developmental Authority
GFR	General Financial Rules
GP Fund	General Provident Fund
GRC	Grievances Redressal Committee
HDPE	High-density polyethylene pipe
HPP	Hydro Power Project
HRDC	Human Resource Development College
ILD	Irrigation and Land Development
IFAD	International Fund for Agriculture Development
IPEF	Investment Policy for Endowment Fund
IS	Internal Security
ITB	Internal Tourism Borse
KCBL	Karakoram Cooperative Bank Limited
KIU	Karakoram International University
KKH	Karakoram Highway
KP	Khyber Pakhtunkhwa
LAC	Land Acquisition Collector
LD	Liquidated Damages
LEA	Law Enforcing Agency
LG&RDD	Local Government & Rural Development Department
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
MW	Mega Watt
NADRA	National Data Base and Registration Authority
NATCO	Northern Areas Transport Corporation
NCP	Non Custom Paid

NLC	National Logistic Cell
NOC	No Objection Certificate
P&DD	Planning and Development Department
P/L	Providing and lying
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PASSCO	Pakistan Agriculture Storage Services Corporation
PC-I	Planning Commission Performa-I
PCR	Polymerase Chain Reaction
PDR	Programme Design Report
PEB	Pre-engineered Building
PEC	Pakistan Engineering Council
PHE	Public Health Engineering
PHQ	Provincial Headquarters Hospital
PLS	Profit and Loss Sharing
PPHI	Peoples Primary Healthcare Initiative
PPRA	Public Procurement Regulatory Authority
PRO	Public Relation Officer
PTDC	Pakistan Tourism Development Corporation
PWD	Public Works Department
RCC	Reinforced Cement Concrete
Rft	Running Foot
RHC	Rural Health Centre
S& GAD	Services & General Administration Department
S/F	Supply and fixing
SCO	Special Communication Organization
SDGs	Sustainable Development Goals
SE	Superintending Engineer
SIM	Subscriber Identity Module
SMT	Social Mobilization Team
SMT	Scheme Management Team
TSE	Technical Sanction Estimates
TEVTA	Technical Education and Vocational Training Authority
ToR	Terms of Reference
TPs	Transport Permits
TS	Technical Sanction
USD	United States Dollar
VAC	Village Agriculture Cooperative
VCTAT	Value Chain Technical Assistant Team
W&P	Water & Power
XEN	Executive Engineer
ZKMT	Zubaida Khaliq Memorial Trust



## **EXECUTIVE SUMMARY**

Section-98(1) of Government of Gilgit-Baltistan Order, 2018 provides that there shall be an Auditor-General of Gilgit-Baltistan who shall be appointed by the Governor on the advice of Prime Minister. Presently, the Auditor-General of Pakistan holds the office of the Auditor-General of Gilgit-Baltistan also. The Auditor-General of Gilgit-Baltistan has been given mandate under Section-98(4) of the Government of Gilgit-Baltistan Order, 2018 to conduct audit of the accounts of expenditure and receipts of the Government of Gilgit-Baltistan and any authority or body established by it.

The Directorate General of Audit Gilgit-Baltistan is Field Audit Office of the Department of Auditor-General of Gilgit-Baltistan. Sanctioned strength of the office is 79 including 20 officers. For audit activities, 13 officers and 05 senior auditors were available having 3,880 man-days. Total budget allocated for the financial year 2023-24 is Rs.160.852 million. This report is based on audit of the accounts of 163 formations of the Government of Gilgit-Baltistan.

### **SCOPE OF AUDIT**

The audit universe of the Directorate General of Audit Gilgit-Baltistan is mandated to consist of audit of 662 formations working under 32 PAOs. Total receipt and expenditure of these formations were Rs.83.964 billion and Rs.86.193 billion respectively (including grant of Rs.79.618 billion from federal government) for the financial year 2022-23.

This Audit Report relates to expenditure of 219 formations of 32 PAOs/Departments having a total expenditure of Rs.53.258 billion for the financial year 2022-23. In terms of percentage, the audit coverage for expenditure was 62% of auditable expenditure.

This audit report includes audit observations resulting from the audit of 163 formations involving expenditure of Rs.49.727 billion.

- i. Expenditure of Rs.34.679 billion pertaining to 97 formations of 21 PAOs (out of 32 PAOs) for Financial Year 2022-23.
- ii. Expenditure of Rs.15.048 billion pertaining to 66 formations of 19 PAOs (out of 32 PAOs) of previous financial years.

Audit relating to receipt for the current audit year has coverage of Rs.83.964 billion for the financial year 2022-23. In terms of percentage, the audit coverage for receipt is 100% of auditable receipts.

Moreover, one impact audit i.e. Farm to Market Roads through Economic Transformation Initiative (ETI) Gilgit-Baltistan in the under-developed area of Gilgit-Baltistan is also made part of this report.

In addition to this compliance audit report including impact audit, Directorate General of Audit, Gilgit-Baltistan also conducted one Foreign Aided Project. This audit report has been prepared separately and submitted to the management and donor agency.

### **Recoveries at the instance of audit**

Recovery of Rs.8,252.645 million has been pointed out in this report and an amount of Rs.89 million has been recovered till finalization of the report and verified.

### **Audit Methodology**

Audit was conducted in accordance with the International Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as incorporated in Financial Audit Manual. During audit, desk audit and review of permanent files helped auditors in understanding the systems, procedures and environment of the audited entities before starting field activity. This greatly facilitated in the identification of high-risk areas for substantive testing in the field.

### **Audit Impact**

Major issues pointed out during audit were admitted by the management and corrective & remedial measures were initiated. Strengthening of internal controls in the audited entities was well taken by the management for review and corrective measures.

The most significant examples of review of rules and regulation by the auditee entities and introduction of new policies and initiatives as a result of audit are as under:

- i. Staff Car Rules have been prepared and notified by the Gilgit-Baltistan Government.



- ii. Accommodation/allocation Rules have been prepared and notified by the Gilgit-Baltistan Government.
- iii. The Works and Water & Power Departments, Gilgit-Baltistan issued instructions to all Chief Engineers to stop payment, as ‘work done not measured’.
- iv. The Works Department directed that funds of land compensation with land acquisition collectors in all districts must be reconciled besides devising a mechanism for effective utilization of public money.

### **Comments on internal controls and Internal Audit Department**

It was noticed that the internal audit units were non-existent to the large extent. Considerable instances of internal control failures were also noted which have been highlighted in the Audit Report.

### **Key audit findings of the report**

- i. Reported cases of Fraud, embezzlement and misappropriation i.e. over writing and counterfeiting figures etc. amounting to Rs.60.551 million was noted in 02 cases<sup>1</sup>
- ii. Irregularities:
  - a. HR/ Employees related irregularities i.e. recruitment rules, open competition etc. amounting to Rs.428.108 million was noted in 18 cases<sup>2</sup>
  - b. Procurement related irregularities i.e. GFR, FTR, PPRA, CPWD Code, Rules of Business etc. amounting to Rs.6,223.473 million was noted in 30 cases<sup>3</sup>
  - c. Management of Accounts with Commercial Banks i.e. opening of bank accounts and mismanagement of funds etc. amounting to Rs.12,356.208 million was noted in 10 cases<sup>4</sup>
- iii. Value for money and service delivery issues i.e. misuse of public assets, irregular release of funds, delay in completion of projects, non-obtaining

---

<sup>1</sup>Paras: 24.4.27, 24.4.28

<sup>2</sup>Paras: 3.4.1, 4.4.1, 6.4.1, 7.4.2, 7.4.3, 7.4.6, 11.4.5, 12.4.2, 13.4.2, 13.4.5, 13.4.6, 13.4.7, 14.4.2, 14.4.6, 15.4.3, 16.4.3, 19.4.1, 19.4.3

<sup>3</sup>Paras: 2.4.2, 2.4.3, 4.4.2, 7.4.4, 7.4.8, 7.4.9, 7.4.11, 7.4.15, 12.4.3, 12.4.4, 12.4.6, 13.4.3, 13.4.11, 14.4.1, 14.4.8, 14.4.12, 15.4.6, 16.4.4, 17.4.1, 18.4.7, 18.4.11, 22.4.18, 24.4.12, 24.4.13, 24.4.15, 24.4.17, 24.4.22, 24.4.25, 24.4.26, 24.4.29

<sup>4</sup>Paras: 7.4.1, 7.4.5, 7.4.7, 9.4.7, 10.4.4, 12.4.5, 13.4.4, 14.4.9, 15.4.7, 17.4.2

of adjustment account etc. amounting to Rs.9,767.483 million was noted in 53 cases<sup>5</sup>

- iv. Non-recovery amounting to Rs.8,252.645 million was noted in 61 cases<sup>6</sup>

Audit paras for the audit year 2023-24 involving procedural violations, including internal control weaknesses and irregularities not considered worth reporting to PAC, have been included in the Memorandum for Departmental Accounts Committee (MfDAC) and incorporated in the report as **Annexure-1**.

### **Recommendations**

Recommendations in the audit report of the Auditor-General of Gilgit-Baltistan highlight actions that are expected to improve the financial management and overall governance of the audited entities. Appropriate and timely implementation of audit recommendations is an important part to realize full benefit of the audit activity.

Based on the findings of this audit report, the following recommendations are placed before the management of the audited entities and other stakeholders:

- i. All cases of overwriting and counterfeiting figure may be inquired besides fixing responsibility.
- ii. Appointments may be made in accordance with recruitment rules on merit through open competition.
- iii. Procurement of goods, services and works contracts should be made and executed in light of provisions of GFR, Public Procurement Rules and instructions of Pakistan Engineering Council.
- iv. All the bank accounts may be closed and funds may be transferred into Gilgit-Baltistan Consolidated Fund.
- v. Government funds should be utilized in most economical and efficient manner to obtain optimum benefits.
- vi. Recovery of overpaid/excess amount may be made and deposited into the government treasury.

---

<sup>5</sup>Paras: 2.4.1, 5.4.1, 5.4.2, 5.4.4, 7.4.1, 7.4.10, 7.4.12, 8.4.1, 9.4.1, 9.4.2, 9.4.3, 9.4.5, 9.4.6, 9.4.8, 9.4.10, 10.4.2, 10.4.3, 10.4.5, 11.4.1, 11.4.3, 11.4.6, 13.4.1, 13.4.8, 13.4.10, 14.4.7, 14.4.10, 14.4.11, 15.4.1, 15.4.4, 15.4.9, 16.4.2, 17.4.3, 18.4.1, 18.4.2, 18.4.3, 18.4.12, 18.4.16, 20.4.1, 21.4.1, 21.4.2, 22.4.1, 22.4.2, 22.4.3, 22.4.10, 22.4.15, 23.4.1, 24.4.1, 24.4.3, 24.4.16, 24.4.20, 24.4.21, 24.4.24, 24.4.30

<sup>6</sup>Paras: 5.4.3, 5.4.5, 7.4.13, 7.4.14, 9.4.4, 9.4.9, 10.4.1, 11.4.2, 11.4.4, 12.4.1, 13.4.9, 14.4.3, 14.4.4, 14.4.5, 15.4.2, 15.4.5, 15.4.8, 15.4.10, 16.4.1, 17.4.4, 17.4.5, 17.4.6, 18.4.4, 18.4.5, 18.4.6, 18.4.8, 18.4.9, 18.4.10, 18.4.13, 18.4.14, 18.4.15, 19.4.2, 22.4.4, 22.4.5, 22.4.6, 22.4.7, 22.4.8, 22.4.9, 22.4.11, 22.4.12, 22.4.13, 22.4.14, 22.4.16, 22.4.17, 22.4.19, 22.4.20, 22.4.21, 24.4.2, 24.4.4, 24.4.5, 24.4.6, 24.4.7, 24.4.8, 24.4.9, 24.4.10, 24.4.11, 24.4.14, 24.4.18, 24.4.19, 24.4.23, 24.4.31

## CHAPTER-1

### 1. PUBLIC FINANCIAL MANAGEMENT ISSUES

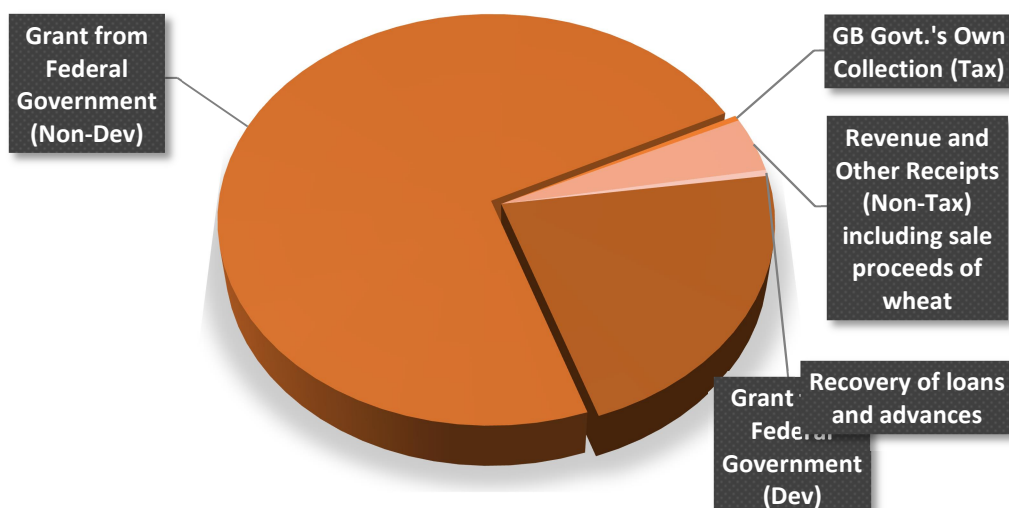
#### 1.1 Sectoral Analysis

The Government of Gilgit-Baltistan conducts its operation under the Government of Gilgit-Baltistan, Order, 2018. The Order provides for a Gilgit-Baltistan Consolidated fund and Public Account. The annual budget statement is authorized by the Provincial Assembly in the form of budgetary grants. The financial statements focus on reporting the budgetary activities of the government for the year.

The financial management system of government determines the objectives, formulates the policies, lays out the procedures, implements the programmes, and allocates the budgets for all financial activities of government. A streamlined financial management practice ensures availability of sufficient funds and maintenance of a balance between income and expenses ensuring financial stability.

Total receipts of Government of Gilgit-Baltistan for the financial year 2022-23 were Rs.83,963.50 million including grant from Federal Government. Details are as under:

S. No.	Composition of Receipts	Rs. in million	%age
1	Grant from Federal Government (Dev)	18,416.32	21.93
2	Grant from Federal Government (Non-Dev)	61,201.87	72.89
3	Gilgit-Baltistan Govt.'s Own Collection (Tax)	347.95	0.41
4	Revenue and Other Receipts (Non-Tax) including sale proceeds of wheat (1,669.02)	3,590.85	4.28
5	Recovery of loans and advances	406.51	0.48
<b>Total Receipt</b>		<b>83,963.50</b>	<b>100.00</b>



In total receipt of Rs.83,963.50 million, Gilgit-Baltistan government received Rs.79,618.19 million from Federal Government as grant, which was 94.83% of its total receipt. The actual tax receipt is Rs.347.95 million which constitutes 0.42% of the total revenue receipt. Similarly, non-tax and other receipt was Rs.3,590.84 million and the contribution of this component comes to 4.27%. In non-tax revenue the major contribution is of sales proceeds of wheat i.e. Rs.1,669.02 million. The capital receipt constitutes only 0.48% of the total receipt of the government of Gilgit-Baltistan.

The Gilgit-Baltistan own tax receipt was Rs.347.95 million. Similarly, non-tax revenue including sale proceeds of wheat was Rs.3,590.84 million. The existing scenario is not a very promising budgetary approach, which needs to be improved by increasing the sources of revenue so that human and social development could be ensured.

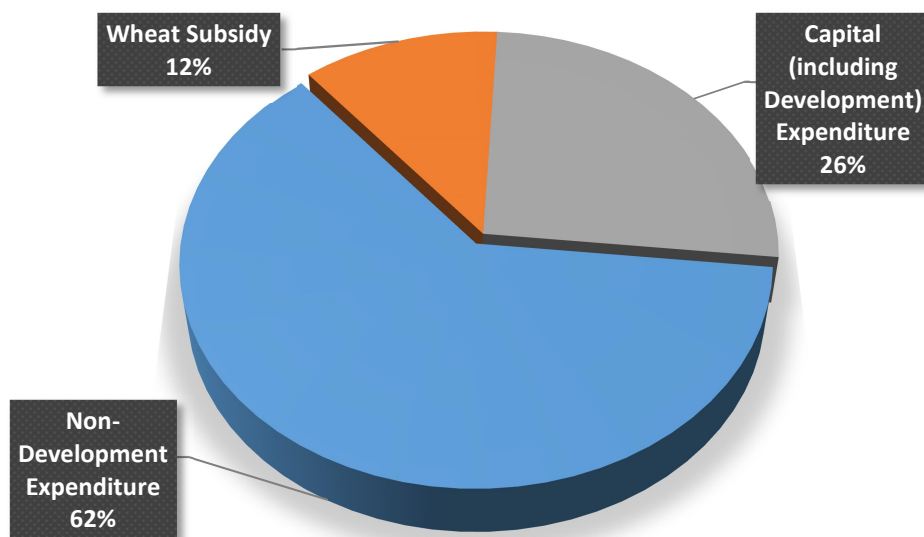
As per Appropriation Accounts for the year 2022-23, the original budget estimates were Rs.119,328.29 million as per following details.

S. No.	Description	Original Budget (Rs. in million)	%age
1.	Non-Development Budget	61,440.64	51.49
2.	Wheat Subsidy	10,000.00	8.38
3.	Capital (including Development) Budget	47,887.65	40.13
<b>Total</b>		<b>119,328.29</b>	<b>100</b>

During the financial year 2022-23, the government of Gilgit-Baltistan obtained funds of Rs.19,319.136 million through supplementary grant and surrendered funds of Rs.52,329.247 million. Consequently, the final budget was reduced to Rs.86,318.183 million.

Against final budget the government made expenditure of Rs.86,193.16 million leaving a saving of Rs.125.022 million which was 0.11% of the original grant. Details are as under:

S. No.	Description	Expenditure (Rs. in million)	%age
1.	Non-Development Expenditure	53,762.40	62
2.	Wheat Subsidy	10,159.62	12
3.	Capital (including Development) Expenditure	22,271.14	26
<b>Total</b>		<b>86,193.16</b>	<b>100</b>



Analysis of budget and expenditure reveals that on one side the government approved supplementary grant of Rs.19,319.136 million which was almost 16% of the original grant and on other side surrendered funds of Rs.52,329.247 million which constitutes almost 44% of the original grant. This downward trend is considered as one of the key variables that constrained the spending side of the government.

From the above analysis, it is evident that there was wide disparity between development and non-development expenditure of the government. The major expenditure of Rs.63,922 million was on non-development side which was 74% as compared to capital development expenditure of Rs.22,271 million which was 26% of total expenditure.

The overall portfolio of Annual Development Plan (ADP) 2022-23 comprised of development schemes of different sectors for which initially budget of Rs.47,887.654 million was allocated. Development budget also included provisions for PSDPs and vertical projects. The Development budget was subsequently reduced to Rs.25,599.596 million. However, against the development budget the government could utilize funds of Rs.22,271 million that was 47% of the initial budget. The sector-wise development expenditure for the financial year 2022-23 is given below:

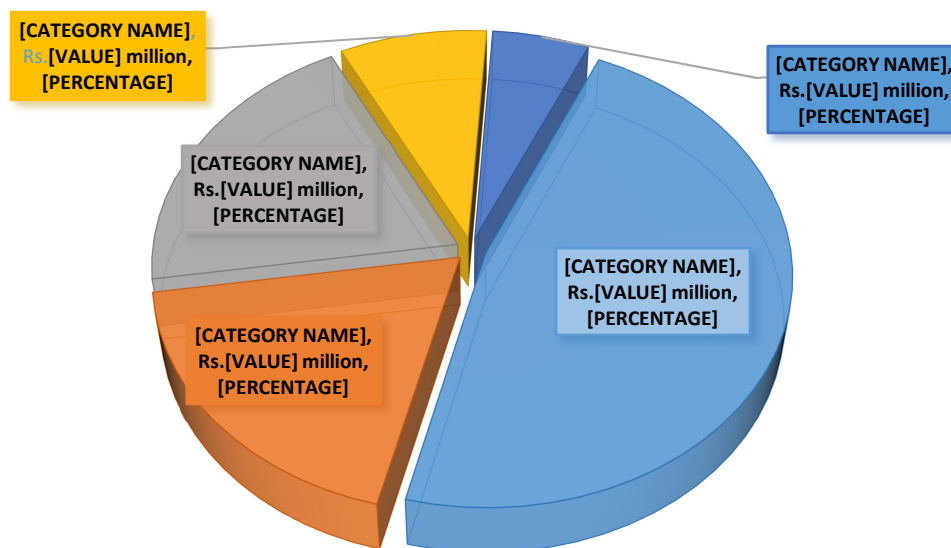
S. No.	Sector	Development Expenditure (Rs. in million)	%age
1.	Communication and works	10,520	47.236
2.	Energy	4,168	18.715
3.	Social (Education, Health)	4,430	19.891

4.	Natural Resource Management (NRM)	1,902	8.540
5.	Administration and law enforcement	1,251	5.617
<b>Total Development Expenditure</b>		<b>22,271</b>	<b>100</b>

The major portion of 47.236% of development budget was utilized by Communication and Works sector for infrastructure development in the region, followed by energy sector which utilized 18.715% of the total development expenditure. The Social Sector including Health and Education utilized 19.891% and Natural Resource Management sectors had collectively utilized 8.540% of the total development budget. Similarly, Administration and Law Enforcement sector utilized 5.617% of the development budget.

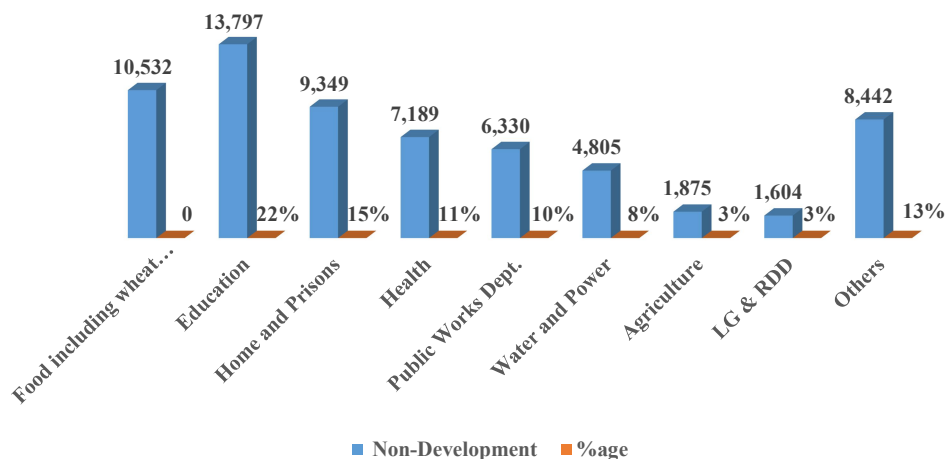
The Natural Resource Management sectors which include Agriculture, Livestock, Fisheries, Mine and Minerals and Forest had collectively utilized 8.540% of the total development budget. Keeping in view the social and economic significance of these sectors the government is required to allocate more resources.

The following pie chart shows the percentage of sector wise development expenditure of the government during financial year 2022-23:



During financial year 2022-23 the Gilgit-Baltistan Government incurred non-development expenditure of Rs.63,922.023 million which also includes the expenditure on wheat subsidy. The department-wise breakup of non-development expenditure is tabulated below:

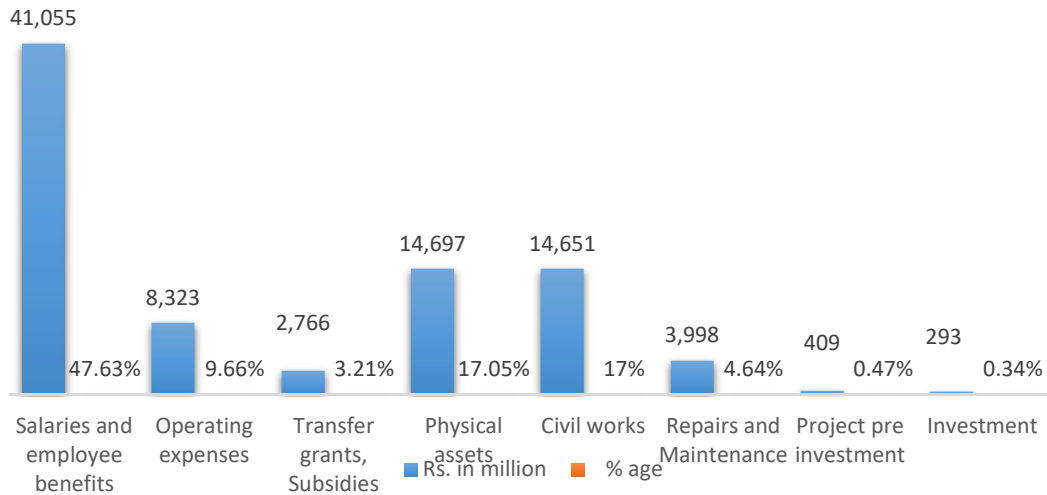
S. No.	Department	Non-Development Expenditure (Rs. in million)	%age
1.	Food including wheat subsidy	10,532	16
2.	Education	13,797	22
3.	Home and Prisons	9,349	15
4.	Health	7,189	11
5.	Public Works Dept.	6,330	10
6.	Water and Power	4,805	8
7.	Agriculture	1,875	3
8.	LG & RDD	1,604	3
9.	Others	8,442	13
<b>Total Non-Development</b>		<b>63,922</b>	<b>100</b>



The food department expenditure along with wheat subsidy alone constitutes 16% of the total expenditure followed by education department which consumed 22% of the non-development budget. Home and Prisons department share comes to 15% of the total expenditure. Similarly, the Health, Public Works Department and Water and Power having a large work force consumed 11%, 10% and 8% (respectively) of total expenditure. Eight PAOs made expenditure of Rs.55,480 million which is 87% of the total expenditure. The remaining 24 PAO collectively utilized funds of Rs.8,442 million which is 13% of the total expenditure.

The head wise detail of overall expenditure of Rs.81,923 million is as under:

S. No.	Head	Rs. in million	% age
1.	Salaries and employee benefits	41,055	47.63
2.	Operating expenses	8,323	9.66
3.	Transfer grants, Subsidies	2,766	3.21
5.	Physical assets	14,697	17.05
6.	Civil works	14,651	17.00
7.	Repairs and Maintenance	3,998	4.64
8.	Project pre investment	409	0.47
9.	Investment	293	0.34
<b>Total Expenditure</b>		<b>86,193</b>	<b>100</b>



The above table shows that an expenditure of Rs.41,055 million was incurred on salaries and operational cost, which was almost 47.63% of the total spending. This resulted in reduced fiscal space for developmental planning. Similarly, physical assets worth Rs.14,697 million were acquired. This will further put an abnormal burden on non-development budget in the coming years in the shape of repair and maintenance.

A broad-based planning is essential for the government to meet its development and non-development needs. Moreover, since the region has been declared as a tax-free zone, the government should focus on other revenue generating areas like tourism, mining, etc. to augment its financial position. The Government of Gilgit-Baltistan has established Gilgit-Baltistan Revenue Authority which is in the initial stage. The Government of Gilgit-Baltistan shall make efforts to make it fully functional.

Gilgit-Baltistan is not connected with national grid for power supply. Gilgit-Baltistan is entirely dependent on electricity produced from its own hydropower houses built on different streams in the region. The Gilgit-Baltistan government charges nominal rates from consumers as compared to cost of electricity production. Therefore, the government needs to reconsider the tariff policy to enhance its revenue besides streamlining the revenue collection system.

The Gilgit-Baltistan government also needs to identify and focus on certain significant areas and capacity building issues, i.e. revenue collection, establishment of internal audit system, monitoring and evaluation, etc. that could refine and elevate its performance. The current financial management system of the government needs



to be revisited through an integrated planning in order to maintain a balance between revenue and expenditure.

Unqualified audit opinions on financial statements and appropriation accounts of the Gilgit-Baltistan Government have already been issued.

The audit highlighted certain systemic weaknesses in the budgetary utilization and resource allocation by the government. The observations in this audit report are indicators of these weaknesses that arise primarily from lack of implementation of standard operating procedures, weak internal control mechanisms and financial and administrative mismanagement of financial resources.

## **1.2 AUDIT PARAS**

### ***1.2.1 Non preparation of PAOs wise development budget- Rs.47,887 million***

Section 71 (2) of the Government of Gilgit-Baltistan Order, 2018 the Annual Budget shall be submitted to the Assembly in the form of demands for grant and the Assembly shall have power to assent to, or to refuse to assent to any demand, or to assent to any demand subject to a reduction of the amount specified therein.

During financial year 2022-23 the governments of Gilgit of Baltistan allocated Rs.47,887 million for development expenditure.

During the certification audit of the government of Gilgit-Baltistan for the year 2022-23 audit observed that the authorization of the development budget was obtained sector wise instead of PAOs whereas the funds were released PAOs-wise through SAP system.

Audit further observed that budget book showing PAOs wise allocation/grant was neither printed nor the respective PAOs were given the SAP access in order to have a check on the allocation and expenditure being administrator of the grant.

Audit is of the view that the existing arrangement is not only inconsistent with the provision of Gilgit-Baltistan Order but in existing circumstances the role of PAOs being administrators of the respective grant has been minimized.

The irregularity was pointed out during September 2023. The department replied that the development budget is prepared in the shape of ADP which is divided in different sectors and schemes within the sectors. The budget is released sector-wise/scheme-wise not PAO wise.

The management has accepted the point of view of the audit regarding non-preparation of PAO wise budget.

The DAC in its meeting held on 23.10.2023 directed that the Finance Department may prepare PAO wise budget in future.

Audit recommends implementation of DAC directives.

### **1.2.2 Un-authorized supplementary grant – Rs.14,986 million**

Section 71(5) of the Government of Gilgit Baltistan Order, 2018 states that 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 year, the Government shall have the power to authorize expenditure from the Gilgit-Baltistan Consolidated Fund and shall cause to be laid before the Assembly a Budget or, as the case may be, an excess Budget, setting out the amount of that expenditure, and the provisions of this Article shall apply to those Budgets as they apply to the Annual Budget.

During Certification Audit of Appropriation Accounts and Financial Statements of Gilgit-Baltistan Government for the year 2022-23, it was noted that the total Supplementary Grants allowed by the Finance Department and the Supplementary Grants printed in the Supplementary Schedule of Authorized expenditure for the year 2022-23 were as under:

<b>S #</b>	<b>Remarks</b>	<b>Amount in million</b>
1.	Supplementary Grants allowed as per Manuscript of Appropriation Accounts for 2022-23	19,319.136
2.	Supplementary Grants printed in Supplementary as Schedule of Authorized Expenditure	4,332.61
3.	Difference in Supplementary Grants not printed in Supplementary Schedule of Authorized Expenditure	14,986.526

Audit observed that Supplementary Grants of Rs.14,986 million were not approved by the Assembly in violation of provision of Gilgit-Baltistan Order 2018, which is 77.57% of the total amount of Supplementary Grants.

Audit is of the view that it was the responsibility of the Finance Department to take appropriate measures to place Supplementary Grants before the Assembly for approval.

A large number of supplementary grants remained unapproved in violation of Article 56(5) of the of the Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009.

The irregularity was pointed out during September 2023. The management replied that an amount of Rs.4,332.61 million was issued as supplementary grant after obtaining proper authorization/approval from Chief Minister Gilgit-Baltistan. An amount of Rs.6,056 million were utilized as supplementary under development grant. Case for proper authorization for supplementary schedule is under process. The remaining amount of Rs.8,930 million as shown in supplementary was part of authorized budget.

The management accepted that approval of supplementary grant amounting to Rs.6,056 million has not been obtained from competent forum.

The DAC in its meeting held on 23.10.2023 directed the management to obtain the approval of remaining supplementary grant from the competent forum.

Audit recommends implementation of DAC directives.

**1.2.3 Non-depositing of outstanding taxes in government treasury–Rs.216 million**

Rule 43 of the Income Tax Rules, 2002 provides that all taxes collected or deducted are payable to the Commissioner by way of credit to the Federal Government 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 the specified time.

During review of the Civil Accounts/Financial Statements for the financial year 2022-23 of Government of Gilgit-Baltistan, it was observed that long outstanding dues were not cleared as the amount neither been refunded nor deposited in government treasury. Details are as under:

(Rs. in million)			
S. No	Head of Accounts	01.07.2022 Balance	30.06.2023 Balance
1	Income Tax Deduction from Salaries	0.570	0.570
2	Income Tax Deduction from Contractors	200.179	215.334
	<b>Total</b>	<b>200.749</b>	<b>215.904</b>

Audit is of the view that non-transferring of taxes in time is violation of Income Tax Rules, 2002.

The irregularity was pointed out during September 2023. The management replied that all concerned divisions/offices have been directed to work out the details of outstanding Income tax and submit cheques to the respective Accounts/Treasury Offices for endorsement in favor of Commissioner Inland Revenue Service Gilgit-Baltistan without further delay.

The management admitted the point of view of the audit.

The DAC in its meeting held on 23.10.2023 directed the management that the matter shall be pursued with concerned offices and in case of non-compliance the AG office will stop the second release of the subject offices.

Audit recommends implementation of DAC directives.

**1.2.4 Non-establishment of Gilgit-Baltistan government servant B&GI fund and irregular transfer of funds to the federal government – Rs.514 million**

Section 3 (i) of the Gilgit-Baltistan, Government Servant Benevolent Fund and Group Insurance Act 2018 states that as soon, as may be, Government shall constitute a fund to be known as the Gilgit-Baltistan Government Servants Benevolent & Group Insurance (B&GI) Fund.

During review of the Civil Accounts for the Financial Year 2022-23 of Government of Gilgit-Baltistan, it was observed that the Government of Gilgit-Baltistan did not constitute the Gilgit-Baltistan government servant B&GI fund as required under Section 3 of the Act. Funds of Rs.514 million were transferred to the Federal Government. Details are as under.

S. No	Head of Accounts	Amount (million)
1	Benevolent Fund	350.416
2	Group Insurance	163.855
	<b>Total</b>	<b>514.271</b>

Audit is of the view that non-establishment of Gilgit-Baltistan government servant B&GI fund and transferring of funds to Federal Government is violation of the Act.

The irregularity was pointed out during September 2023. The management replied that some amendments have been made in the proposed draft Act, 2023 and placed before the Gilgit-Baltistan Cabinet for approval. The Cabinet in its 4<sup>th</sup> meeting held on 09.10.2023 referred the Act to Standing Committee on Financial Matters. No funds shall be transferred w.e.f 01.07.2023 onwards to Federal Government and the same will be transferred to Gilgit-Baltistan B&GI.

The management admitted the point of view of the audit.

The DAC meeting was held on 23.10.2023. The DAC was not convinced with the management response as the Act is not amended as yet. The DAC directed that the funds should be established in accordance with Act.

Audit recommends that the decision of the DAC may be implemented.

### ***1.2.5 Irregular issuance of cheques in the name of DDOs – Rs.473 million***

According to Para No.4.2.9.9, of APPM, cheque payments should be released to the payee or personally collected by the payee or his authorized agent.

During certification audit for Financial Year 2022-23, it was noted that the office of the Accountant General, Gilgit, and DAOs, paid an amount of Rs.473 million to various departments/ offices on account of IS allowance, grant-in-aid to educational institutions, discretionary grants and other miscellaneous expenditure.

Audit observed that the cheques were issued in favor of DDOs instead of Vendors/Payees.

Audit was of the view that issuance of cheques to DDOs is violation of rules.

The irregularity was pointed out during September 2023. The management replied that the substantial amount of payment related to payment of Internal Security duty allowance, grant-in-aid and discretionary grants of Governor and CM.

The management admitted the point of view of the audit.

The DAC meeting was held on 23.10.2023. The DAC accepted the management point of view and directed that multiple petty DDO-payments made by various Government Departments may be discontinued in future. The AG office may issue necessary instructions to their subordinate Account Offices to stop further DDO payment.

Audit recommends implementation of DAC directives.

## CHAPTER-2

### 2. AGRICULTURE, LIVESTOCK AND FISHERIES DEPARTMENT

#### 2.1 Introduction

A. Agriculture, Livestock and Fisheries Department, Gilgit-Baltistan deals with agricultural education, training and research; experimental and demonstration farms, improvement of agricultural methods like protection against insects, pests and diseases; reclamation of land and research in agricultural engineering, agricultural information and publication of agricultural statistics. It also deals with horticulture, sericulture, marketing of certified seeds; it also deals with conservation and promotion of fisheries in private and public sectors and prevention of illegal fishing. Development of livestock farms and artificial insemination, prevention of animal and poultry disease, veterinary training and diagnosis and treatment of animals' diseases are other responsibilities of the department.

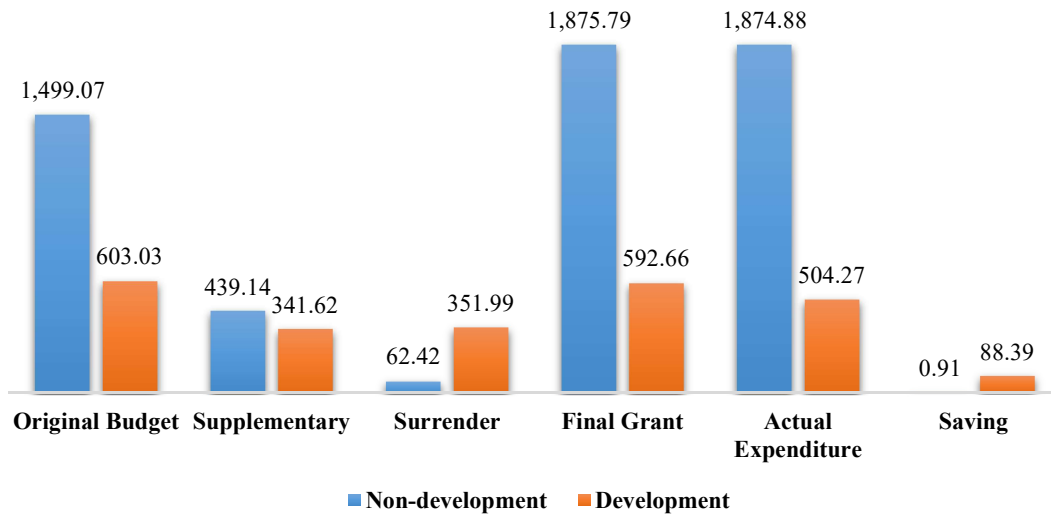
#### Audit Profile of Agriculture, Livestock and Fisheries Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	54	14	518.793	112.046

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of department for the Financial Year 2022-23 was as under:

Grant	Original Budget	Supplementary	Surrender	Final Grant	(Rs. in million)	
					Actual Expenditure	Saving
Non-Dev-10	1,499.07	439.14	(62.42)	1,875.79	1,874.88	0.91
Dev	603.03	341.62	(351.99)	592.66	504.27	88.39
<b>Total</b>	<b>2,102.10</b>	<b>780.76</b>	<b>(414.41)</b>	<b>2,468.44</b>	<b>2,379.15</b>	<b>89.30</b>



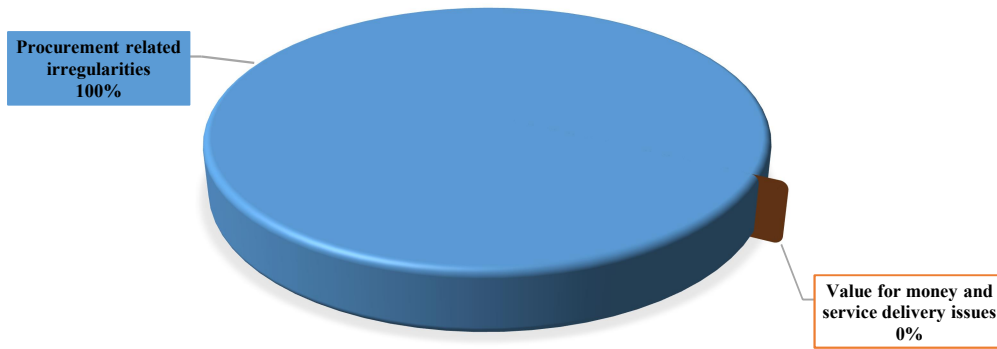
Initially, the department was granted non-development budget of Rs.1,499.07 million. During the year, supplementary grant of Rs.439.14 million was granted which is 29.29% of the original allocation. After surrender of Rs.62.42 million which constituted 4.16% of the total original allocation, the final grant accumulated to Rs.1,875.79 million against which the funds of Rs.1,874.88 million (99.95% of the final grant) were utilized leaving a negligible saving of Rs.0.91 million.

Similarly, under development grant funds of Rs.603.03 million were allocated. Against final grant of Rs.592.66 million the department utilized funds of Rs.504.27 million which is 85.09% of the final grant. The department could not utilize development funds to the tune of Rs.88.39 million which is 14.91% of the final grant.

## 2.2 Classified summary of Audit observations

Audit observations amounting to Rs.47.025 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Procurement related irregularities	47.025
2.	Value for money and service delivery issues	0
<b>Total</b>		<b>47.025</b>



### 2.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

### 2.4 AUDIT PARAS

#### 2.4.1 *Unauthorized allocation of vehicles to other departments*

Rule 9 (i) of Government of Gilgit-Baltistan, Staff Vehicles (Use and Maintenance Rules) 2021 provides that there shall be a vigilance committee at provincial and district level to monitor officials transport system and to control the misuse of vehicles.

During the audit of office of the Secretary, Agriculture, Livestock & Fisheries Department, Gilgit for the Financial Year 2021-22, it was noted that eleven vehicles were handed over to other departments. Details are as under:

S,No	Vehicle No	Year of Handing over	Handed over to
1.	GLT-404 Single Cabin	2015	LEA
2.	GLT-Suzuki Jeep	2012	DC, Gilgit
3.	GLT.217 Double Cabin	2016	LEA
4.	GJ 049 Double Cabin	2019	NAB, Gilgit
5.	GLTC 32 Single Cabin	2012	DC, Gilgit
6.	GLTA 4684 Suzuki Potohar	2005	DC, Gilgit
7.	BLN2643 Double Cabin	2008	DC, Skardu
8.	GLT-C 24 Double Cabin	2012	LEA
9.	GLTC Double Cabin	2017	LEA
10.	GLTA 1883 Double Cabin	2005	DC, Hunza
11.	GLTA 8282 Pajero three door	2005	ETO Gilgit

Audit observed that the retention of vehicles by other departments was unauthorized and was misuse of public assets.



Audit is of the view that due to weak internal controls, the vehicles were not being utilized for the intended purpose.

The irregularity was pointed out during the month of January 2023. The management replied that this department has time and again requested Services & General Administration Department Gilgit Baltistan to retrieve the identified vehicles. However, no department has returned the vehicle so far.

The reply was noted accepted as the vehicles have not been taken back.

The DAC in its meeting held on 22.12.2023 decided to place the para before the Public Accounts Committee for policy decision.

Audit recommends that vehicles may be retrieved from departments.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2021-22 vide para number 2.4.6. Recurrence of same irregularity is a matter of serious concern.*

AP-04/2022-23

#### **2.4.2 Irregular expenditure on purchase of vehicles – Rs. 45.025 million**

Finance Division, Government of Pakistan, Islamabad vide OM No.7(1)Exp.IV/ 2016-812 dated 21.08.2019 imposed a complete ban on purchase of all types of vehicles (excluding motorcycles) both for current as well as development projects.

During audit of the Director Livestock, Gilgit for the Financial Years 2019-20 to 2022-23, it was noted that the department purchased ten vehicles of different model involving cost of Rs.39.275 million. The department also incurred an expenditure of Rs.5.750 million on installation of canopies on these vehicles. Details are as under:

(Amount in million)

Sr. #	Name of Project	Description	Quantity	Cheque # & date	Expenditure
1	Effective Control of Ecto & Endo Parasites in Livestock in GB & Construction of Veterinary Dispensary at Chillim & Jutial Gilgit	Toyota Hilux Single Cabin (4x2)	07	0393499 dated 02.04.2020	24.616
2	Establishment of Veterinary Dispensary Sharate, Hupuk Astore, Goharabad Borith Ishkoman & Purchase of 03 Mobile Dispensaries	Toyota Hilux Single Cabin (4x4)	03	0393498 dated 02.04.2020	14.659
3	Canopy / Fabrication charges of vehicles as veterinary ambulances etc.	Toyota Hilux Single Cabin (4x2)	07	0393500 dated 02.04.2020	4.025
4	Canopy / Fabrication charges of vehicles as veterinary ambulances etc.	Toyota Hilux Single Cabin (4x4)	03	0391420 dated 02.04.2020	1.725
<b>Total</b>			<b>10</b>		<b>45.025</b>

Audit observed that vehicles were purchased without obtaining NOC from Finance Division, Islamabad.

Audit is of the view that the irregularity was occurred due to non-adherence of the austerity measures issued by the Finance Division, Islamabad.

The irregularity was pointed out during August 2023. The department replied that vehicles were purchased with the approval of Chief Minister Gilgit-Baltistan.

The reply was not accepted as the vehicles were purchased without obtaining NOC.

The DAC in its meeting held on 22.12.2023 directed to obtain ex-post facto approval / NOC from Finance Division, Islamabad.

Audit recommends that decision of the DAC may be implemented.

AP-325/2023-24

#### ***2.4.3 Irregular expenditure without provision in PC-I – Rs.2.00 million***

Para 9 of GFR Vol-I states that as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

During audit of the Director, Agriculture, Skardu for the Financial Year 2022-23, it was noted that a project “Production & Marketing of fruit and vegetable one village one product basis” was approved by GB-DDWP on 09.09.2016 at a cost of Rs.59.00 million with a completion period of sixty months. The management incurred an expenditure of Rs.2.00 million on purchase of Gabion 6 feet height, angle iron 8 feet and gate frame from M/S Friend Steel Works, Skardu.

Audit observed that there was no provision in the PC-I for purchase of these items.

Audit is of the view that inadmissible items were purchased due to non-adherence to the provision of the PC-I and rules.

The irregularity was pointed out during October 2023. The department replied that there was a balance of Rs.2.00 million available and accordingly the material was purchased for establishment of commercial orchard by providing fencing materials to the progressive farmers for protection of orchard plants.

The reply was not accepted as expenditure was made beyond the approved scope as no provision was made in PC-I for purchase of these items.

The DAC meeting was held on 22.12.2023. The DAC did not accept the stance taken by the department and directed to constitute a committee to physically verify the work and report. The DAC also directed to issue a warning to concerned staff for making expenditure without having provision in PC-I.

Audit recommends that decision of the DAC may be implemented.

AP-569/2023-24

## CHAPTER-3

### 3. ANTI CORRUPTION DEPARTMENT

#### 3.1 Introduction

A. Anti-Corruption Establishment (ACE), Gilgit-Baltistan is an attached department of Services and General Administration Department (S&GAD), Government of the Gilgit-Baltistan. It is dedicated to eradicate corruption from the provincial government departments and services. In order to bar the white-collar crime; on one side, it bears the responsibility of eradication of corruption by multidimensional flow of information and awareness among general masses, while reacting against corrupt practices on the other side, within the government parameters. It adopts an approach of a vigilant watchdog, ensuring vivid accountability and absolute application of law enforcement on public servants.

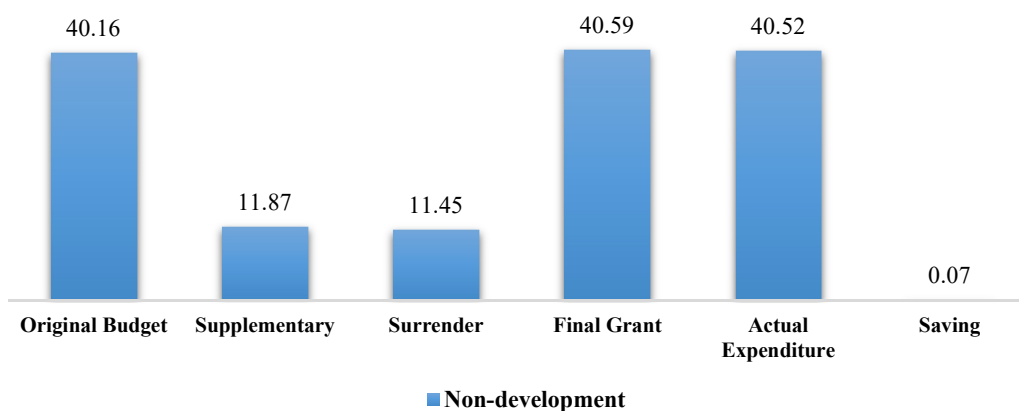
#### Audit Profile of Anti-Corruption Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	1	1	28.805	-

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of department for the Financial Year 2022-23 was as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-29	40.16	11.87	(11.45)	40.59	40.52	0.07



Initially, the department was granted non-development budget of Rs.40.16 million. During the year, supplementary grant of Rs.11.87 million was granted which is 29.56% of the original allocation. After surrender of Rs.11.45 million which constituted 28.50% of the total original allocation, the final grant accumulated to Rs.40.59 million against which the funds of Rs.40.52 million (99.83% of the final grant) were utilized leaving a negligible saving of Rs.0.07 million.

### 3.2 Classified summary of Audit observations

An audit observation was raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	0

### 3.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

### 3.4 AUDIT PARAS

#### 3.4.1 Non-formulation of recruitment rules

According to Civil Servants (Appointment, Promotion and Transfer) Rules, 1973, Recruitment rules for various posts are required to be framed by the Ministries/Divisions concerned in consultation with the Establishment Division in pursuance of rule 3(2) of Civil Servants (Appointment, Promotion and Transfer) Rules, 1973.

During audit of the Director General Anti-Corruption Gilgit-Baltistan, Gilgit for the Financial Years 2020-21 & 2021-22, it was noted that the office was established vide Act No. III of 2017. The government created 27 posts (14 posts of BS-16 to 20 and 13 posts of BS-01 to 15). The department also made appointment against 08 posts from BS-1 to 11 (01 Assistant, 02 Drivers, 02 NQ, 02 Chowkidar and 01 Sweeper).

Audit observed that the department did not formulate recruitment rules to regulate the appointment, promotion against different posts to ensure the smooth functioning of the department.

Audit was of the view that despite lapse of 05 years non-framing of rules was negligence on the part of department.

The observation was pointed out during January 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene a DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that recruitment rules may be formulated and got approved from the government.

AP-12 & 15/2022-23

## CHAPTER-4

### 4. CABINET DEPARTMENT

#### 4.1 Introduction

A. As per Gilgit-Baltistan Rules of Business-2009, the Cabinet Secretariat deals with functions relating to the provincial Cabinet matters, promulgation and revocation of Ordinances, all secretariat works for the Cabinet and its Committees, follow up and implementation of decisions of all Committees, all matters relating to the Governor, Chief Minister, Provincial Ministers, Advisors and Special Assistants and implementation of the directives of the Chief Minister.

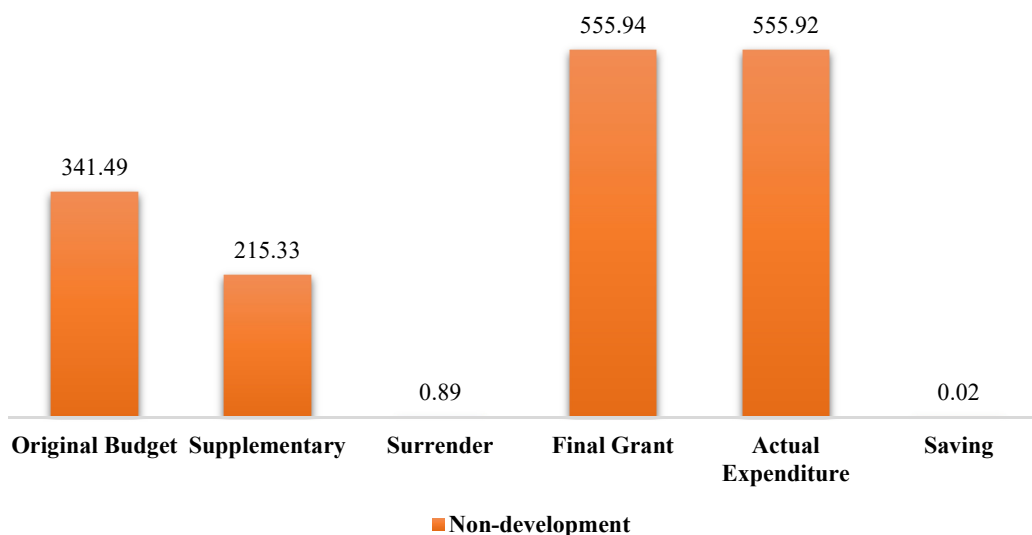
#### Audit Profile of Cabinet Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	2	2	635.952	0.254

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of department for the Financial Year 2022-23 was as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-05	341.49	215.33	(0.89)	555.94	555.92	0.02

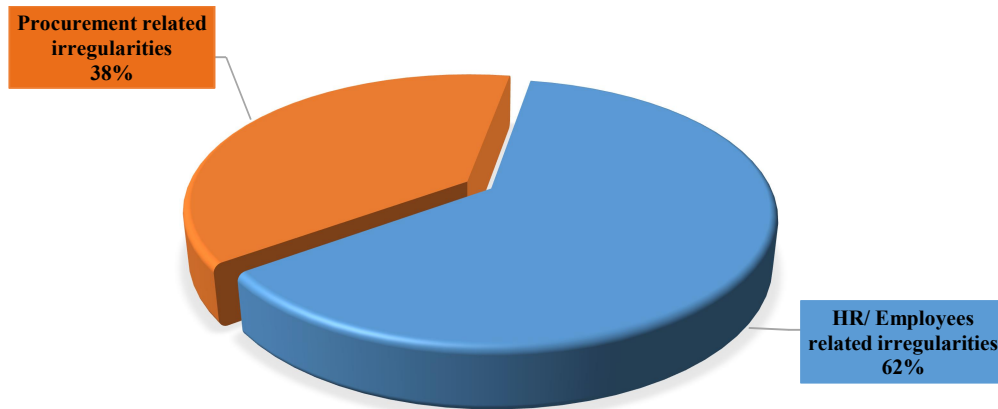


Initially, the department was granted non-development budget of Rs.341.49 million. During the year, supplementary grant of Rs.215.33 million was granted which is 63.05% of the original allocation. After surrender of Rs.0.89 million which constituted 0.26% of the total original allocation, the final grant accumulated to Rs.555.94 million against which the funds of Rs.555.92 million (almost 100% of the final grant) were utilized.

#### 4.2 Classified summary of Audit observations

Audit observations amounting to Rs.64.502 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	40.160
2.	Procurement related irregularities	24.342
<b>Total</b>		<b>64.502</b>



#### 4.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

#### 4.4 AUDIT PARAS

##### 4.4.1 *Irregular appointments of staff without adopting open competition – Rs.40.106 million*

The standard terms and conditions of contract employment issued by Establishment Division vide O.M No.10/52/95-R.2 dated 18.07.1996 as amended from time to time provide that the period of contract should not exceed two years and the post should be advertised.



During audit of office of the Secretary Cabinet, Gilgit for the Financial Years 2021-22 and 2022-23, it was noted that the management hired the services of different employees on contract basis detail are as under:

S. No.	Post	No. of employees
01	PROs	19
02	LDC	02
03	Cook	21
04	Drivers	30
<b>Total</b>		<b>72</b>

The services of LDCs were retained in the Cabinet Department and remaining CPS were posted/attached with Ministers / Advisors / Parliamentary Secretaries / Special Assistants / Coordinators in the light of decision of the 10<sup>th</sup> meeting of the Gilgit-Baltistan Cabinet held on 17.09.2021. An expenditure of Rs.40.106 million was incurred on payment of fixed salary of these employees.

Audit observed that the appointments were made without adopting open competition in violation of instructions of the government.

Audit is of the view that irregularity occurred due to non-adherence to government instructions regulating the appointments.

The irregularity was pointed out during March 2023. The management replied that the Cabinet in its 3<sup>rd</sup> meeting held on 28.11.20215 approved one PRO, one driver and one Cook for each Ministers/Advisors, Special Assistants to CM Gilgit-Baltistan. Complying with the Gilgit-Baltistan Cabinet decision the services of the individuals were hired on contract basis.

The reply was not satisfactory as the appointment were made without open competition.

The DAC meeting was held on 09.01.2024. The DAC directed that a committee should be notified under the chairmanship of Deputy Secretary Cabinet to re-examine the requisite documents i.e. qualifications experience certificate and driving license etc. and submit the report to PAO.

Audit recommends that decision of the DAC may be implemented.

AP-57/2022-23 and AP-690/2023-24

#### **4.4.2 Irregular award of contract of repair & maintenance of vehicles– Rs. 24.342 million**

Rule 4 of the Public Procurement Rules, 2004 states that a procuring agency, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During audit of office of the Secretary Cabinet, Gilgit for the Financial Year 2022-23, it was noted that the management called tender for repair & maintenance of vehicles on 24.06.2022. As per record 07 firms technically qualified and submitted their financial bids.

Audit observed that work was awarded to 3<sup>rd</sup> lowest bidder viz M/s Butt Autos, Gilgit instead of lowest bidder and made payment of Rs.24.342 million to the firm. Moreover, repair & maintenance work involving Rs.12.754 million which is almost 52% of the entire expenditure was executed through M/s Butt Autos, Gilgit without any competitive rates as the rate for these items were not included in the bids on basis of which the contract was awarded.

Audit is of the view that non-compliance with procurement rules resulted in loss to the government.

The irregularity was pointed out during October, 2023. The management replied that the technical committee approved the firm being the lowest after thorough securitization of documents in light of provision of procurement rules.

The reply was not accepted as the contract was awarded to 3<sup>rd</sup> lowest without assigning any reason in violation of rules. Moreover, most of items were purchased from the contractor which were not included in the contract.

The DAC in its meeting held on 09.01.2024 decided to constitute a committee under the chairmanship of DS Cabinet to examine the unrealistic rates against some items given by the lowest bidder just to win the bid.

Audit recommends that an inquiry may be initiated against the person(s) at fault for fixing responsibility.

AP-689/2023-24

## CHAPTER-5

### 5. CHIEF MINISTER’S SECRETARIAT

#### 5.1 Introduction

A. Chief Minister Secretariat deals with Gilgit-Baltistan selection board and its constitution, proposal involving any change in the function or powers of department, recommendation for the grant of honors and awards, all cases relating to matters which are liable to involve Government into controversy with the Government of Pakistan or with another Provincial Government, Annual Budget Statement to be laid before the Gilgit-Baltistan Assembly, Authentication of the Schedule of Authorized Expenditure, Excess Budget statement and Transfer/ posting of officers mentioned in Schedules-III under Rules 18(1).

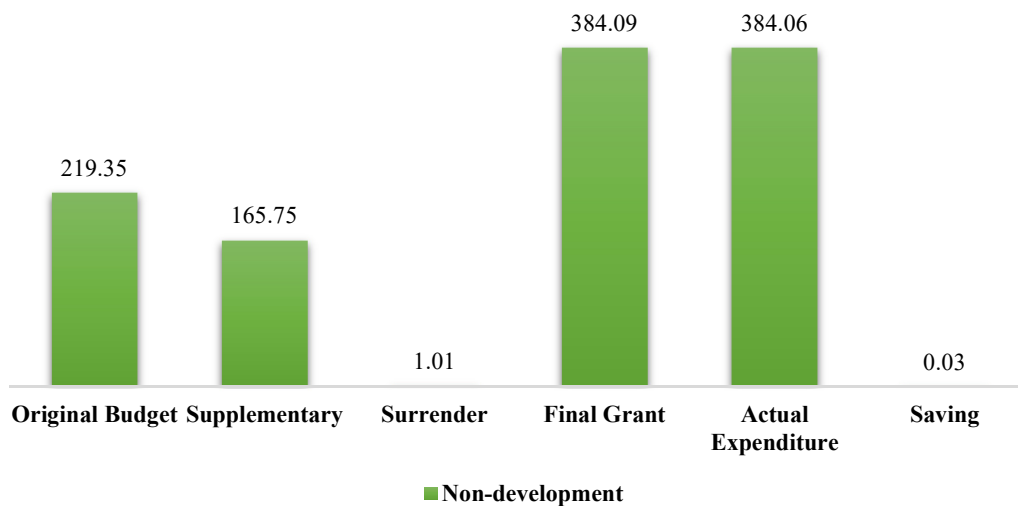
#### Audit Profile of Chief Minister’s Secretariat

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	1	1	180.679	0.531

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of Chief Minister’s Secretariat for the Financial Year 2022-23 was as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-02	219.35	165.75	(1.01)	384.09	384.06	0.03

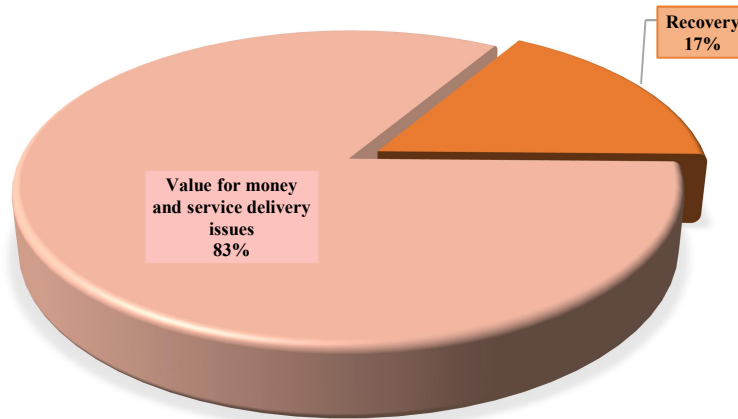


Initially, the department was granted non-development budget of Rs.219.35 million. During the year, supplementary grant of Rs.165.75 million was granted which is 75.56% of the original allocation. After surrender of Rs.1.01 million which constituted 0.46% of the total original allocation, the final grant accumulated to Rs.384.09 million against which the funds of Rs.384.06 million (99.99% of the final grant) were utilized.

## 5.2 Classified summary of Audit observations

Audit observations amounting to Rs.33.652 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.5.653 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.	Value for money and service delivery issues	28.009
2.	Recovery	5.643
<b>Total</b>		<b>33.652</b>



## 5.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

## 5.4 AUDIT PARAS

### 5.4.1 Irregular expenditure over & above authorized grant – Rs.5.245 million

According to Section-13 of the Chief Minister Gilgit Baltistan (Salaries, Allowances & Privileges) Act, 2021, a sum of Rs.5,000,000/- (Rupees Five Million only) per year shall be placed at the disposal of Chief Minister for making

discretionary grants to the poor patients, orphan children, school fee of poor students and sports/charity organizations across the Gilgit-Baltistan.

During audit of Chief Minister's Secretariat, Gilgit for the Financial Year 2022-23, it was noted that the management disbursed an amount of Rs.10.246 million to 182 individuals and charity organizations out of the discretionary grant of Chief Minister, Gilgit-Baltistan.

Audit observed that discretionary grant upto the extent of Rs.5.00 million per annum was required to be placed at the disposal of Chief Minister, whereas, in contrary, an amount of Rs.10.245 million was placed at the disposal of Chief Minister and entire amount was utilized, which resulted in excess unauthorized expenditure of Rs.5.245 million.

Audit is of the view that excess expenditure of Rs.5.245 million was made due to non-adherence to the provision of Act and ineffective implementation of internal controls.

The irregularity was pointed out during October 2023. The management replied that a case for necessary amendments in Section-13 of the Chief Minister, Gilgit-Baltistan (Salaries, Allowances & Privileges) Act, 2021, to remove the limitation of the annual budget grant has been taken up with the Law & Prosecution Department Gilgit-Baltistan vide letter No.SO (B&A)-1(13)/2023 (Audit) dated 12.10.2023.

The reply was not accepted as the expenditure was made in violation of Section 13 of Chief Minister Gilgit-Baltistan (Salaries, Allowances & Privileges) Act, 2021.

The DAC in its meeting held on 09.12.2023 directed to place the issue before the Gilgit-Baltistan Cabinet for regularization of the expenditure from the Gilgit-Baltistan Assembly through amendment in Section-13 of the Chief Minister Gilgit-Baltistan (Salaries, Allowances & privileges) Act, 2021.

Audit recommends that decision of DAC may be implemented.

AP-722/2023-24

#### ***5.4.2 Un-authorized disbursement of discretionary grant – Rs.2.400 million***

According to the Section-13 of the Chief Minister Gilgit Baltistan (Salaries, Allowances & Privileges) Act, 2021, discretionary grant is to be disbursed among the poor patients, orphan children, school fee of poor students and sports/charity organizations across the Gilgit-Baltistan.

During audit of Chief Minister’s Secretariat, Gilgit for the Financial Year 2022-23, it was noted that the management paid an amount of Rs.2.400 million to the following individuals/institutions out of discretionary grant:

S. No.	Particular	Rs. in million
1	Skardu Press Club	0.50
2	Moulana Sarwar Shah, Mohtamim Jamia Ashraf ul Uloom, Jagir Basin	1.00
3	Mr. Ghulam Abbas (Naat Khuwan to perform Umrah + Ziarat)	0.90
<b>Total</b>		<b>2.40</b>

Audit observed that above recipients were not eligible for grant as they were not covered in the scope of entitlement laid down in the Act.

Audit is of the view that payment worth Rs.2.400 was made due to non-adherence to provision of Act and ineffective implementation of internal control.

The irregularity was pointed out during October 2023. The management replied that the expenditure was covered in Gilgit-Baltistan Chief Ministers (Salaries, Allowances and Privileges) Act-V of 2010 and GBLA Amended Act No.III of 2015 which was in field during financial year 2022-23, until the previous Acts were repealed with new Act, 2021.

The reply was accepted as Chief Minister Gilgit Baltistan (Salaries, Allowances & Privileges) Act, 2021 was in field w.e.f. 06.07.2022 and the management was required to regulate the grant during Financial Year 2022-23 in accordance with section 13 of the said Act.

The DAC in its meeting held on 09.12.2023 directed to place the issue before the Gilgit-Baltistan Cabinet for regularization of the expenditure from the Gilgit-Baltistan Assembly through amendment in Section-13 of the Chief Minister Gilgit-Baltistan (Salaries, Allowances & privileges) Act, 2021.

Audit recommends that decision of the DAC meeting may be implemented.

AP-723/2023-24

#### **5.4.3 Irregular payment on account of TA/DA to CM, PSO and CSO– Rs.2.593 million**

In term of Supplementary Rules (S.R) 195 the controlling officers are responsible to ensure that the specific purpose of the journey is always indicated on the T.A. bill.

During audit of Chief Minister's Secretariat, Gilgit for the Financial Year 2022-23, it was noted that the management paid TA/DA amounting to Rs.2.593 million to various officers. Detail is at **Annexure-2**.

Audit observed that:

- i. In all the cases journey was performed by the officers/officials from Gilgit to Islamabad and vice versa without indicating the specific purpose of visits.
- ii. The journey was performed without formal tour of Chief Minister, Gilgit-Baltistan duly supported with an invitation by the competent authority to Chief Minister in discharge of his official duties outside his jurisdiction.
- iii. In presence of protocol staff and allied logistic support at CM Camp Office, Islamabad, the proceeding of Gilgit based protocol staff to Islamabad was not justified.
- iv. Payment of Rs.383,000/- in respect of Mr. Kashif Ali Shigri, PSO to CM Gilgit-Baltistan was made against time barred claim.
- v. The period of journey's performed by the officers were not matching with the tour program of Chief Minister.

Audit is of the view TA/DA was paid against the spirit of rules and parameters of financial propriety and therefore, held irregular.

The irregularity was pointed out during October 2023. The management replied that in future, specific purpose of journey shall be incorporated in the visit/tour program. The payment of TA/DA will be tallied with the tour program of CM. The matter of time barred payment has been taken with Finance Department for clarification.

The management has accepted the point of view of audit.

The DAC in its meeting held on 09.12.2023 directed the management to obtain ex-post fact approval of the competent authority for the outstation visit/ tour program to regularize the TA/DA bills to justify the payment.

Audit recommends that decision of the DAC may be implemented.

AP-729/2023-24

#### **5.4.4 Irregular allocation of vehicles to non-entitled officers/ officials – Rs.20.364 million**

According to Rule-11(a) of Government of Gilgit-Baltistan Staff Vehicles (Use & Maintenance) Rules, 2021, the officers in BS-18 and above at Chief Minister Secretariat are entitled for use of official vehicles.

During audit of Chief Minister’s Secretariat, Gilgit for the Financial Year 2022-23, it was noted that management allocated the government vehicles to 15 officers/ officials of BS-17 and below. An expenditure of Rs.20.365 million was incurred on account of POL and repair & maintenance.

Audit observed that the vehicles were allocated to officers in BS-17 and below who are not entitled in term of rule-11(a) of Government of Gilgit-Baltistan Staff Vehicles (Use & Maintenance) Rules, 2021.

Audit is of the view that irregularity occurred due to non-adherence to rules and ineffective implementation of internal controls.

The irregularity was pointed out during October 2023. The management replied that the existing arrangement for placement of the official vehicles to non-entitled officers shall be reviewed/reconsidered to rationalize budget expenditure under POL and repair/ maintenance of the vehicles.

The reply was inconsistent with rules as officers BS-17 & below were not entitled for use of staff car.

The DAC in its meeting held on 09.12.2023 directed the management to withdraw all the vehicles from non-entitled officers forthwith except to the staff as per nature and scope of their job/responsibilities.

Audit recommends that vehicles may be withdrawn from non-entitled officer.

AP-763/2023-24

#### **5.4.5 Non-adjustment of Foreign TA/DA – Rs.3.050 million**

According to rule 11.8 of TA Manual, TA advance should be adjusted through T.A. bill immediately on return to headquarters or on 30<sup>th</sup> June whichever is earlier. If a government servant has been paid an advance for a particular journey, the T.A. bill for that journey will not be admitted in audit unless the advance drawn for the purpose is properly adjusted.

During audit of Chief Minister’s Secretariat, Gilgit for the Financial Year 2022-23, it was noted that management paid an amount of Rs.3.050 million to CM and PSO as TA/DA in connection with foreign visit. Details are as under: -

(Rs. in million)

S. No.	Names & Designations	Amount	Cheque No. & Date
1	Chief Minister, Gilgit-Baltistan	2.300	573568 dated 5.1.2023



2	PSO to Chief Minister, Gilgit-Baltistan	0.750	573569 dated 5.1.2023
<b>Total</b>		<b>3.050</b>	

Audit observed that TA/DA advances were not adjusted till 30<sup>th</sup> June, 2023 in violation of rule 11.8 of TA/DA Manual.

Audit is of the view that irregularity was occurred due to weak internal controls.

The irregularity was pointed out during October 2023. The management replied that the concerned officers have been approached vide letters No.SO(B&A)-1(13)/2023 (Audit) dated 7<sup>th</sup> October, 2023 to provide all requisite documents for settlement of TA/DA advance.

The management accepted that adjustment has not been submitted by the concerned officers.

The DAC meeting was held on 09.12.2023. The DAC was apprised that the recipients have submitted the cheques amounting to Rs.2.300 million and Rs.0.750 million respectively in settlement of their TA/DA advances. The DAC directed that cheques may be deposited into government treasury and challans may be got verified from Audit.

Audit recommends that amount may be deposited into government treasury.

AP-764/2023-24

## CHAPTER-6

### 6. DIRECTOR GENERAL CHAIRMAN INSPECTION TEAM

#### 6.1 Introduction

A. Director General Chairman Inspection Team deals with Inspection of development projects throughout Gilgit-Baltistan with the objectives that development projects are properly planned and are executed efficiently, expeditiously and economically with effective quality controls and to recommended appropriate action against the defaulting officials/departments and directives/orders of the Government regarding development projects are being fully implemented. It is also mandated to review the progress on ADP twice a year of all Government Departments to see whether or not these departments/agencies discharge their duties/functions efficiently and expeditiously and to bring serious observations to the notice of the Government together with recommendations for improvement. It is further mandated to take cognizance of any important matter affecting Government/public interest and draw attention of the authorities concerned for appropriate action.

#### Audit Profile of Director General Chairman Inspection Team

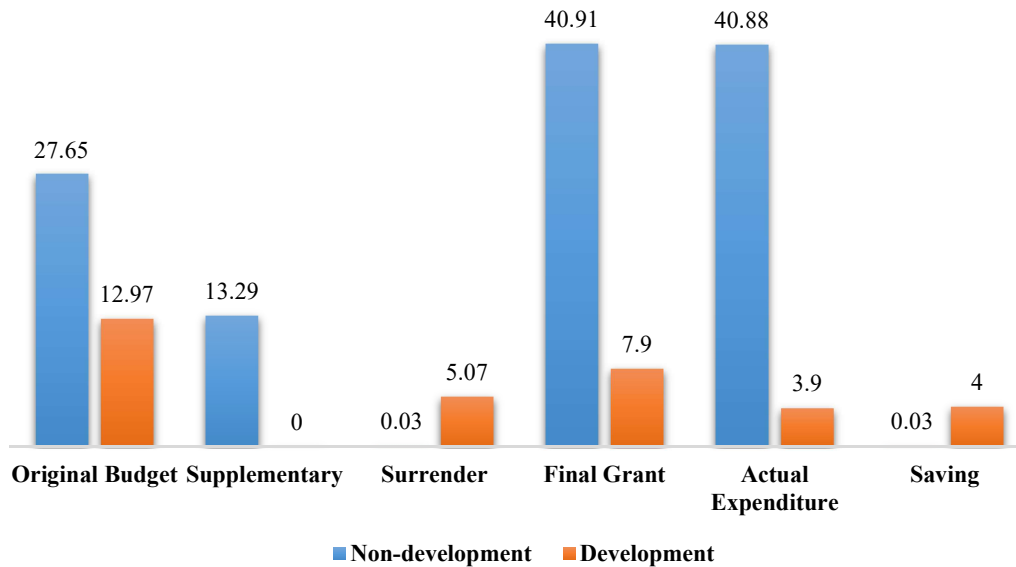
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	1	1	24.805	-

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of department for the Financial Year 2022-23 was as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-03	27.65	13.29	(0.03)	40.91	40.88	0.03
Dev	12.97	-	(5.07)	7.90	3.90	4.00
<b>Total</b>	<b>40.62</b>	<b>13.29</b>	<b>(5.09)</b>	<b>48.81</b>	<b>44.78</b>	<b>4.04</b>



Initially, the department was granted non-development budget of Rs.27.65 million. During the year, supplementary grant of Rs.13.29 million was granted which is 48.07% of the original allocation. After surrender of Rs.0.03 million, the final grant accumulated to Rs.40.91 million against which the funds of Rs.40.88 million (99.92% of the final grant) were utilized.

Similarly, under development grant funds of Rs.12.97 million were allocated. Against final grant of Rs.7.9 million the department utilized funds of Rs.3.9 million which is 49.31% of the final grant. The department could not utilize development funds to the tune of Rs.4.00 million which is 50.69% of the final grant.

## 6.2 Classified summary of Audit observations

An audit observation was raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	0

## 6.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

## **6.4 AUDIT PARAS**

### ***6.4.1 Non-Performing of core functions***

According to SRO No. (1)/2009 dated 23.12.2009 the Chairman Inspection Team is assigned the responsibilities including inspection of development projects, to recommend appropriate action against the defaulting officials/departments, implementation of government directives and biannual review of ADP for improvement.

During Audit of the office of the Chairman Inspection Team Gilgit-Baltistan, Gilgit for the Financial Year 2021-22, it was observed that the department did not perform its assigned core functions. Furthermore, services of Member Technical CIT having cost impact of annual salary of Rs.2.704 million was also not utilized which deprived the department as the incumbent was attached with Gilgit Development Authority.

Audit was of the view that the irregularity occurred due to non-adherence to the statutory orders.

The irregularities were pointed out during the month of May, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends implementation of statutory regulatory order in its letter and spirit besides withdrawal of attachment of the incumbent.

AP-149 and 150/2022-23

## CHAPTER-7

### 7. EDUCATION DEPARTMENT

#### 7.1 Introduction

A. Education Department deals with the affairs of school and college education and grant of scholarship. The department is also responsible for education of handicapped children, promotion of scientific research, organization of all public libraries, promotion of sports, services matter except those entrusted to S&GAD Department.

#### Audit Profile of Education Department

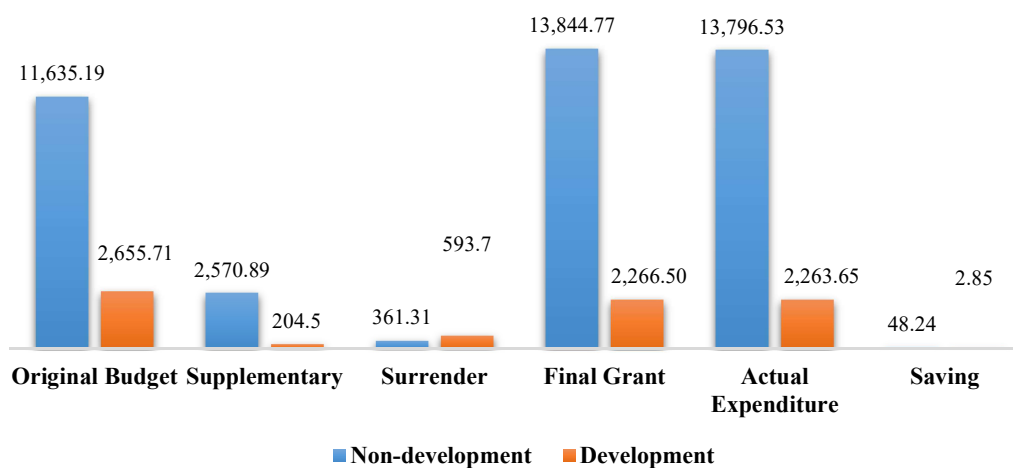
Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs.in million	Revenue/Receipts FY 2022-23 Rs.in million
1.	Formations	194	5	206.959	15.236

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the Financial Year 2022-23 is as under:

(Rs.in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-11	11,635.19	2,570.89	(361.31)	13,844.77	13,796.53	48.24
Dev	2,655.71	204.50	(593.70)	2,266.50	2,263.65	2.85
<b>Total</b>	<b>14,290.90</b>	<b>2,775.39</b>	<b>(955.02)</b>	<b>16,111.27</b>	<b>16,060.18</b>	<b>51.09</b>



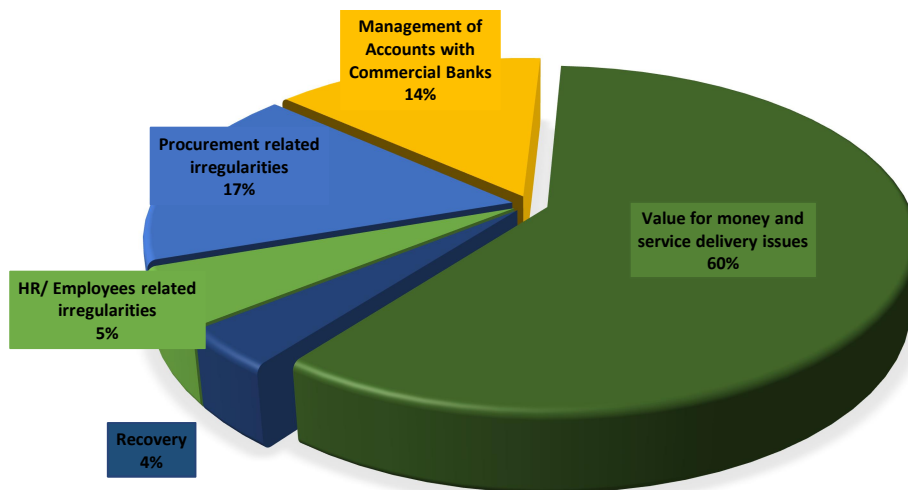
Originally, the department was granted non-development budget of Rs.11,635.19 million. During the year supplementary grant of Rs.2,570.89 million was granted which is 22.10% of the original allocation. After surrender of funds amounting to Rs.361.31 million, the final grant comes to Rs.13,844.77 million. The department utilized budget of Rs.13,796.53 million leaving a saving of Rs.48.24 million which is 0.35%.

Education department has its own technical cell for execution of development projects relating to education sector. During the year, development budget of Rs.2,655.71 million was allocated to the department for execution of development schemes across the region. The department utilized development budget of Rs.2,263.65 million.

## 7.2 Classified summary of Audit observations

Audit observations amounting to Rs.713.023 million were raised in this report during current audit of department. This amount also includes recoveries of Rs.26.985 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	39.142
2.	Procurement related irregularities	120.921
3.	Management of Accounts with Commercial Banks	101.449
4.	Value for money and service delivery issues	424.526
5.	Recovery	26.985
<b>Total</b>		<b>713.023</b>



## 7.3 Comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

## **7.4 AUDIT PARAS**

### ***7.4.1 Non-preparation of budget and its approval from Government-190.554 million and non-establishment of fund Rs.45.752 million***

Para 7, 9, 10 and 11 of Cadet College Skardu-Northern Areas Order, 2000 states that Board will formulate the budget of the institution for the approval of Government and there shall be a fund to be known as “Board Fund” vested by the Board. The Board shall maintain complete and accurate book of accounts in such form as may be prescribed. The Board shall submit a statement of estimated receipts and expenditure in respect of the next financial year to the Government for approval.

During the audit of Cadet College, Skardu for the financial year 2021-22, it was noted that the management received an amount of Rs.190.554 million as receipt including Cadets Fee (Rs. 91.543 million), Grant-in-Aid (Rs.75 million), Prospectus/Registration Fee (Rs. 2.583 million) and Misc Receipt (Rs.21.428 million). During the year an expenditure of Rs.187.347 million was incurred by the management under various heads.

Audit observed as under:

- i. The Board did not prepare rules and regulations to maintain book of accounts required to be maintained by the college.
- ii. Neither the annual financial statements were prepared nor submitted to the Government for approval.
- iii. The Board Fund was not established and the funds were placed in various accounts opened in Habib Bank Limited, Ghumba Branch, Skardu. As on 30.06.2022 funds of Rs. 20.370 million were available in these accounts.
- iv. Similarly, Cadet College Chilas also maintained bank accounts in Soneri Bank and Askari Bank Limited at Chilas. As on 30.06.2022, funds of Rs.25.382 million were available in these accounts.

Audit is of the view that irregularities occurred due to non-adherence to provision of Cadet College Order, 2000.

The irregularities were pointed out during May, 2023. The management replied that the College is already following all the instructions as per law, rules and regulations prescribed and formulated by Govt of Gilgit-Baltistan. However, Act of Cadet College for Gilgit-Baltistan has been drafted and already forwarded for approval of Cabinet after being sanctioned by BOGs.

The reply was not accepted as the budget of college was neither submitted to the government nor expenditure was made with the approval of government.

The DAC meeting was held on 06.01.2024. It was apprised that Cadet College Skardu Act-2023 was presented before 5<sup>th</sup> Gilgit-Baltistan Cabinet meeting for approval which is in process and shall soon be got approved. DAC directed the management that the rules may be got approved from the government at the earliest.

Audit recommends that decision of the DAC may be implemented.

AP-52, 176, 177 and 180/2022-23

**7.4.2 *Non-declaration of the status of the college after promulgation of Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009***

Rule 3(3) of the Gilgit-Baltistan Rules of Business, 2009 states that the business of Government shall be distributed amongst several Departments in the manner specified in Scheduled-II.

During the audit of Cadet College, Skardu for the financial year 2021-22, it was noted that the Cadet College Skardu started its function in May, 2000. The Board of Governors was established in March, 2000. Para 4 of the Order regulate the constitution of the Board.

In terms of Para 3(ii) of Cadet College Skardu-Northern Areas Order, 2000 the Board shall be a body corporate, shall have perpetual succession and a common seal, with power to enter into contracts and to acquire and hold property, moveable and immoveable and shall in its corporate name sue and be sued.

Audit observed as under:

- i. The affairs of the College are governed in light of Cadet College Skardu-Northern Areas Order, 2000 even after promulgation of Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009 Government of Gilgit Baltistan Order, 2018. However, the institute is not included in the autonomous bodies as contained in Annex-I of Gilgit-Baltistan Rules of Business 2009.
- ii. After implementation of Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009 repealed with the Government of Gilgit Baltistan Order, 2018 the government has neither issued any executive order nor carried out legislation to regulate the affairs of the Board.
- iii. Presently the affairs of the college are neither managed in light of Cadet College Skardu-Northern Areas Order, 2000 nor in accordance with government rules and regulations.
- iv. The Board has not formulated any rules and regulations with the approval of government.

The existing arrangement has no legal cover as no approved policy of the government is in place for regulating the affairs of the college after promulgation of Gilgit-Baltistan (Empowerment and Self-Governance) Order, 2009 and Government of Gilgit Baltistan Order, 2018.

Audit was of the view that irregularity occurred due to non-adherence of Cadet College Skardu-Northern Areas Order, 2000.



The irregularity was pointed out in May, 2023. The management replied that the Act of Cadet College for Gilgit-Baltistan has been drafted and already forwarded for approval of Cabinet after being sanctioned by BOGs.

The management has accepted the point of view of the audit.

The DAC meeting was held on 06.01.2024. It was apprised that Cadet College Skardu Act-2023 was presented before 5<sup>th</sup> Gilgit-Baltistan Cabinet meeting for approval which is in process of approval. DAC directed the management that the rules may be got approved from the government at the earliest.

Audit recommends that decision of the DAC may be implemented.

AP-178/2022-23

#### ***7.4.3 Irregular appointment of lecturers without approval of the Board of Governors-Rs. 39.142 million***

Para No.07 (b) of the Cadet College Skardu-Northern Areas Order, 2000 empowered the Board of Governors to make recruitment and determine the terms and conditions of service of the Principal and other members of the staff of the institution and of other officers and servants of the Board.

During the audit of Cadet College, Skardu for the financial year 2021-22, it was noted that the management appointed 27 lecturers, since the establishment of the college and incurred an amount of Rs.39.142 million on account of pay & allowance during the year.

Audit observed that:

- i. All appointments have not been validated by the Board till its eleventh meeting held on 26.11.2020.
- ii. Recruitment and promotion rules have not been formulated to regulate the appointments since establishment of the College from 2001 onward.

Appointments/induction of lecturers without the approval of the Board was irregular and violation of the Order, 2000.

Audit was of the view that the irregularity occurred due to non-observing the provisions of Cadet College Skardu-Northern Areas Order, 2000.

The irregularity was pointed out during May, 2023. The management replied that the Act of Cadet College for Gilgit-Baltistan has been drafted and already forwarded for approval of Cabinet after being sanctioned by BOGs.

The management did not reply regarding the appointment without approval of Board.

The DAC in its meeting held on 06.01.2024 directed the management to obtain the approval of BoG.

Audit recommends that appointment of the lecturers may be got validated from the Board.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 3.4.5 having financial impact of Rs.60.814 million. Recurrence of same irregularity is a matter of serious concern.*

AP-179/2022-23

#### **7.4.4 Irregular procurement of goods without calling open tender—Rs. 45.723 million**

Rule-12(2) of Public Procurement Rules-2004 states that all procurement opportunities over three 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 the audit of Cadet College, Skardu for the financial year 2021-22, it was noted that the management incurred an expenditure of Rs.42.171 million (Rs.32.665 million + Rs.9.505 million) on purchase of messing, uniform and store items.

Similarly, Cadet College, Chilas purchased uniform items amounting to Rs.3.552 million during the period 2019-20 and 2020-21.

Audit observed that the bulk purchases were made on quotation basis instead of calling open tender, which compromised the competitive rates. The bulk purchase of messing and uniform items is a regular feature of colleges and are required to be made in proper organized and planned manner to attain the utmost economy besides ensuring transparency.

Audit is of the view that existing arrangement is against the provisions of the Public Procurement Rules.

The irregularities were pointed out during the month of May, 2023. The management replied that the Colleges are already following all the instructions as per law, rules and regulations prescribed and formulate by Govt. of Gilgit-Baltistan.

The reply was not accepted as the purchases were made without following the public procurement rules.

The DAC meeting was held on 06.01.2024. The DAC directed the management to procure all the items through open competition in light of provisions of the Public Procurement Rules.

Audit recommends that decision of the DAC may be implemented.

AP-53 and 181/2022-23

#### **7.4.5 Irregular opening of bank accounts-Rs.19.145 million**

Finance Department, Gilgit-Baltistan vide letters No.F.A&A-2(20)/2006, dated: 13.01.2014 & No.F.A&A-2(20)/2017 dated 27.09.2018 directed to all the departments of Gilgit-Baltistan to close all the bank accounts maintained in various scheduled and non-scheduled banks, except National Bank of Pakistan. The head of department can maintain only one bank account in the National Bank of Pakistan with the approval of Finance Department, if required.

During audit of the Public School & College Jutial, Gilgit for the period from 2016-17 to 2021-22 it was noted that the management was maintaining 09 bank accounts.

Similarly, during audit of the office of Deputy Director Education Ghanche, it was noted that the office including other DDOs at Schools have opened 18 bank accounts at NBP. During Financial Years 2016-17 to 2021-22 Financial transactions of Rs.19.145 million were made.

Audit observed that bank accounts were opened without obtaining the approval of Finance Department, Gilgit-Baltistan. The opening of bank accounts without obtaining the approval of Finance Department was irregular.

Audit was of the view that the irregularity occurred due to non-observing of the instructions of Finance Department.

The irregularities were pointed out during March, 2023. The management replied that the case has been taken up with Finance Department for obtaining approval of accounts already opened in National Bank of Pakistan.

The management accepted that accounts were opened without the approval of the Finance Department.

The DAC in its meeting held on 06.01.2024 directed the management to obtain Ex-Post Facto approval of the Finance Department for opening of bank account. The DAC further directed that no bank account should be opened without prior approval of PAO and Finance Department.

Audit recommends that decision of the DAC may be implemented.

AP-40 and 49/2022-23

#### **7.4.6 Irregular retention of excess staff against approved strength**

Board of Governors of Public Schools and College, Jutial in its 11<sup>th</sup> meeting held on 17.10.1989 approved the Revised Authorization of Teachers / Ministerial Staff. The board approved 49 posts (32 Teaching Staff and 17 Ministerial Staff).

During audit of the Public School & College Jutial, Gilgit for the Financial Years 2016-17 to 2021-22, it was noted that the college hired the services of Teachers and Ministerial Staff as detail given below:

<b>Name of Post</b>	<b>Sanctioned Posts</b>	<b>Filled Posts</b>	<b>Excess</b>
<b>Instructional Staff</b>	32	205	<b>173</b>
<b>Ministerial Staff</b>	17	112	<b>95</b>
<b>Total</b>	49	317	<b>268</b>

Audit observed that against the sanctioned posts of 49 the management made appointment of 317 employees resulting in excess appointment of 268 employees which includes 173 Teaching Staff and 95 Ministerial Staff.

Audit was of the view that the management did not observe the sanctioned strength while making appointment which resulted in excess appointment vis-a-vis the sanctioned posts.

The irregularity was pointed out during March, 2023. The management replied that initially the sanction strength of the institution was approved by the BoG in its 11<sup>th</sup> meeting held on 17.10.1989. The current strength of teaching and ministerial staff has been worked out in the light of strength of students and sections and the approval of the BoG is in process.

The reply was not accepted as the posts have not been created so far.

The DAC in its meeting held on 06.01.2024 directed the management that approval of the BoG for creation of posts may be obtained.

Audit recommends that decision of the DAC may be implemented.

AP-50/2022-23

#### ***7.4.7 Irregular transfer of funds into bank account – Rs.36.551 million***

Finance Department vide letter No.F.2 (3)-BR-II/2000-1254 dated 08.11.2013 followed by letter No. F.A&A-2(20)/2017 dated 27.09.2018 directed to all departments to close all the bank accounts maintained in various scheduled and non-scheduled banks and further, directed that head of department to maintain only one bank account if required in the National Bank of Pakistan with the approval of Finance Department.

During audit of the Deputy Director Education, Ghizer for the Financial Year 2021-22, it was noted that the Finance Department released an amount of Rs.36.551 million as a stipend under CM's Educational Reforms Initiative for further disbursement amongst the students of 6<sup>th</sup> to 10<sup>th</sup> classes attending the schools from at least 2 KM distance from their homes.

Audit observed that office drew the entire amount from government exchequer and deposited into Karakorum Cooperative Bank Limited instead of National Bank of Pakistan.

Audit further observed that:

- i. The account was opened in KCBL without the approval of Finance Department.
- ii. Signature recorded on the receipt apparently seemed to be of same hand writing which made the disbursement dubious.

Audit was of the view that the irregularity occurred due to non-observing of the government instructions.

The irregularity was pointed out during December, 2022. The management replied that the account was opened in KCBL bank with the approval of competent authority to disburse the stipend under CM Education Reforms Initiative.

The reply was not satisfactory as the funds was withdrawn and placed in bank account without the approval of Finance Department.

The DAC meeting was held on 06.01.2024. The DAC directed the management to obtain the Ex-Post Facto approval for opening of bank account from Finance Department. The DAC further directed that in future no account will be opened without the prior approval of the PAO and Finance Department.

Audit recommends that approval of the Finance Department may be obtained.

AP-35/2022-23

#### **7.4.8 Irregular expenditure without floating tender Rs.13.647 million**

Rule-12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million Pakistani 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 Deputy Director Education, Ghanche for the Financial Year 2021-22, it was noted that the following Schools/ DDOs under the administrative control of Deputy Director Education Ghanche executed repair work in different education institutions and incurred an expenditure of Rs.13.647 million.

S. No	School	Cost Center	Amount in Rs.
1.	BMHS Khaplu	GN-1024	811,000
2.	GHS Khaplu	GN-1030	1,014,000
3.	BHS Khaplu Bala	GN-1084	729,000
4.	HS Keris	GN-1034	725,000
5.	BHS Kuro	GN-1101	1,025,000
6.	HSS Ghowari	GN-1032	1,122,000
7.	HSS Thalay	GN-1028	977,000
8.	HS Dhagoni	GN-1026	1,249,000
9.	HS Kharko		454,000
10.	HS Surmo	GN-1086	604,000
11.	HS Machulo	GN-1085	981,000

12.	BHS Siksa	GN-1020	817,000
13.	BHS Partook	GN-1066	807,000
14.	BHS Thagus	GN-1022	1,276,000
15.	HS Dumsum	GN-1087	1,016,000
16.	HS Bara		40,000
<b>Total</b>			<b>13,647,000</b>

Audit observed that repair work was executed without calling open tender in violation of Public Procurement Rules.

Audit is of the view that irregularity occurred due to non-adherence to rules

The irregularity was pointed out during March 2023. The management replied that funds were allocated under the head "A03970 – Others" to meet the expenditure under 04 different category i.e. Sports, Instructional Material, RMC and Others which were further distributed to the 209 schools. Therefore, the drawl of funds was made to meet the actual need of the schools, bifurcating the budget in the above 04 heads. The expenditure was made by adopting local tender and quotation procedure.

The reply was not accepted as the works were executed without calling open tender.

The DAC in its meeting held on 06.01.2024 directed the management to take up a case with Finance Department for obtaining budget under relevant heads instead of others to manage and control the expenditure properly.

Audit recommends that decision of the DAC may be implemented.

AP-42/2022-23

#### **7.4.9 Loss to government due to award of work to the higher bidders – Rs.33.993 million**

Rule 4 of Public Procurement Rules 2004 states that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During Audit of XEN Works Division Education Department Gilgit for the Financial Year 2022-23, it was noted that the management awarded following contracts involving cost of Rs.195.638 million to different contractors. Details are as under:

<b>(Rs. in million)</b>						
S. No	AP No.	Work	Contractor to whom work awarded	Contract awarded	Lowest Bid	Difference
1.	775	Establishment of Girls Degree College at Halqa-I, Astore	M/S Mehboob Alam, Govt. Contractor	113.064	91.652	21.412
2.	778	Construction of Girls Hostel at Girls Degree College, District, Nagar	M/S Rayyan Construction Company	27.163	22.487	4.676

3.	782	Up-gradation of BMS Jutal to HS	M/S Khan Brothers	15.797	13.523	2.274
4.	787	Revamping of Already Established IT Centers in Gilgit-Baltistan	M/S A&Z Consultant	24.058	21.600	2.458
5.	790	Up-gradation of Boys High School, Bagyote to HSS Level	M/S Shehbaz Sons	15.556	12.383	3.173
<b>Total</b>				<b>195.638</b>	<b>161.645</b>	<b>33.993</b>

Audit observed that contracts were awarded to higher bidders instead of the lowest which resulted in loss of Rs.33.993 million.

Audit is of the view that work was awarded at higher rates due to non-adherence to public procurement rules and inefficient implementation of internal controls.

The irregularity was pointed out during November 2023. The management replied that the first lowest bidders did not attach differential amount in the shape of CDR with their bids in case of submission of bid below 20% of the TS cost. Therefore, their bids were not accepted and the work was awarded to 2<sup>nd</sup> lowest.

The reply was not accepted as the 1<sup>st</sup> lowest was neither provided opportunity to produce detailed price analyses to demonstrate the internal consistency of his bid with the construction methods nor sufficient time was given for submission of additional performance security as per Clause IB-28.4.

The DAC in its meeting held on 06.01.2023 directed the management to constitute a fact-finding inquiry committee to probe the issue and submit a report within two months.

Audit recommends that the matter may be investigated and loss involved be made good from the person(s) at fault besides strengthening the internal controls.

#### ***7.4.10 Irregular expenditure out of development funds - Rs.53.013 million***

The Engineering/Work Division under Education Department was established vide notification No.S&GAD Gilgit-Baltistan letter No.5(4)/2013-Estt-IV-Services dated 14.11.2019. As per TOR of Education Department letter No.Sec-Edu-1-1(36)/2018 dated 24.04.2020, Engineering/Work Division was required to exercise financial and technical powers as per hierarchy of Public Works Department as per provision of CPWD Code.

During Audit of XEN Works Division Education Department Gilgit for the Financial Year 2022-23, it was noted that the management incurred an expenditure of Rs.53.013 million on purchase of furniture/fixture and machinery/equipments out of development funds provided under various development schemes/PC-I. Details are as under:

(Rs. in million)				
S. No.	Names of Schemes	Purchase of Plant & Machinery	Purchase of Furniture & Fixture	Total Expenditure
1	Const. of 5 Nos P/S at Mildukush & Balchal Niat, Sanali & Shrat Horay, Halalay Bunner	0.000	0.150	0.150
2	Provisions of Kits and Stipends to out of school children in GB	3.000	4.000	7.000
3	Provision of ECD Facilites in existing government P/S of GB	11.150	5.000	16.150
4	Estb. of 30 ECD Centers in GB	2.733	1.042	3.775
5	Revamping of Already Established Centers in GB	21.140	1.399	22.538
6	Establishment of Project Management within Gilgit	3.400	0.000	3.400
	<b>Total</b>	<b>41.423</b>	<b>11.591</b>	<b>53.013</b>

Audit observed that neither detailed estimates were framed nor technical sanction to the estimates was sought from the relevant authorities i.e. Chief Engineer/Superintendent Engineer/Executive Engineers. All purchases were made by Director (Planning) & various Deputy Directors of Education throughout Gilgit-Baltistan and expenditure was sanctioned by them. Audit further observed that these officers were not authorized to sanction capital expenditure against the development funds.

Audit is of the view that expenditure was made in violation of provision of CPWD Code and TOR/guidelines issued by the Education Department.

The irregularity was pointed out during November, 2023. The management replied that the expenditure involved did not require technical sanction.

The reply is inconsistent with government notification.

The DAC in its meeting held on 06.01.2024 directed the management to produce the record relating to stance taken in the reply regarding non-involvement of technical sanction within 03 days.

Audit recommends that matter may be investigated for fixing responsibility against the person(s) at fault for misusing the authority for incurrence of development expenditure in violation of rules.

AP-776/2023-24

#### **7.4.11 Irregular execution of additional works – Rs.3.419 million**

As per clause 51 and 52 of contract agreement, additional work was to be valued on the basis of rate analysis or resorting to bid.



During Audit of XEN Works Division Education Department Gilgit for the Financial Year 2022-23, it was noted that the management paid an amount of Rs.3.419 million to M/S Mehboob Alam, Govt. Contractor against work “Establishment of Girls Degree College at Halqa-I, Astore” for execution/cutting item of works under sub-head “land development” involving 173,333 cft. qty. Details are as under:

**(Amount in rupees)**

S. No	Item of work	Qty (as per BOQ)	Qty As per work done	Extra Qty	Unit	Rate	Amount
1	Excavation for foundation trenches and drain gravelly soil etc	31,200	61,360	30,160	%cft	714.27	215,423
2	Excavation for foundation trenches and drain in all kind of soil etc.	-	40,906	40,906	%cft	634.99	259,749
3	Executed staff as directed laid upto 12 chain one char etc	-	102,267	102,267	%cft	928.20	949,242
<b>Total</b>				<b>173,333</b>			<b>1,424,414</b>
<b>Add 140% above on SR</b>							<b>1,994,179</b>
<b>Total</b>							<b>3,418,593</b>

Audit observed that extra quantity of 173,333 cft execution/cutting work involving cost of Rs.3.419 million was measured and paid to the contractor without provision of TSE/PC-I by allowing 140% premium above the scheduled rates. The additional work was executed without was neither executed on the basis of rate analysis nor open tender was called in violation of clause 51 and 52 of the agreement.

Audit is of the view that irregularity occurred due to non-adherence to the provision of CPWD code as the estimates of works framed by the engineer were not structurally sound.

The irregularity was pointed out during November, 2023. The management replied that the extra work surfaced during the execution of work on site and accordingly contractor was directed by the engineer to execute the work. The deviation statement will be approved in due course.

The reply was not accepted as the work was executed in violation of rules and provisions of contract agreement.

The DAC in its meeting held on 06.01.2024 directed the management to obtain the approval of deviation statement/order from the competent authority. The DAC further directed that in future no such work should be executed without prior approval of the competent authority.

Audit recommends that matter may be investigated for taking appropriate action against the person(s) at fault besides regularizing the matter and strengthening of internal controls.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 3.4.6 having financial impact of Rs.44.218 million. Recurrence of same irregularity is a matter of serious concern.*

AP-777/2023-24

**7.4.12 Non-obtaining of adjustment account from revenue department- Rs.180.959 million**

Para-207(3) of GFR Vol-1 states that the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized for the purpose for which it was provided.

During Audit of XEN Works Division, Education Department Gilgit for the Financial Year 2022-23, it was noted that the management transferred land compensation funds worth Rs.180.959 million against 43 development schemes of construction / up-gradation of different schools & colleges across Gilgit-Baltistan to various Deputy Commissioners/Land Acquisition Collectors of different Districts in Gilgit-Baltistan.

Audit observed that the management neither obtained adjustment account nor the acquired land was mutated in the name of the Gilgit-Baltistan Government.

Audit is of the view that non-adjustment of the advances and non-mutation of the acquired land was due to non-pursuance of the matter with the concerned Land Acquisition Collectors.

The irregularity was pointed out during November 2023. The management replied that Section-4 was issued by the land collector concerned and later on land was mutated in the name of Education Department.

The reply was not acceptable as neither the land was mutated nor adjustment account have been received.

The DAC meeting was held on 06.01.2024. The DAC directed the management to produce the relevant record relating to mutation of land and disbursement of funds to audit.

Audit recommends that relevant record may be produced for verification.

AP-783/2023-24

**7.4.13 Non-obtaining of insurance coverage and non-recovery of inbuilt premium cost-Rs.3.309 million**

Clause 21 and 25 of the Condition of Contract (for larger projects) provides to insure the works together with materials and plant by the contractor. The contractor shall also get a third party insurance (including Employer's property) against liabilities for death of or injuries to any person or loss or damages to the property arising out of the performance of the contract and provide such evidence to the Employer prior to start of work.

During Audit of XEN Works Division Education Department Gilgit for the Financial Year 2022-23, it was noted that the management awarded various infrastructure works relating to construction & up-gradation of different government schools, colleges and hostels across Gilgit-Baltistan to different contractors with total value of contracts Rs.338.317 million. Details are as under:

**(Rs. in million)**

<b>S. No.</b>	<b>Names of Works</b>	<b>Contract Cost</b>	<b>Additional 15% on CA cost for works, tools/plants &amp; equipments</b>	<b>Total Cost Due for Insurance</b>	<b>Recovery of 1% Premium (at least)</b>
1	Establishment of Girls Degree College at Halqa-I, Astore	113.064	16.959	130.023	1.300
2	Establishment of Public School at Shigar	39.566	5.034	44.600	0.466
3	Establishment of Women Degree College	54.450	8.167	62.617	0.626
4	Up-gradation of Girls High School, Sariyote, Gahkuch into HSS Level	13.834	2.075	15.909	0.159
5	Up-gradation of Boys Primary School, Pisan into Middle School, Nagar	15.647	2.347	17.994	0.179
6	Up-gradation of GMS Phander to HS Level	18.037	2.705	20.742	0.207
7	Up-gradation of Boys High school Bagyote to HSS Level	15.556	2.333	17.889	0.178
8	Up-gradation of GHS Sermik to HSS Halqa-III, Skardu	12.453	1.867	14.320	0.143
9	Up-gradation of Middle School ThorguBala to H/S	11.311	1.696	13.007	0.130
8	Provision of Missing Facilities in Cadet College, Skardu	44.800	6.72	51.520	0.515
	<b>Total</b>	<b>338.718</b>			<b>3.903</b>

Audit observed that the management neither obtained insurance policies as per contractual provisions from the contractors nor adjusted/ deducted inbuilt cost of insurance premium/ cover against uninsured period amounting to Rs.3.309 million from the contractors.

Audit is of the view that the management extended undue favor to the contractors and did not recover/deduct premium cost Rs.3.903 million from the contractors for the uninsured period.

The irregularity was pointed out during November 2023. The management replied that 1% inbuilt cost of insurance against the uninsured period will be taken from the contractors. In case of failure by the contractors, 1% inbuilt cost pointed out by the audit will be recovered from the contractor's bills.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 06.01.2024 directed the management to recover the amount of un-insured period from the contractors.

Audit recommends that decision of the DAC may be implemented.

AP-784/2023-24

#### **7.4.14 Non-imposition of liquidated damages – Rs.23.676 million**

According to Clause-47.1 of the General Conditions of the Contract agreement (for larger projects), liquidated damages @ 0.1% of contract price for each day of delay in completion of the work subject to maximum of 10% of contract price was to be charged for delay in completion of the work.

During Audit of XEN Works Division Education Department Gilgit for the Financial Year 2022-23, it was noted that the management awarded various works relating to construction & up-gradation of different government schools, colleges and hostels across Gilgit-Baltistan to different contractors with total value of Rs.236.779 million. Details are as under:

<b>(Rs. in million)</b>					
<b>S. No.</b>	<b>Names of Works</b>	<b>Contract Cost</b>	<b>Date of Start</b>	<b>Date of Completion</b>	<b>Amount of Liquidated Damages</b>
1	Establishment of Public School at Shigar	39.566	01.04.2022	30.09.2023 (18 months)	3.956
2	Establishment of Women Degree College, Gilgit	54.450	08.04.2022	07.04.2023 (12 months)	5.445
3	Up-gradation of Boys Primary School Khaltoro to Middle School	17.110	29.07.2022	28.07.2023 (12 months)	1.711
4	Up-gradation of GPS Gulakhmuli to MS Level	11.891	08.03.2022	07.03.2023 (12 Months)	1.189
5	Up-gradation of GMS Phander to HS Level	18.037	03.03.2022	02.03.2023 (12 months)	1.803
6	Up-gradation of Boys High school Bagyote to HSS Level	15.556	14.8.2022	13.08.2023 (12 Months)	1.555
7	Up-gradation of Middle School ThorquBala to H/S	11.311	01.04.022	31.03.2023 (12 Months)	1.131
8	Provision of Missing Facilities in Cadet College, Skardu	44.800	7.4.2022	6.4.2023 (12 months)	4.480
9	Revamping of Already Established IT Centers in Gilgit-Baltistan	24.058	24.01.2023	23.02.2023	2.406
	<b>Total</b>	<b>236.779</b>			<b>23.676</b>

Audit observed that contractors failed to complete the works within stipulated period of time. Neither time extension was granted against those works nor

liquidated damages @ 10% amounting to Rs.23.676 million were imposed on the contractors.

Audit is of the view that non-imposition of liquidated damages was undue favor to the contractors in violation of rules.

The irregularity was pointed out during November 2023. The management replied that due to land issues and short working season, the projects could not be completed timely. Extension in time in all cases will be obtained from the Secretary Education / PAO.

The reply was not accepted as despite lapse of considerable time the management did not obtain approval regarding extension in time.

The DAC meeting was held on 06.01.2024. The management informed the forum that schemes are still in progress besides expiry of their completion period. DAC directed to initiate the case for extension of time. Further, where contractors are at fault, then LD charges may be recovered from them.

Audit recommends that recovery of liquidated damages may be made from the contractors.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 3.4.10 having financial impact of Rs.47.144 million. Recurrence of same irregularity is a matter of serious concern.*

AP-785 and 789/2023-24

#### **7.4.15 Irregular purchase of IT equipments - Rs.24.139 million.**

Para 56 of CPWD Code states that properly detailed estimates must be prepared for the sanction of competent authority for seeking technical sanction to those estimates. The estimates so framed are considered a guarantee that the proposals are structurally sound, accurately calculated and based on adequate data.

During Audit of XEN Works Division Education Department Gilgit for the Financial Year 2022-23, it was noted that the management paid Rs.24.139 million to M/S A&Z Consultant, Gilgit on account of supply of 122 desktops to different schools across Gilgit-Baltistan against a development scheme titled “Revamping of Already Established IT Centers in Gilgit-Baltistan”.

Audit observed that neither detail estimates were prepared nor technical sanction of estimates was sought from the competent authority. The Purchase was made by Director Education (Planning) Education Department, who was not competent to accord technical and financial sanction for expenditure out of development grants. It was further observed that as per provision of PC-I, 7<sup>th</sup> Generation Desktop were required to be purchased @ Rs.69,600/-, whereas Desktop 12<sup>th</sup> Generation @ Rs.197,200/- were purchased, which was 183% excess as compared with cost approved in PC-I.

It was also observed that 960 desktop computer (20 for each center) were to be procured within the total provision of Rs.66.240 million as per PC-I; whereas 122 desktop were procured with a cost of Rs.24.139 million, which meant only 13% (122/960) qty of items was achieved after utilization of 36% (24.058/66.240) and under this scope, 45% (estimated) quantity of desktop is likely to be purchased instead of achieving 100% qty of items as per PC-I.

Audit is of the view that irregular occurred due to non-adherence to the provision of CPWD code.

The irregularity was pointed out during November 2023. The management replied that specifications of some items were enhanced after processing the PC-1 for modification in the best interest of the project.

The reply was not accepted as the department was not authorized to float/finalize bid of development schemes before approval of modified PC-I.

The DAC meeting was held on 06.01.2024. The DAC directed the management to obtain the approval of modified PC-I from the competent forum.

Audit recommends that matter may be investigated for execution of unauthorized works against the scope of PC-I.

AP-788/2023-24

## CHAPTER-8

### 8. EXCISE & TAXATION, ZAKAT, USHER AND COOPERATIVE DEPARTMENT

#### 8.1 Introduction

A. Excise & Taxation, Zakat, Usher and Cooperative Department, Gilgit-Baltistan deals with registration of motor vehicles, collection of token tax, administration of district excise and taxation offices; registration of deeds and documents including registration fees. It also supervises and guides local, tehsil and district zakat committees and distribution of zakat funds to local zakat committees, deeni madrasas and welfare institutions. It ensures completion and collection of data regarding number of beneficiaries and the amount utilized. The department is also responsible for making arrangements for training of chairman and members of zakat committees and officers associated with zakat work, valuation of ushr, cooperative societies, banks and development fund and projects.

#### Audit Profile of Excise & Taxation, Zakat, Usher and Cooperative Department

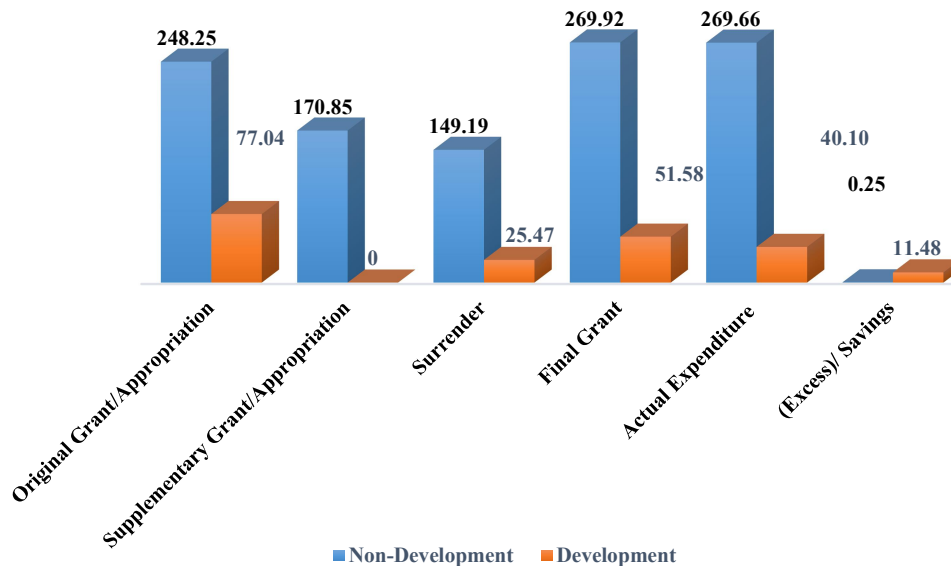
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	15	3	36.136	215.006

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of department for the Financial Year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-21	248.25	170.85	(149.19)	269.92	269.66	0.25
Dev	77.04	-	(25.47)	51.58	40.10	11.48
<b>Total</b>	<b>325.29</b>	<b>170.85</b>	<b>(174.66)</b>	<b>321.49</b>	<b>309.76</b>	<b>11.73</b>



Initially, the department was granted non-development budget of Rs.248.25 million. During the year, supplementary grant of Rs.170.85 million was granted which is 68.82% of the original allocation. The final grant comes to Rs.269.66 million against which the department utilized Rs.269.66 million.

Similarly, under development grant funds of Rs.77.04 million were allocated. The department utilized funds of Rs.40.10 million which is 77.74% of the final grant.

## 8.2 Classified summary of Audit observations

An audit observation was raised in this report during current audit of department.

S. No.	Classification	Amount (Rs. in million)
1.	Value for money and service delivery issues	0

## 8.3 Comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

## 8.4 AUDIT PARAS

### 8.4.1 Unauthorized retention of seized vehicles

Rule 4(8) of Gilgit Baltistan (Seizure and Disposal of Motor Vehicles) Rules, 2017 states that after verification regarding vehicles seized under clause(d) of rules 3 the officer in-charge of the warehouse shall, on prior approval of the Secretary,



transfer such vehicle to the in-charge of the concerned police station through Home Department, if such police station is situated in any other province or in capital territory, as the case may be.

During the audit of office of the Secretary, Excise and Taxation Department Gilgit-Baltistan, Gilgit for the Financial Year 2022-23, it was noted that the management seized 24 stolen vehicles. Details are as under:

S No.	Reg No.	Make	Status	Allotted to
1.	PY-599	Toyota GLI	Stolen	CM Secretariat
2.	LE-275	Toyota Car	Stolen	CS Office
3.	KPK-b9090	Xli/2008	Stolen	DC Skardu
4.	CS-514	GLI/2009	Stolen	DC Skardu
5.	LHR-9948	Honda Civic	Stolen	DC Nagar
6.	NIL	Toyota GLI	Stolen	Cabinet
7.	NIL	Suzuki Mehran	Stolen	S&GAD
8.	NIL	Toyota XLI	Stolen	IB GB
9.	NIL	Honda Civic	Stolen	FIA Glt
10.	NIL	GLI	Stolen	FIA Cyber Crime
11.	NIL	Cultus 1995	Stolen	FIA Glt
12.	MLA-433	Corolla Car	Stolen	Minerals Deptt
13.	NIL	Honda City	Stolen	Minerals Deptt
14.	LEA-9192	Toyota XLI	Stolen	Health Deptt
15.	ICT-671	Suzuki Mehran	Stolen	Traffic Police
16.	ICT-SH-4434	Honda Civic	Stolen	LG&RD Deptt
17.	NIL	Suzuki Bolan	Stolen	Food Deptt
18.	KA-029	XLI/2009	Stolen	Works Deptt
19.	NIL	Honda Civic	Stolen	Care Taker Rest House Kachura
20.	NIL	XLI	Stolen	Livestock & Fisheries
21.	NIL	Honda Civic	Stolen	GBST
22.	AKH-520	Toyota XLI	Fake Docs	FIA
23.	LWF-8180	Toyota XLI	Fake Docs	SO Development
24.	NIL	Toyota XLI	Stolen	Excise Check post Ghizer

Similarly, Excise and Taxation Office, Diamer also seized 05 stolen vehicles out of which 02 vehicles were allotted to Commissioner office Diamer, 01 vehicle was allotted to PWD and the remaining 02 vehicles were in warehouse.

Audit observed that the above seized vehicles were retained by the management instead of transferring these vehicles to concerned police stations as required under Rule 4(8).

Audit was of the view that the management did not follow the Gilgit-Baltistan (Seizure and Disposal of Motor Vehicles) Rules, 2017.

The irregularity occurred due to non-adherence to rules and tantamount to misuse of vehicles.

The irregularities were pointed out in April and August, 2023. The management replied that the vehicles have temporarily been placed at the disposal of various Departments to keep them in running condition. However, these vehicles will be handed over to the concerned police as and when the actual owner approach this department and prove their legal ownership through concerned police stations.

The reply was not accepted as the vehicles were not transferred to the concerned police station in accordance with the provision of rules.

The DAC in its meeting held on 20.12.2023 directed that disposal of stolen vehicles may be made strictly in accordance with provision of rule to avoid their misuse.

Audit recommends that stolen vehicles should be transferred to concerned police stations with the approval of Secretary.

***Note:*** *The issue was reported earlier also in the Audit Report for the Audit Year 2021-22 vide para number 4.4.2. Recurrence of same irregularity is a matter of serious concern.*

AP-03/2022-23 and 434/2023-24

## CHAPTER-9

### 9. FINANCE DEPARTMENT

#### 9.1 Introduction

A. The Finance Department, Gilgit-Baltistan comprises of Secretary Office and 10 district treasuries. This department deals with management of public funds, framing of financial rules for guidance of the departments and supervision of maintenance of accounts, monitoring of receipts and expenditure and creation of new posts etc.

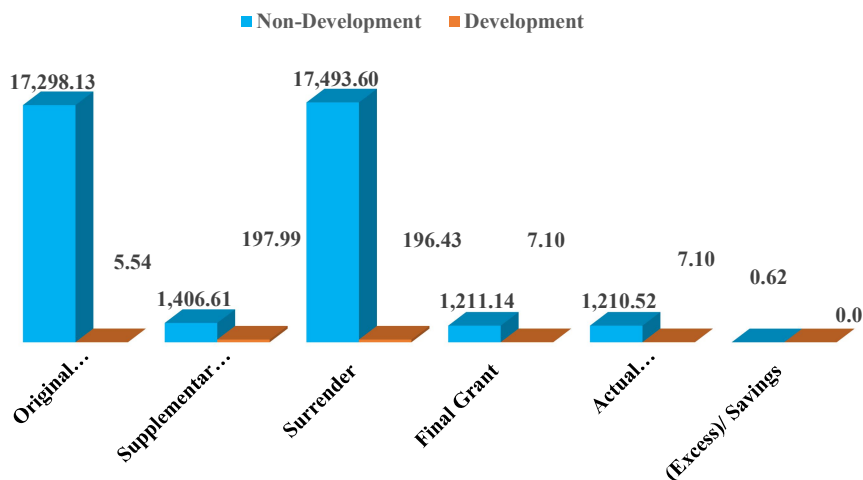
#### Audit Profile of Finance Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	13	03	16,710.106	123.473

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-14	17,298.13	1,406.61	(17,493.60)	1,211.14	1,210.52	0.62
Dev	5.54	197.99	(196.43)	7.10	7.10	0.0
<b>Total</b>	<b>17,303.67</b>	<b>1,604.60</b>	<b>(17,690.03)</b>	<b>1,218.24</b>	<b>1,217.61</b>	<b>0.62</b>



Initially, the department was granted non-development budget of Rs.17,298.13 million. During the year, supplementary grant of Rs.1,406.61 million

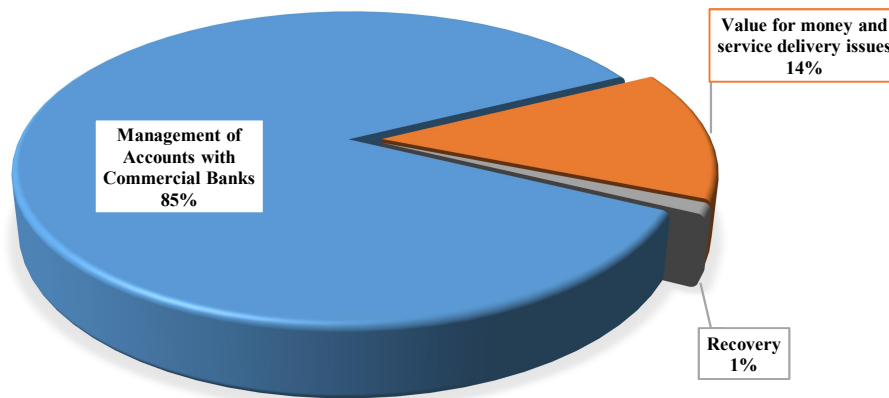
was granted which is 8.13% of the original grant. The department surrendered an amount of Rs.17,493.60 million which is more than original grant. Against final grant of Rs.1,211.14 million the department utilized funds of Rs. 1,210.52 million which is 99.95% of the total allocation.

Similarly, development funds of Rs.7.10 million were allocated against which the department utilized Rs.7.10 million which constitute 100% of the final grant.

## 9.2 Classified summary of Audit observations

An audit observation amounting to Rs.13,220.431 million was raised in this report during current audit of the department. This amount also includes recoveries of Rs.149.301 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Management of Accounts with Commercial Banks	11,289
2.	Value for money and service delivery issues	1,782.130
3.	Recovery	149.301
<b>Total</b>		<b>13,220.431</b>



## 9.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

## 9.4 AUDIT PARAS

### 9.4.1 *Irregular release of funds on account of recovery of long-term advances- Rs.408.055 million*

Section 70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

During audit of Finance Department Gilgit-Baltistan for the Financial Year 2022-23, it was noted that an amount of Rs.408.055 million on account of recoveries of long terms advances and interest thereon of the Gilgit-Baltistan Government employees for the period 01.01.2022 to 31.12.2022 was remitted to Gilgit-Baltistan Consolidated Fund Account in pursuant to Section 71 of the Gilgit-Baltistan Order 20018. Finance Department through supplementary grant released the same to Federal Consolidated fund from Gilgit-Baltistan consolidated fund during 2022.23.

Audit observed as under:

- i. The loans & advances to the employees of Gilgit-Baltistan Government were paid out of Federal budget whereas the recoveries are credited to Gilgit-Baltistan consolidated funds despite the fact that the government has its own financial procedure as stipulated in PART- IX of the Government of Gilgit-Baltistan Order, 2018, but no provision in this regard is made in the budget.
- ii. The release of funds as supplementary grant was not approved by the Cabinet in violation of the provision of Section70 of the Government of Gilgit-Baltistan Order, 2018 as well as provisions of Gilgit-Baltistan Rules of Business.
- iii. The release of funds from Gilgit-Baltistan consolidated fund to Federal Consolidated fund on account of recovery of long-term advances is a regular feature however, the department did not make any provision in budget under revenue and expenditure heads.

The existing arrangement is inconsistent with the provision Government of Gilgit-Baltistan Order, 2018 and Gilgit-Baltistan Rules of Business.

Audit is of the view that irregularity occurred due to non-adherence to the provision of Gilgit-Baltistan Government Order.

The irregularity was pointed during month of August, 2023. The management replied that recoveries of long-term advances are credited into Gilgit-Baltistan

Consolidated Fund Account which are further transferred to Federal Government upon submission of actual calculation by the office of Accountant General Gilgit-Baltistan. After approval of Chief Minister Gilgit-Baltistan, the amount was transferred to Federal Government. However, in compliance with audit observation, in future the provision shall be made in budget in line with the provision of rules.

The management admitted the point of view of the audit.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that provision may be made in the budget for long term advances besides completing the formalities required for obtaining the supplementary grant and stopping the irregular practice.

AP-597/2023-24

#### **9.4.2 Irregular release of funds to GBRSP –Rs.94.030 million**

Section 70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

During audit of Finance Department for the Financial Year 2022-23, it was noted that the department released an amount of Rs.4.055 million through Supplementary grant to GBRSP. The Special grant in aid was made for provision of better health care services through a letter of understanding.

Audit observed as under:

- i. No provision was made in the budget for special grant in aid during 2022-23, therefore, the release of fund is irregular.
- ii. The agreement with GBRSP through letter of understanding for provision of better health services from reputed hospitals/institutions was purely an administrative policy issue. The issue was inconsistent with prevailing laws and practices therefore, the approval of the Cabinet was necessary in pursuant to the provision of Rules 20(1)(d) of the Gilgit-Baltistan Rules of Business,2009 which was not obtained before signing agreement and release of funds.
- iii. In accordance with Gilgit-Baltistan Rules of Business the health department is responsible for provision of health facilities to the public;

therefore, the assignment of health business to GBRSP without amendments in the rules of business was irregular.

- iv. The Funds were re-appropriated from block allocation of the health department by the Chief Secretary without obtaining consent of the health department. As per agreement and Health department letter dated 17.01.2023 the funds were required to be released out of Grant in Aid other than the block allocation of health department. Therefore, the re-appropriation of funds was irregular.
- v. The sanction of Grant was conveyed in violation of Rule of 8(1) Gilgit Baltistan Rules of Business 2009 which states that all executive actions of Government shall be expressed to be taken in the name of the Governor where as in instant case the sanction was issued in the name of Finance Secretary.

The existing arrangement is inconsistent with the provision of financial procedure stipulated in Government of Gilgit-Baltistan Order, 2018 and Gilgit-Baltistan Rules of Business.

Audit is of the view that irregularity occurred due to non-compliance with provision of Gilgit-Baltistan Order and Rules of Business which resulted in an unauthorized release of funds out of block allocation meant for other operational activities of health department.

The irregularity was pointed out during July, 2023. The management replied that the amount was kept under the head A03970-Others in Block Allocation of Secretary Health. The amount was already budgeted for the financial year 2022-23 after approval of Gilgit-Baltistan Cabinet and Assembly. Later on, an amount of Rs. 94.050 million has been re-appropriated from within the Budgeted Block allocation of Health Department under the head A05270-Others (Grant-in-Aid) for further payment to GBRSP. No direct release was made under the head grant-in-aid to GBRSP.

The reply is not convincing as the fund were released out of block allocation of health department in violation of provision of agreement. Further, the management did not reply to the observation regarding non-obtaining approval of Cabinet and provision of special Grant-in-Aid in budget.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for releasing funds for which no provision was made in the budget.

AP-598/2023-24

### **9.4.3 Irregular release of funds to NATCO Rs.7.978 million**

Section 70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

Rules 20(1)(d) of the Gilgit-Baltistan Rules of Business states that cases involving vital political, economic and administrative policies are required to be brought before Cabinet.

During audit of Finance Department for the Financial Year 2022-23, it was noted that department released an amount of Rs.7.978 million through supplementary grant to NATCO as grant in aid for payment of salaries to the drivers repatriated by health department.

Audit observed as under:

- i. The funds were released over and above the grant in aid approved for NATCO which was irregular.
- ii. The repatriation of drivers by health department was an administrative policy issue therefore, the approval of the Cabinet was necessary in pursuant to the provision of Rules 20(1)(d) of the Gilgit-Baltistan Rules of Business,2009 which was not obtained before release of funds.

The release of release of funds over and above the approved budget was irregular.

Audit is of the view that non adherence to rules and weak internal controls resulted in release of funds in excess of approved budget.

The irregularity was pointed out during August, 2023. The management replied that on recommendations of the committee 255 surplus employees of NATCO was posted on deputation basis in various government departments. However, the Health Department repatriated 71 employees. Therefore, funds amounting to Rs.7.978 million were released to NATCO on account of pay of repatriated employees.

The reply was not accepted as neither the fund released were made part of the grant-in-aid approved for NATCO nor approval of the Cabinet was obtained for said arrangement.



The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for releasing funds in violation of rules besides making adjustment of expenditure against regular budget of the company.

AP-599/2023-24

#### **9.4.4 Non-recovery of bridge finance granted to NATCO –Rs. 76.701 million**

Rules 20(1)(d) of the Gilgit-Baltistan Rules of Business states that cases involving vital political, economic and administrative policies are required to be brought before Cabinet.

During audit of Finance Department Gilgit-Baltistan for the Financial Year 2022-23, it was noted that funds of Rs.76.701 million were released to NATCO during 2021-22 through Technical Supplementary grant as Bridge Financing. The bridge financing was made on recoupment basis from recurring grant-in-aid for the year 2022-23.

Audit observed as under:

- i. No recoupment was made from budget of the NATCO during 2022-23.
- ii. The arrangement of bridge financing adjustable against subsequent year allocation is neither a regular budget releasing feature nor is allowed under Gilgit-Baltistan Rules of Business and Gilgit-Baltistan System of Financial Control and Budgeting Rules, 2009.
- iii. The release of funds as bridge financing was purely an administrative policy issue being inconsistent with prevailing laws and practices therefore, the approval of the Cabinet was necessary in pursuant to the provision of Rules 20(1)(d) of the Gilgit-Baltistan Rules of Business,2009 which was not obtained before release of funds.

Non adjustment/recovery of bridge finance despite clear instructions was irregular.

Audit is of the view that irregularity occurred due to non-adherence to the instructions of the government which resulted in loss to Government.

The irregularity was pointed out during August, 2023. The management replied that the funds which were released on recoupment basis were not recovered due to the weak financial position of NATCO. A case has been initiated for recoupment of loan in light of the audit observation.

The management admitted the point of view of the audit.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be inquired for non-adjusting the loan amount despite clear instructions beside making adjustment of loan.

AP-600/2023-24

**9.4.5 Irregular release of funds to GDA for repair of NATCO buses-Rs.5.182 million**

Para 9 of GFR Vol-I states that as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

During audit of Finance Department for the Financial Year 2022-23, it was noted that the department released an amount of Rs.5.182 million to Gilgit Development Authority.

Audit observed that the funds were released for repair of NATCO buses. The NATCO is a corporate body having separate Board of Director to govern the affair of the company. Therefore, the release of funds to another department for repair of NATCO buses was irregular.

Audit is of the view that non adherence to the provision of the rules resulted in irregular release of funds to GDA.

The irregularity was pointed out during August, 2023. The management replied that in pursuance of decision of Gilgit-Baltistan Cabinet taken in its 25<sup>th</sup> meeting held on 18<sup>th</sup> November, 2022, Rs.5.182 million on account of repair of NATCO Buses/high roof vans were released to GDA through Planning & Development Department as the NATCO Woman Pink Buses were placed at the disposal of GDA for provision of free service to women.

The reply was not accepted as the buses are assets of NATCO and were not transferred to GDA, therefore, the repair and maintenance is the responsibility of NATCO.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be investigated for releasing the funds through alternate channel.

AP-602/2023-24

#### **9.4.6 Irregular advance payment to trust- Rs.55 million**

Rule 6(iii) of Grant in Aid Rules,2021 states that any portion of the amount which was not ultimately required for expenditure on the specified object was duly surrendered to the Government.

Rule 20 of Public Procurement Rules 2004 states that the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

During audit of the Finance Department Gilgit for the Financial Year 2022-23, it was noted that the department sanctioned advance withdrawal of Rs.55.00 million in favor of Allah Walay Trust as a Grant-in-Aid vide sanction No.(53)/GB/2022-23/897 dated 05.05.2023. The grant was provided for provision of meal to Primary Schools students under Primary School Khurak programme in district Gilgit and Diamer.

Audit observed as under:

- i. The trust was selected without adopting open competition in violation of provision of Public Procurement Rules, 2004.
- ii. As per provisions of agreement the payment was required to be made to trust on monthly basis whereas the payment was made in advance without assessing the actual expenditure.
- iii. The funds were released during the month of May, 2023 whereas the agreement was valid upto 30.06.2023.
- iv. The expenditure for the period October, 2022 to April, 2023 was 4.976 million on account of provision of meal to students of Government Schools as reported by the education department whereas Finance Department released entire available funds to the Trust in advance in violation of the provision of Public Financial Management Act,2019 and Grant-in-aid Rules 2021.
- v. The release of the grant was neither supported with documents/survey/study etc on basis of which the only two districts were selected nor any impact was worked out for subsequent evaluation of the programme.

The selection of trust and advance payment was violation of the rules and held irregular.

Audit is of the view that rules were not followed by the department, consequently, the irregularity was committed.

The irregularity was pointed out during August, 2023. The management replied that in pursuance of the decision of Gilgit-Baltistan Cabinet taken in its 30<sup>th</sup> meeting held on 2<sup>nd</sup> May, 2023 it was decided to transfer the funds of Rs.55 million from Education Department to Allah Wala Trust as Grant-in-Aid. On the decision of Gilgit-Baltistan Cabinet funds were released to Secretary Schools Education Department for further payment to Allah Walay Trust. The implementation of all codal formalities as per MoU was the responsibility of Education Department.

The reply was not accepted as the Finance Department being the regulator was required to ensure the release of funds in accordance with rules and provisions of agreement.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for releasing the funds in violation of rules.

AP-603/2023-24

**9.4.7 *Unauthorized opening of bank accounts and retention of funds outside consolidated fund- Rs.11,289 million***

Finance Department vide letter No.F.2(3)-BR-II/2000-1254 dated 08.11.2013 followed by letter No F.A&A-2(20)/2017 dated 27.09.2018 directed all departments to close all the bank accounts maintained in various scheduled and non-scheduled bank and further directed the head of department to maintain only one bank account if required in the National Bank of Pakistan with the approval of Finance Department.

During audit of Finance Department for the Financial Year 2022-23, as per record provided by management, it was noted that the State Bank of Pakistan identified 624 bank accounts maintained by different departments of government of Gilgit-Baltistan having accumulated balance of Rs.11,289 million.

Audit observed as under:

- i. As per report 94 bank accounts with balance Rs.9,219.463 million are maintained in various Schedule and Non-schedule banks by Deputy Commissioner's offices throughout the region excluding DC Gilgit & Shigar.
- ii. Similarly, 53 accounts are maintained by different courts with available balance of Rs. 3,692.213 million.

- iii. According to findings of Finance department no transaction was made for the last two years almost in 120 current bank accounts having balance of Rs.2,684.365 million which prove that these accounts are dormant.
- iv. The opening of bank accounts was also noticed by Audit during audit of different formation particularly in DC offices under the administrative control of Home and Prisons Department where billion of government funds relating to land compensation were retained. The irregularity was brought to the notice of PAO time and again but no progress has been made for closing accounts and shifting of funds into Gilgit-Baltistan consolidated funds.
- v. All bank accounts as identified by the State Bank were opened without the approval of the Finance Department and even without the permission of the PAO and Controlling Officers.
- vi. Funds retained in commercial banks are frequently transferred from one bank to other without assigning any justification and approval of competent authority as noticed during audit of different formations of Home and Prisons department.
- vii. Despite identification of numerous bank accounts opened illegally by different departments, the Finance Department did not devise any mechanism for closing these accounts and transferring the funds into Gilgit-Baltistan Consolidated funds. Consequently, the government is sustaining heavy loss besides facing budget deficit and liquidity issues to meet day to day financial requirement.

Opening of bank accounts without the approval of Finance Department was not only violation of rules but it also reflects weak control of Finance Department. The existing arrangement is most favorable for misusing of public funds as the respective offices frequently transfer funds from one bank to another.

Audit is of the view that due to weak internal control and non-compliance with rules and instructions, huge funds of government are lying with banks without lawful authority due to which Government is deprived of the benefits of its most liquid asset.

The irregularity was pointed out during August, 2023. The management replied that all Principal Accounting Officers were directed to abide by the instructions of Finance Division. Furthermore, the Gilgit-Baltistan Government in its Finance Act, 2023 vide Section-23 directed all Deputy Commissioners/Collectors to invest the amount of land compensation in daily product saving accounts through competitive bidding and directed to deposit interest earned in Gilgit-Baltistan Consolidated Fund. The Finance Department is implementing strict financial measures. The results shall be shared with Audit on bi-annual basis.

The reply is not satisfactory as neither the accounts have not been closed nor the funds transferred into Gilgit-Baltistan consolidated fund.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that all bank accounts may be closed and funds transferred into Gilgit-Baltistan consolidated funds besides strengthening the internal controls in the government department/organizations.

AP-604/2023-24

#### **9.4.8 Irregular release of funds to GBRSP Rs.661.00 million**

Rule (3) of Gilgit-Baltistan Rules of Business, 2009 states that the business of Government shall be distributed amongst several Departments in the manner specified in Schedule-II: Provided that the Chief Minister may in consultation with the Governor, whenever he may deem fit, transfer any particular subject or matter from the Department, to which it stands assigned in accordance with Schedule-II, to any other Department.

During audit of Finance Department for the Financial Year 2022-23, it was noticed that Finance Department released funds of Rs.661 million as special grant in aid to GBRSP in addition of regular grant-in-aid of Rs.110 million approved for GBRSP in the budget.

Audit observed as under:

- i. The funds were released out of different grants of various government departments for execution of schemes on their behalf like training of education department staff, provision of food on various exhibitions, establishment of IT parks, Equity of Gilgit-Baltistan in KCBL etc.
- ii. GBRSP is a corporate body register under Company Act, 2017 with its own Article and Memorandum of Association. The basic purpose of the formation of the Company was to focus on rural development of the region through various initiatives and directions of the government. Therefore, the release of funds to GBRSP for execution of different schemes of the government departments was not only inconsistent with the objectives of formation of the company but also against the spirit of Gilgit-Baltistan Rules of business.

Audit is of the view that irregularity occurred due to non-adherence of rules which resulted in release of funds over and above the approved allocation.

The irregularity was pointed out during August 2023. The management replied that the funds amounting to Rs.661 million were released to GBRSP through the respective PAOs of different departments against various activities. The GBRSP performed different activities in light of the MoUs/LoUs signed between the respective departments and GBRSP. Thus, the funds were provided as special grant.

The reply was not accepted as GBRSP is a corporate body registered under Company Act, 2017 with its own Article and Memorandum of association. The basic purpose of the formation of the Company was to focus on rural development of the region.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for irregular release of funds to a company in violation of rules.

AP-605/2023-24

#### ***9.4.9 Unauthorized utilization of dividend by GBRSP and loss of- Rs.72.60 million***

Section 70(1) of Government of Gilgit-Baltistan Order, 2018 states that all revenues received by the Government, all loans raised by the Government with the approval of Government of Pakistan and all moneys received by it in payment of any loan shall form a part of a Consolidated Fund, to be known as the Gilgit-Baltistan Consolidated Fund.

Section 70(2) of Government of Gilgit-Baltistan Order, 2018 states that all other moneys received by or on behalf of the Government shall be credited to the Gilgit-Baltistan consolidated fund.

During audit of Finance Department for the year 2022-23 it was noticed that Finance Department released funds of Rs.800 million to GBRP for purchase of shares of KCBL on behalf of Government of Gilgit Baltistan. Details are as under:

S. No	Year	Amount (million)
1	2020-21	400.000
2	2021-22	100.000
3	2022-23	300.000
<b>Total</b>		<b>800.000</b>

The GBRSP received a dividend of Rs.72.60 million during the year 2021-22 and utilized the same.

Audit observed that:

- i. As per provisions of the Gilgit-Baltistan Order 2018, the dividend was required to be deposited into Gilgit-Baltistan Consolidated Fund.
- ii. The GBRSP received regular grant-in-aid from Government which is properly budgeted and approved by the Gilgit-Baltistan Assembly.

- iii. The dividend received by the GBRSP on government equity in the KCBL was neither budgeted nor the schemes executed out of dividend proceeds were got approved from the Government.
- iv. The retention and subsequent utilization of dividend by GBRSP in excess of approved grant-in-aid was unauthorized.
- v. The Finance department did not obtain the detail regarding dividend for the period 2020-21 and 2022-23.

Audit is of the view that irregularity occurred due to weak internal controls and ineffective financial management which resulted in loss to government.

The irregularity was pointed out during August 2023. The management replied that the Finance Department shall take up the case with GBRSP seeking the reasons for utilization of the dividend and its approving authority, which will be communicated to Audit. Moreover, the Government directed the GBRSP to deposit the dividend earned from Rs.800 million KCBL shares of Government into the Gilgit-Baltistan Consolidated Fund through Treasury Office in pursuance of Section-28 of Finance Act, 2023.

The management has accepted the point of view of the audit.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that dividend earned may be recovered from GBRSP and deposited into government treasury besides fixing the responsibility for unauthorized retention and utilization of dividend.

AP-606/2023-24

#### ***9.4.10 Non-creation of environment fund-Rs.550.885 million***

Planning and Development Department Gilgit-Baltistan vide Notification No. P&DD-14 (10)/2018 dated 17.10.2018 established a Climate Fund by deducting one percent (1%) of the total project cost of the approved projects of the ADP. The purpose of the initiative was to assist transition to a low carbon, resource efficient, climate resilient and sustainable development path, delivering high impact economic, environmental and social benefits in Gilgit-Baltistan.

During audit of Finance Department for the Financial Year 2022-23, it was noted that Government approved various ADP schemes involving cost of Rs.19,071.752 million during the period 2018-19 to 2022-23. Accordingly, the contribution toward climate funds @ 1% of the cost of projects comes to Rs.550.885 million.



Audit observed that the climate funds has not been made functional so far despite lapse of four years and deductions have not been made from ADP allocation for the years 2018-19 to 2022-23.

Non-deduction of climate funds from projects and non-establishment of fund is violation of the decision of the Cabinet.

Audit is of the view that irregularity occurred due to non-compliance of Cabinet decision.

The irregularity was pointed out during August, 2023. The management replied that

The amount reflected in administrative approvals is consolidated in the Finance Department in the papers. However, no tangible amount is set aside so far. However, in pursuance of audit observation, the matter shall be taken up with Accountant General Gilgit-Baltistan for proper creation of a head of account in which the said fund could be booked and utilized after approval of the climate related projects/activities.

The management admitted the point of view of the audit.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that climate funds deduction may be made from the ADP allocation besides making the funds functional to achieve the desired objectives.

***Note:*** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 5.4.4 having financial impact of Rs.424.573 million. Recurrence of same irregularity is a matter of serious concern.*

AP-607/2023-24

## CHAPTER-10

### 10. FOOD DEPARTMENT

#### 10.1 Introduction

A. The Food Department Gilgit-Baltistan deals with the distribution of wheat and atta, supervision of ration depots, control over flour mills, administration of food laws and planning & construction of additional storage accommodation.

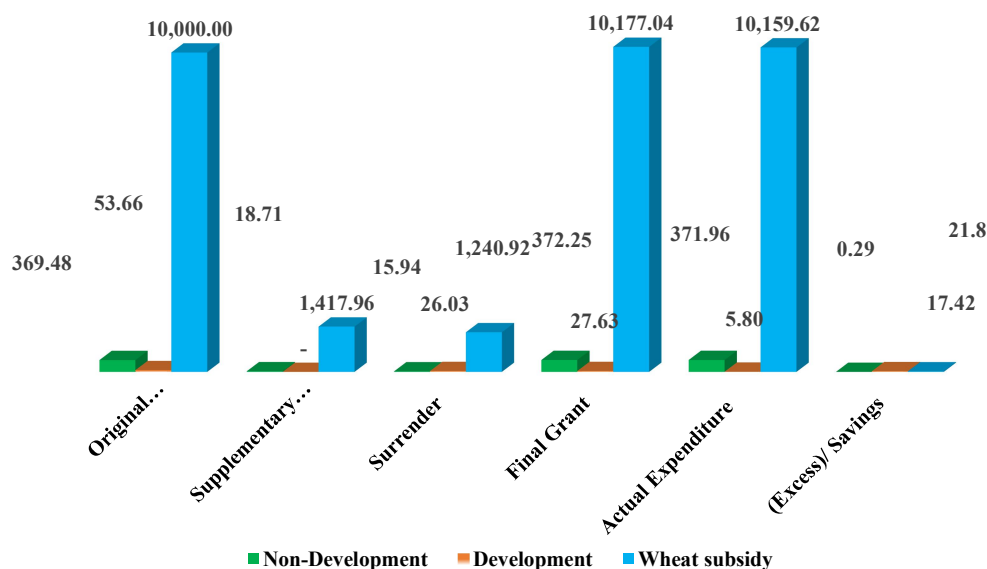
#### Audit Profile of Food Department

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	13	08	198.616	1.871

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

Grant	(Rs. in million)					
	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-25	369.48	18.71	(15.94)	372.25	371.96	0.29
Dev	53.66	-	(26.03)	27.63	5.80	21.83
Wheat subsidy-34	10,000.00	1,417.96	(1,240.92)	10,177.04	10,159.62	17.42
<b>Total</b>	<b>10,423.14</b>	<b>1,436.66</b>	<b>(1,282.88)</b>	<b>10,576.92</b>	<b>10,537.38</b>	<b>39.54</b>



Initially, allocation of Rs.369.48 million was made for non-development budget. During the year, supplementary grant of Rs.18.71 million was granted which

is 5.06% of the original allocation. The department also surrendered an amount of Rs.15.94 million. Against final grant of Rs.372.25 million the department utilized funds of Rs.371.96 million.

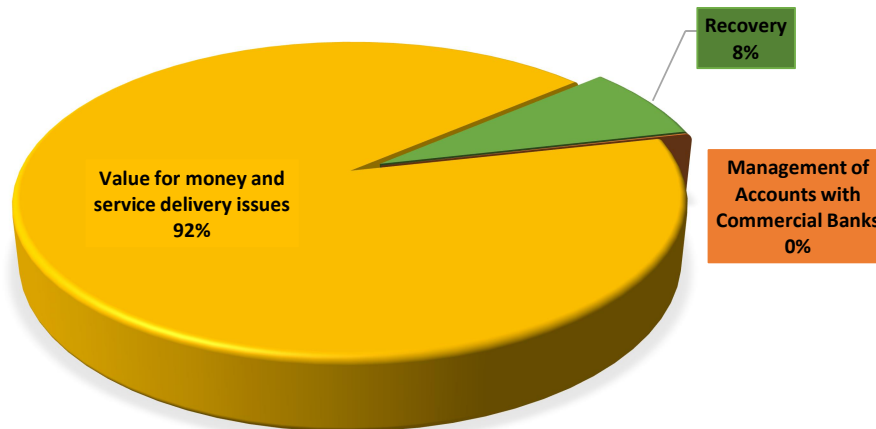
Similarly, under development grant, funds of Rs.27.63 million were allocated against which expenditure of Rs.5.80 million was made.

Moreover, the food department also deals with distribution of wheat. During the year, funds of Rs.10,000 million were allocated for purchase and transportation of wheat across the region. During the year, supplementary grant of Rs.1,417.96 million was obtained which was 14.18% of the total original allocation. The department also surrendered funds of Rs.1,240.92 million which constitutes 12.41% of the original allocation. Against final grant of Rs.10,177.04 million, the department utilized funds of Rs.10,159.62 million.

## 10.2 Classified summary of Audit observations

Audit observations amounting to Rs.1,710.855 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.131.736 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Management of Accounts with Commercial Banks	1.633
2.	Value for money and service delivery issues	1,577.486
3.	Recovery	131.736
<b>Total</b>		<b>1,710.855</b>



## 10.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

## 10.4 AUDIT PARAS

### 10.4.1 Loss due to shortage of wheat stock – Rs.131.736 million

Para 13.3.6.3 of Accounting Policies and Procedures Manual states that the immediate purpose of stocktaking is to deter and detect losses by theft and fraud, to verify the accuracy of stock records, and to identify any weaknesses in custody arrangements.

During the audit of different Civil Supply Offices of Food Department for the Financial Years 2021-22 and 2022-23, it was noted that there was shortage of wheat 1,646,736 Kg. The landed cost was Rs.131.736 million (@ Rs.80/Kg). Details are as under:

(Rs. in million)

S. No.	AP No.	Name of Division	Wheat shortage (KG)	Landed cost	Amount
1.	260/ 2022-23	Civil Supply Office, Ghizer	469,359	80	37.548
2.	266/ 2022-23	Civil Supply Office, Shigar	30,028	80	2.401
3.	512/2023-24	Civil Supply Officer, Ghanche	29,952	80	2.396
4.	517/2023-24	Civil Supply Officer, Skardu	125,628	80	10.050
5.	811/2023-24	Civil Supply Office, Hunza	786,053	80	62.884
6.	813/2023-24	Civil Supply Office, Nagar	205,716	80	16.457
<b>Total</b>			<b>1,646,736</b>		<b>131.736</b>

Audit observed that the management neither took any action against the concerned staff nor made any recovery in this regard.

Audit is of the view that shortage of wheat stock resulted in loss of Rs.131.736 million.

The irregularities were pointed out during May to October, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be investigated and responsibility fixed.

**Note:** The issue was reported earlier also in the Audit Report for the Audit Year 2021-22 vide para number 5.4.2 having financial impact of Rs.23.320 million. Recurrence of same irregularity is a matter of serious concern.

### 10.4.2 Whereabout of payment record unknown - Rs.6.517 million

Rules 205 of FTR Vol-I states that subject as hereinafter provided in this rule, a Government officer entrusted with the payment of money shall obtain for every payment he makes, including repayment of sums previously lodged with the Government, a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts.

Every voucher must bear, or have attached to it, an acknowledgment of the payment signed by the person by whom, or in whose behalf, the claim is put forward. The acknowledgment shall be taken at the time of payment.

During audit of the Civil Supply Office, Ghizer for the Financial Year 2021-22, it was noted that the management incurred an expenditure of Rs.6.517 million on account of operating expenses during the years 2017 to 2020. Detail is as under:

S No.	FY	Release	Expenditure
1.	2017-18	1.495	1.415
2.	2018-19	1.308	1.537
3.	2019-20	1.227	1.226
4.	2020-21	2.516	2.339
<b>Total</b>		<b>6.546</b>	<b>6.517</b>

Audit observed as under:

- i. Cash book was not maintained to record the financial transactions for the period 2017-21.
- ii. Payment vouchers were not maintained to substantiate the withdrawals as the management did not provide any record in this regard and stated that the vouchers are with ex-cashier.
- iii. Reconciliation was not made with the Account Office.
- iv. In absence of supporting record and reconciled statement audit could not ensure the authenticity of expenditure.

Audit is of the view that the irregularity occurred due to non-adherence to rules.

The irregularities were pointed out during May, 2022. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

AP-257 and 267/2022-23

#### **10.4.3 Non-functional digital weigh bridge(s) – Rs.57.82 million**

Para 7.1 of Manual of Development states that the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating of project is to making it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During audit of Civil Supply office, Shigar for the Financial Year 2021-22, it was noted that the food department Gilgit-Baltistan installed Digital Weigh Bridge at Shigar during 2018-19 under a project Establishment of Digital Weigh Bridges and Monitoring System in Food Department, Gilgit-Baltistan.

Audit observed as under:

- i. The management did not make use of digital weigh bridge(s) for weighing of wheat and instead handwritten weigh bills were prepared.
- ii. The automatic calibration of weighing bridge was also not done.
- iii. The hardware / software installed were outdated. Moreover, UPS and battery provided at station were not compatible with the system.

Similarly, the digital Kantas installed at various depots in district Shigar, Ghanche and Skardu under the project “Strengthening of Food Department Gilgit Baltistan” were non-functional during the Financial Years 2018-19 to 2021-22.

Despite making huge expenditure, the purpose of installation of digital weigh bridge and monitoring system was not fulfilled in its true spirit.

Audit was of the view that due to negligence of the management the costly weighing bridge could not be made functional. Moreover, in absence of weighing bridge and digital Kantas it could not be ensured whether the quantity of wheat transported to the district was actually delivered or otherwise.

The irregularities were pointed out during May, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be probed to fix responsibility.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Years 2021-22 and 2022-23 vide para number 5.4.1 and 6.4.5 respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-263&264/2022-23 and 513&519/2023-24

#### **10.4.4 Un-authorized retention of government money in a private bank account- Rs.1.633 million**

Finance Department, Gilgit-Baltistan vide letters No.F.A&A-2(20)/2006, dated: 13.01.2014 & No.F.A&A-2(20)/2017 dated 27.09.2018 conveyed all the departments of Gilgit-Baltistan to close all the bank accounts maintained in various scheduled and non-scheduled banks, except National Bank of Pakistan. The head of department can maintain only one bank account in the National Bank of Pakistan with the approval of Finance Department, if required.

During the audit of Civil Supply Officer, Skardu for the Financial Years 2021-2022 & 2022-2023, it was noted that the office was maintaining a bank account number CD-14066-001 in KCBL in Skardu. As on 30.06.2023, a balance of Rs.1.633 million was available in the account.

Audit observed that the bank account was opened without the approval of the Finance Department.

Audit is of the view that irregularity occurred due to non-adherence to the rules.

The irregularity was pointed out during October 2023. The management did not reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the private bank account should be closed immediately.

AP-518/2023-24

**10.4.5 Non-maintenance of Cash Book to record the sale proceeds of wheat – Rs.1,570.969 million**

Rule 77(i) of Federal Treasury Rule Vol-I states that every officer receiving money on behalf of the Government should maintain a Cash Book in Form T.R.4.

During the audit of Civil Supply Office, Hunza for the Financial Year 2022-23, it was noted that the management was maintaining 09 depots in district Hunza and sold wheat 100,275,293 Kgs and received revenue of Rs.1,152.827 million in cash during the period 2012-23.

Similarly, the Civil Supply Office, Nagar was also maintaining 19 depots in district Nagar and sold wheat 33,005,515 Kgs and received revenue of Rs.418.142 million in cash during the period 2019-23.

Audit observed as under:

- i. The cash book to record the revenue received was not maintained at any depot.
- ii. No record to acknowledge the cash received from the purchaser of wheat was maintained.
- iii. The cash is not immediately deposited by the store-in-charge and amount is held for many days.

Audit is of the view that non-maintenance of cash book to record the transactions of receipts and payments is not only violation of rules but can lead to misappropriation of funds.

The irregularities were pointed out during October, 2023. The management did not reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommended that cash book may be maintained to record the sale proceeds of wheat and get it verified from audit.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 6.4.3 having financial impact of Rs.292.680 million. Recurrence of same irregularity is a matter of serious concern.*

AP-812 and 814/2023-24



## CHAPTER-11

### 11. FOREST, PARKS, WILDLIFE AND ENVIRONMENT DEPARTMENT

#### 11.1 Introduction

A. The Forests, Parks, Wildlife and Environment Department Gilgit-Baltistan deals with scientific management of existing public forest estates to maximize production of wood, minor forest produce and to create new forest resources, promotion of social/farm forestry on private lands, establishment of amenity forests and recreational parks, raising of tree plantations for strategic purposes in consultation with the National Sub-Committee on Defense Planting. The department also educates public on tree planting and provision of technical and advisory services on matters of afforestation to the people and government departments. It also implements the various provisions of Forest Act and rules framed there under. Besides, management of zoological gardens and promotion of wildlife, protection of wildlife by involving community organizations and provision of facilities for trophy hunting in the community protected areas are also the responsibilities of the department.

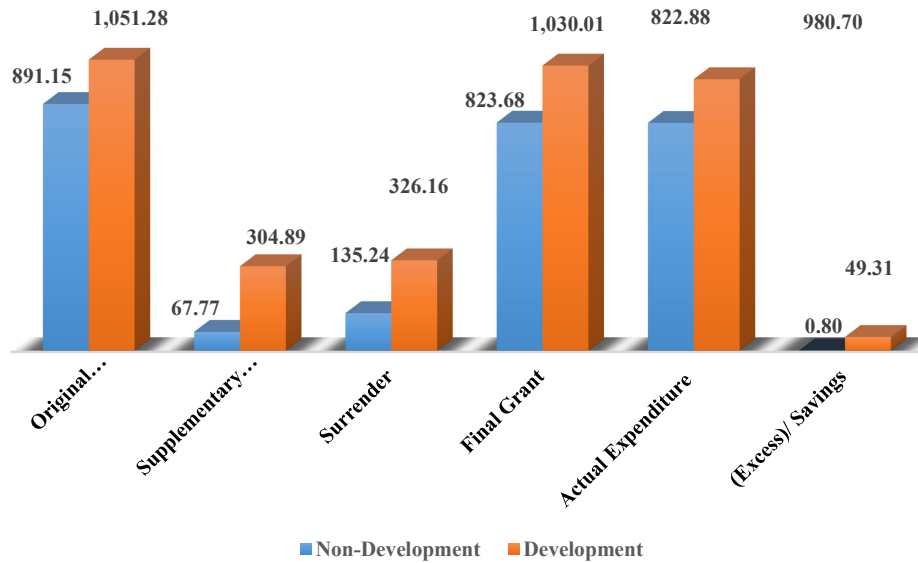
#### Audit Profile of Forest, Parks, Wildlife and Environment Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	27	11	1,608.860	24.406

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the FY 2022-23 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-15	891.15	67.77	(135.24)	823.68	822.88	0.80
Dev	1,051.28	304.89	(326.16)	1,030.01	980.70	49.31
<b>Total</b>	<b>1,942.43</b>	<b>372.66</b>	<b>(461.40)</b>	<b>1,853.69</b>	<b>1,803.58</b>	<b>50.11</b>



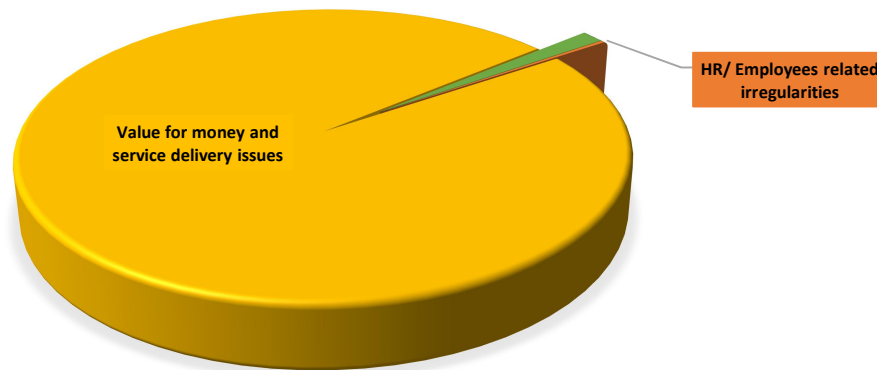
Initially, allocation of Rs.891.15 million was made for non-development budget. During the year, supplementary grant of Rs.67.77 million was approved which is 7.6% of the original allocation. The department also surrendered an amount of Rs.135.24 million which is 31.03% of the original allocation. Against final grant of Rs.823.68 million the department utilized fund of Rs.822.88 million which is 99.90% of the final grant.

Funds of Rs.1,051.28 million were allocated for development schemes. An amount of Rs.304.89 million was surrendered which constitutes 31.03%. During the year, funds of Rs.980.70 million were utilized against the final allocation of Rs.1,030.01 million. Thus, the department utilized 95.21% of final grant and leaving a saving of Rs.49.31 million which is 4.79% of the final allocation.

## 11.2 Classified summary of Audit observations

Audit observations amounting to Rs.731.397 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.10.295 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.	HR/ Employees related irregularities	1.800
2.	Value for money and service delivery issues	719.302
3.	Recovery	10.295
<b>Total</b>		<b>731.397</b>



### 11.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

### 11.4 AUDIT PARAS

#### 11.4.1 Delay in completion of development project-Rs.219.000 million

Para-7.1 of Manual of Development states that the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to making it fully functional and getting it fully underway for achieving the goals envisaged in PC-I without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During the audit of the Directorate of Central Karakoram National Park (CKNP), Skardu for the financial year 2021-2022, it was noted that the department executed a project titled “Participatory Management of Central Karakoram National Park (Phase-II)” involving cost of Rs.219.00 million for the period of three years starting from July 2019 with completion in June, 2021. The main components of the project were construction of foot bridges, provision of fuel-efficient cooking / heating stoves to community etc. The management incurred an expenditure of Rs. 167.233 million upto 30.06.2022.

Audit observed that the major component relating to construction of foot bridges is yet to be executed. Moreover, fuel-efficient cooking / heating stoves have not been provided to community which was a vital component of the project. Audit further observed that short refresher courses on wildlife survey techniques have also not been arranged so far.

Audit is of the view that project could not achieve its objectives within approved time lines. Further, the delay in execution of the project will lead to time and cost over-run.

The irregularity was pointed out during March 2023. The management replied that the year wise allocation according to PC-1 has not been released in time. Therefore, due to less release of funds the scope of PC-1 activities could not be completed in time. Furthermore, Ev-K2-CNR has to provide Rs.10.611 million during the project period which has not been provided so far. As the result, execution and completion of the project has been delayed.

The management has accepted the point of view of the audit.

The DAC meeting was held on 02.01.2024. The management apprised the DAC that due to non-release of funds, the project activities could not be executed according to stipulated time lines. Therefore, the PC-I is being submitted for revision. The DAC directed to expedite the case for revision of PC-I to complete the project without further delay.

Audit recommends that decision of the DAC may be implemented.

AP-44/2022-23

#### **11.4.2 Non collection of base transceiver station tower fee - Rs. 4.640 million**

According to Regulation-6 of Gilgit-Baltistan Base Transceiver Station (BTS) Regulation 2018, S.R.O.971(1)2019, it is mandatory to deposit an amount of Rs. 15,000 per tower as a non-refundable review fee at the time of submission of application form and annual renewal fee of Rs. 5000 per tower.

During the audit of office of the Director Environment Protection Agency, Gilgit for the Financial Year 2021-22, it was noted that 148 towers were installed at different places in Gilgit-Baltistan.

Audit observed that the management did not collect the non-refundable review fee and annual renewal fee amounting to Rs. 4.644 million. Details are as under:

(Amount in rupees)					
S.No	Company name	No. of towers	Registration fee outstanding	Renewal fee outstanding	Total Amount
1	SCO	16	240,000	80,000	320,000
2	Warid	20	0	400,000	400,000
3	Telenor	48	720,000	960,000	1,680,000
4	Zong	05	75,000	100,000	175,000
5	U-fone	59	885,000	1,180,000	2,065,000
			<b>1,920,000</b>	<b>2,720,000</b>	<b>4,640,000</b>

Audit is of the view that due to weak internal controls the government dues could not be collected from the companies. Resultantly, the government was deprived of its due revenue.

The irregularity was pointed out during March 2023. The management replied that Agency has already conveyed cellular companies to submit renewal fee. In compliance to the notices the Telenor company has deposited Rs.1.880 million rupees on account of registration and renewal fee of 47 number of BTS Towers in

Gilgit-Baltistan on 06.12.2023 the recovery with remaining cellular company is being pursued.

The reply was not accepted as the management has only recovered Rs.1.880 million against Rs.4.640 million.

The DAC in its meeting held on 02.01.2024 directed the management that outstanding amount may be recovered from the companies. Moreover, un-registered towers of SCO may also be registered after obtaining registration fee.

Audit recommends that outstanding amount may be recovered from the concerned companies.

**Note:** The issue was reported earlier also in the Audit Report for the Audit Year 2021-22 vide para number 7.4.8 having financial impact of Rs.2.175 million. Recurrence of same irregularity is a matter of serious concern.

AP-45/2022-23

#### **11.4.3 Unauthorized retention of vehicles by other departments**

Rule 9 (i) of Government of Gilgit-Baltistan, Staff Vehicles (Use and Maintenance Rules) 2021 provides that there shall be a vigilance committee at provincial and district level to monitor officials transport system and to control the misuse of vehicles.

During audit of the office of the Secretary Forest Gilgit for the Financial Year 2022-23, it was noted that the management purchased six (06) vehicles against different projects

Audit observed that the vehicles were handed over to other departments. Details are as under:

<b>S. No.</b>	<b>Vehicle No, Make &amp; Model</b>	<b>Purchased from</b>	<b>At the disposal</b>
1.	GLT-B-16, V-8	Forest Regeneration Fund	S&GAD
2.	GLT-C-440, Vigo	Forest Regeneration Fund	NAB
3.	BLN-B-13, Vigo	Central Karakorum National Park Fund	AC Juglot
4.	GLT-C-555, Fortuner	Forest Regeneration Fund	S&GAD
5.	DMR-113, Land Cruiser	Regular	DC Diamer
6.	GLT-A-5298, Toyota Luxus	Forest Regeneration Fund	Governor Secretariat

Audit is of the view that non retrieval of vehicles from other departments was due to weak internal control of the management.

The irregularity was pointed out during September 2023. The department replied that Secretariat has requested Chief Secretary, Gilgit- Baltistan for return of 06 vehicles vide letter dated 31-08-2023 but no response has been received so far.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 02.01.2024 decided to refer the para to PAC for appropriate action.

Audit recommends that matter may be pursued vigorously at appropriate forum for retrieval of vehicles.

AP-318/2023-24

**11.4.4 Loss due to non-recovery of registration/ renewal fee of Saw Mills - Rs.5.655 million**

Section 125 (1) of the Gilgit-Baltistan Forest Act, 2019 states that “A wood-based industry, a sale depot or a sawing unit shall not be established, unless the same is registered with the Conservator of Forest concerned in such manner and on payment of such fee as may be prescribed”.

The schedule-I (Section 11) 3 (iv) & (v) of Gilgit-Baltistan Finance Act-2022 provides for Registration of Saw Mills @ Rs. 20,000 and Renewal of Saw Mills @ Rs. 5000.

During audit of Divisional Forest Officer, Gilgit for the Financial Year 2022-23 it was noted that there were 19 Registered Saw Mills in Gilgit Division.

Audit observed that 278 Saw Mills were unregistered. Audit further observed that registered 19 Saw Mills did not renew their registration. Details are as under:

(Rs. in million)				
S. No.	Category of Saw Mills	Numbers	Rate	Amount
01.	Registered	19	5000	0.095
02.	Un-registered	278	20,000	5.560
<b>Total</b>				<b>5.655</b>

Audit is of the view that due to non-implementation of the Forest Act, 2019 & Gilgit-Baltistan Finance Act, 2022 department could not generate revenue worth Rs.5.655 million.

Audit maintains that the irregularity occurred due to non-adherence to rules.

The irregularity was pointed out during September, 2023. It was replied that several notices have been issued to the owners of Saw Mills for registration, but they refused registration. This office has now taken up the case with higher authorities for provision of law enforcing agencies to seal the unregistered Saw Mills and bringing them into the ambit of legal frame under Gilgit-Baltistan Finance Act 2019.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 02.01.2024 directed the management to issue directives/ instructions to all Conservators to register the Saw Mills in their jurisdiction at the earliest.

Audit recommends that the government orders/ Gilgit-Baltistan Finance Act may be implemented and Registration / Renewal fee may be recovered.

AP-543/2023-24

***11.4.5 Unauthorized expenditure on acquiring the services of FC instead of establishment of Forest and Wildlife Force– Rs.1.800 million***

Section 9 of Gilgit Baltistan Forest Act 2019 states that the entire Forest and Wildlife Establishment under Government, excluding ministerial staff, for the purpose of this Act is deemed to be a Forest and Wildlife Force and shall be constituted in the prescribed manner by the Government.

During audit of the Divisional Forest Officers Gilgit for the Financial Year 2022-23, it was noted that a project titled “Protection and Conservation of Forests & Wildlife Resources in Natural Forest & Protected areas in Gilgit-Baltistan through Assistance of FC” was approved at a cost of Rs.30.00 million against which an expenditure of Rs. 1.800 million was incurred.

Audit observed that instead of establishing Forest and Wildlife Force for protection of forest the management executed a development project for Protection and Conservation of Forests & Wildlife Resources in Natural Forest & Protected areas in Gilgit-Baltistan through Assistance of FC in violation of provision of Forest Act.

Audit was of the view that deployment of FC instead of establishing Forest and Wildlife Force was irregular.

The irregularity was pointed out during September 2023. The management replied that decision was taken by the Competent Authorities to place 02 platoon of FC at the disposal of one each DFO Gilgit and other forest divisions (i.e Chilas, Darel/ Tangir and Astore) through a development project till establishment of regular force for the which the approval of competent authority is awaited.

The reply was not satisfactory as the force has not been established in accordance with the provision of Act.

The DAC in its meeting held on 02.01.2024 directed the management to replace the services of FC by establishing the Forest & Wildlife Force in accordance with the provision of the GB Forest Act 2019. DAC further directed that the roles, functions, duties, and job descriptions of the Force may be prepared and got approved from the government.

Audit recommends that the decision of the DAC may be implemented.

#### 11.4.6 Non-auction of confiscated timber-Rs.500.302 million

The section 6 of the Gilgit-Baltistan Forest (Amendment) Act, 2020 states that illegally extracted timber shall be seized confiscated and destroyed by the Government through the Department. For this purpose, a Forest Officer with prior approval of Chief Conservator of Forest shall execute the destruction of such wood at approved sites as deemed appropriate by the Department, in presence of an officer of District Administration not below the “rank of BPS-17”.

During audit of the Divisional Forest Officer, Gilgit for the Financial Year 2022-23, it was noted that there was confiscated timber having volume of 320,570 CFT available at different sites. Details are as under:

S No.	Name of Place	Specie	Total Volume in cft	Estimated auction rate per cft. Rs.	Amount (Rs. In million)
1.	Sahowchi Sargah Camp Sai Nullah	Kail, Spruce	312,900	1,560	488.124
2.	Zawarshing Forest Check Post	Kail, Spruce	2,641.40	1,560	4.121
3.	Parri Forest Check post	Kail, Spruce	2,836.28	1,560	4.425
4.	Parrri forest check post (cut material)	Kail, Spruce	87.29	1,560	0.137
5.	Parri Forest depot (confiscated timber Haramosh area)	Kail, Spruce	767.79	1,560	1.198
6.	Parri Forest depot (confiscated timber chilas area)	Deodar	550.02	1,900	1.045
7.	Parri Forest dpot (confiscated timber chilas area) (Logs)	Deodar	72	1,900	0.136
8.	Forest transit Depot Jutial Gilgit	Kail, Spruce	715.30	1,560	1.116
	<b>Total</b>		<b>320,570</b>		<b>500.302</b>

Audit observed as under:

- i. The confiscated timber is dumped in open air and being deteriorated due to which it is losing its commercial/ sale value with the passage of time.
- ii. A number of cases of theft was reported besides other losses occurred due to rains and floods.
- iii. According to assessment of the department, the value of the confiscated timber comes to Rs.500.302 million.

Audit is of the view that the department had not taken any action for disposal of this confiscated timber. Due to non-disposal of timber, its quality is deteriorating. Further, the revenue to be generated from its disposal is also blocked.

The irregularity was pointed out during September 2023. The management replied that as per Gilgit-Baltistan Forest Act 2019 Section 6 (c), the confiscated



timber is required to be destroyed. This office has taken up case with higher authorities. Decision of higher forum is awaited.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 02.01.2024 referred the para to PAC to decide its fate whether it may be destroyed or disposed-off through open auction.

Audit recommends that the confiscated timber should be auctioned at the earliest.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 7.4.7 having financial impact of Rs.500.59 million. Recurrence of same irregularity is a matter of serious concern.*

AP-546/2023-24

## CHAPTER-12

### 12. GILGIT-BALTISTAN RURAL SUPPORT PROGRAMME

#### 12.1 Introduction

A. The Gilgit-Baltistan Rural Support Programme (GBRSP) was established on 04.11.2012 as non-profit organization registered under section 42 of Companies Ordinance 1984. GBRSP is governed by a fourteen members “Board of Directors”, headed by the Chairman, elected by the Board of Directors (BoDs). Eleven permanent members of the BoD represent civil society, whereas Secretary Finance, Secretary Planning and Sectary LG&RD represent government of Gilgit-Baltistan as ex-officio nominee members. The Chief Executive Officer (CEO) and General Manager are responsible for managing day to day operations of the GBRSP. GBRSP has expanded its operation to all the districts of Gilgit-Baltistan by establishing regional and district offices. The GBRSP mainly depends on Grants-in-Aid provided by the government of Gilgit-Baltistan and interest received from the Endowment fund. The economic and social development of the region are the thematic areas and major functions of the GBRSP.

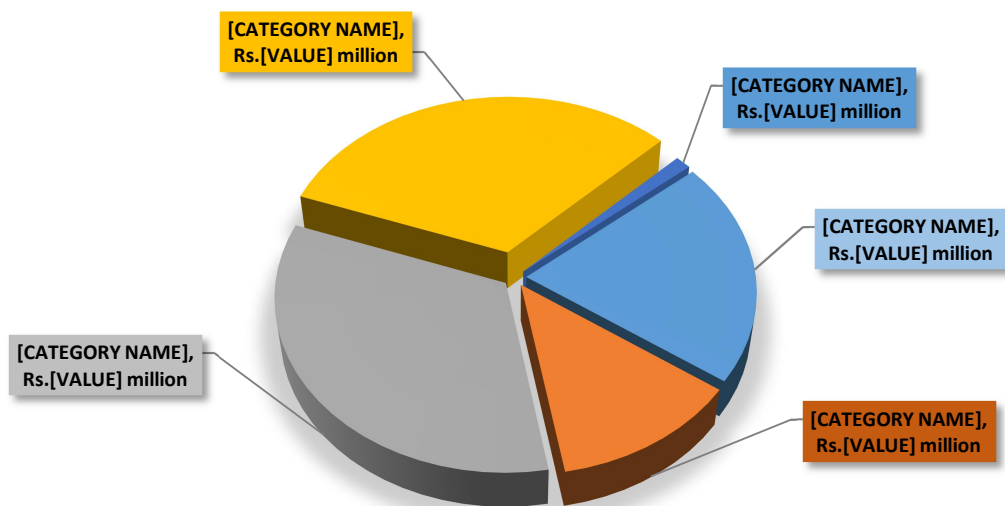
#### Audit Profile of Gilgit-Baltistan Rural Support Programme

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	01	01	257.324	267.179

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of Gilgit-Baltistan Rural Support Programme for the Financial Year 2022-23 is as under:

(Rs. in million)					
	Own Revenue	Grant in Aid from Government	Total Revenue	Expenditure	Net Profit
GBRSP	167.18	100.00	267.18	257.324	9.85



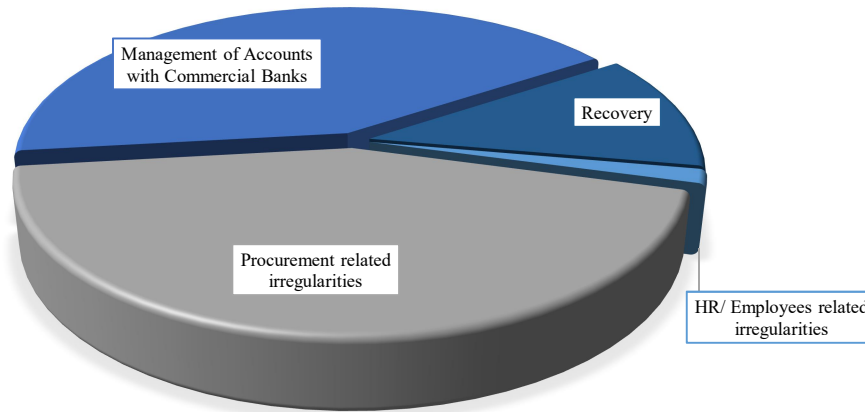
During 2022-23 the company revenue including interest on endowment fund was Rs.167.18 million which comes to 62.57% of total revenue. However, the company also received grant of Rs.100 million from government of Gilgit-Baltistan which constituted 37.43% of total revenue.

Against total revenue of Rs.267.18 million the company incurred an expenditure of Rs.257.324 million. The profit of the company was Rs.9.85 million.

## 12.2 Classified summary of Audit observations

Audit observations amounting to Rs.85.915 million were raised in this report during current audit of company. This amount also includes recoveries of Rs.10.386 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	1.237
2.	Procurement related irregularities	37.772
3.	Management of Accounts with Commercial Banks	36.520
4.	Recovery	10.386
<b>Total</b>		<b>85.915</b>



### 12.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

### 12.4 AUDIT PARAS

#### 12.4.1 Loss due to weak financial management-Rs.10.386 million

Rule 2 (A) of the Public Sector Companies (Corporate Governance) Rules, 2013 states that the business of the Public Sector Company may be carried on with integrity, objectivity, due care and the professional skills appropriate to the nature and scale of its activities. The company shall not be regarded as conducting its business in a sound and prudent manner if it fails to conduct its business with due regard to the legitimate policy objectives and development targets of the Government.

During audit of Gilgit-Baltistan Rural Support Programme (GBRSP), Gilgit for the Financial Year 2021-22 it was noted that the Finance Department released an amount of Rs.200.00 million to GBRSP for non-banking micro-finance loan activities. On 05.05.2021 GBRSP vide TDR No.3137687 invested Rs.200.00 million in a non-scheduled bank i.e. Karakorum Cooperative Bank Limited @ 9.5 % profit per annum for a period of one year. TDRs were matured on 05.05.2022, whereas the management reinvested the funds of Rs.200 million on 22.08.2022 after the lapse of 108 days in Pak-Oman Bank @ 17.55%.

Audit observed as under:

- i. Prior to the maturity of TDR of KCBL, the management of GBRSP was required to obtain the rates from the banks for the placement of Rs.200.00 million, whereas, the management invested funds on 22.08.2022 after a lapse of more than 108 days.

- ii. Due to delay in the initiation of process of obtaining of rates from the banks a financial loss of Rs.10,385,753 (Rs. 200 million x 17.55% x 108 days / 365 days) on account of profit/interest on investment was incurred.

Audit is of the view that the financial loss incurred due to weak financial management.

The irregularity was pointed out during February 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be investigated at an appropriate level and responsibility be fixed on the person(s) at fault besides strengthening of Financial Controls.

AP-152/2022-23

#### **12.4.2 Un-authorized expenditure on private persons in Dubai Expo – Rs.1.237 million**

Rule 4 (3) of the Public Sector Companies (Corporate Governance) Rules, 2013 states that the chief executive is responsible for the management of the Public Sector Company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Ordinance and these rules. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During audit of Gilgit-Baltistan Rural Support Programme (GBRSP), Gilgit for the Financial Year 2021-22 it was noted that a team of GBRSP participated in the Dubai Expo 2020 scheduled from 01.02.2022 to 28.02.2022 to promote Community Entrepreneurship and Mountain Food. The Government of Gilgit-Baltistan released an amount of Rs.2.5 million and the differential amount was paid out of the income of GBRSP. Originally the delegation was comprised of 03 employees of the GBRSP. However, the following persons participated in Dubai Exp-2020:

S.No.	Name	Designation
1	Mr. Abdul Latif	Chief Executive Officer
2	Mr. Ashfaq Ahmed	General Manager
3	Mr. Amjad Wali	Program Manager Enterprise Social & Gender Development / Addl Charge of Non-Banking Micro-Finance
4	Mr. Abdul Bari	----
5	Mr. Muzaffar Uddin	----
6	Mr. Sajjad Haider	----

Audit observed as under:

- i. The individuals mentioned at Sr. No. 4 to 6 were not on the payroll of GBRSP.
- ii. GBRSP paid an amount of Rs.372,165/- (Rs.744,330/6 x 3) on account of travelling expenses of above mentioned three persons.
- iii. In addition to above, Mr. Muzaffar Uddin and Mr. Sajjad Haider also claimed an amount of Rs.864,960/- (Rs.432,480 each person) as TA/DA.

The management incurred an un-authorized expenditure of Rs.1,237,125/- (372,165 + Rs. 864,960) on account of entourage of three private persons (other than GBRSP employees).

Audit is of view that the irregularity incurred due to non-adherence to rules and ineffective internal controls.

The irregularity was pointed out during February, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for inclusion of three outsider individuals in delegation.

AP-153/2022-23

#### **12.4.3 Irregular purchase of vehicles-Rs. 15.094 million**

Gilgit-Baltistan Rural Support Programme Board in its meeting held on 09.11.2021 approved purchase of used vehicles.

During audit of Gilgit-Baltistan Rural Support Programme (GBRSP), Gilgit for the Financial Year 2021-22 it was noted that GBRSP procured two new KIA Sorento Awd 2.4 vehicles involving cost of Rs.15.094 million from M/S Lucky Motor Corporation Ltd.

Audit observed that instead of purchasing used vehicles the management purchased new vehicles in violation of Board decision.

Audit further observed that the vehicles were purchased for CEO and GM of GBRSP whereas, both the officers were already using two vehicles (Toyota Vigo & Prado TX) and One vehicle (Honda BRV) respectively.

Audit is of the view that the irregularity occurred due non-compliance with Board decision and weak internal controls.

The irregularity was pointed out during the February, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that purchase of vehicles against the decision of BoD may be investigated for fixing the responsibility.

AP-154/2022-23

#### **12.4.4 Irregular expenditure on execution of civil works-Rs.15.708 million**

Para 68 of CPWD Code states that following officers are empowered to accord technical sanction to detailed estimates for works subject to the limits:-

- i. Chief Engineer
- ii. Superintending Engineer
- iii. Divisional officers of Public Works Divisions

Para 209 (d) of CPWA code states that all the payments for work done or supplies made should be based on the quantities recorded in the measurement book.

During audit of Gilgit-Baltistan Rural Support Programme (GBRSP), Gilgit for the Financial Year 2021-22 it was noted that GBRSP executed various development schemes for infrastructure improvement e.g. Micro Hydel, lift irrigation, water supply etc and incurred an expenditure of Rs.15.708 million on execution with the proportion of 80:20, GBRSP and Community share respectively.

Audit observed that technical estimates were administratively approved / technically sanctioned by a non-technical person i.e. GM GBRSP. Further, the measurement books were not maintained to record the quantity and periodical payments made against the actual work done.

Audit is of the view that irregularity occurred due to non-adherence to the provision of CPWA code.

The irregularity was pointed out during February, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides strengthening the internal controls.

AP-157/2022-23

#### **12.4.5 Irregular operation of non-banking micro financing loan program in the absence of license– Rs.36.520 million**

According to para 9 of the Non-Banking Microfinance Guide of Securities & Exchange Commission of Pakistan, the NGOs registered with SECP under section 42 of the Companies Ordinance, 1984 as a not for profit companies, limited by guarantee can directly apply for Investment Finance Services (IFS) license to undertake micro finance business. Companies are, however, prohibited to undertake Microfinance business without obtaining license from SECP under section 282-C (3) read with section 282K(3) of the Companies Ordinance, 2016.

The GBRSP Board in its meeting held on 23.10.2019 established the Microfinance Section within GBRSP and directed the management to acquire license from SECP. An Executive Committee was constituted for obtaining license from SECP to start the Non-Banking Microfinance operations.

During audit of the accounts of GBRSP, Gilgit, it was noted that Finance Department released Rs.200 million as advance to GBRSP for initiation of Non-Banking Micro-financing loan (NBFL) program. The management invested the same in a Bank for some specific period at an agreed interest rate. Since inception of micro-financing loan program i.e. from 2019 to June 2022, out of the generated interest on invested amount of Rs.200 million, the management of GBRSP granted interest free loan amounting to Rs.36.521 million to various community/Village organizations and Cooperative Societies.

Audit observed that GBRSP has not obtained the license from the SECP for the establishment of non-banking micro financing loan program. Granting of loan without obtaining license from SECP was irregular and unauthorized.

Audit is of the view that the irregularity incurred due to non-adherence to the directives of the board and regulations and also due to ineffective administrative controls.

The irregularity was pointed out during February, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the license as required may be obtained from the SECP besides strengthening administrative controls.

AP-161/2022-23

#### **12.4.6 Irregular hiring of firms without adopting open competition – Rs.6.970 million**

Rule-12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million Pakistani 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 the GBRSP Gilgit for the Financial Year 2021-22, it was noted that the management signed a contract / MoUs amounting to Rs.6.970 million with the below mentioned vendors on account of provision of various goods / services and paid an amount of Rs.3.708 million to them as detailed below:

S.No.	Name of Vendor	Date of Singing of MoU	Total Contract / MoU Amount (Rs)	Amount paid (Rs)
1.	Gilgit Baltistan Overseas Trade Test & Training Center (GBOTTTC)	06.08.2021	4,350,000	1,087,500
2.	Telescope Private Limited	02.06.2022	2,620,000	2,620,000
Total			<b>6,970,000</b>	<b>3,707,500</b>

Audit observed that the management of GBRSP in contrary to above mentioned provision of PPRA and without adopting the open competition engaged the firms and made payment of Rs.3.707 million which was held irregular.

Audit was of the view that the irregularity incurred due to non-adherence to the relevant rules and non-existence of effective financial controls.

The irregularity was pointed out during the February, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the responsibility may be fixed for the irregularity.

AP-170/2022-23

## CHAPTER-13

### 13. HEALTH AND POPULATION WELFARE DEPARTMENT

#### 13.1 Introduction

A. As per Gilgit-Baltistan Rules of Business, 2009, the Health & Population Welfare Department is responsible for prevention of adulteration of food stuff, control and prevention of infectious and contagious diseases and provision of vaccination. Besides, it also ensures the required facilities for maternity and child healthcare. Moreover, regulation of medical and other professional qualification and standards, medical institutions, chemical examination laboratories and blood transfusion services in Gilgit-Baltistan; collection, compilation, registration and analysis of vital health statistics and estimation of population for future projections are also the responsibilities of the department.

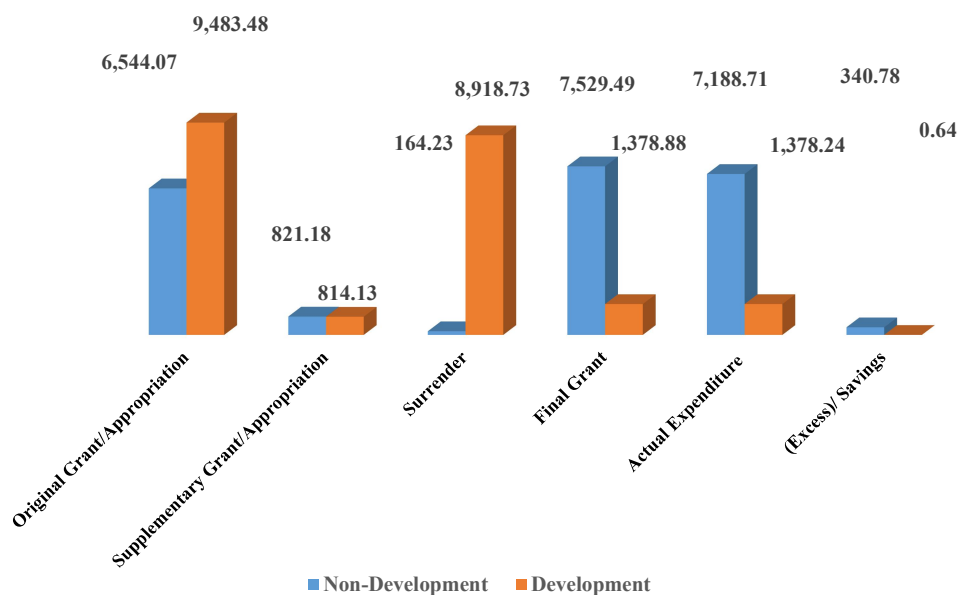
#### Audit Profile of Health and Population Welfare Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	51	11	1,718.536	43.876
2.	Foreign Aided Projects	01	01	-	-

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the Financial Year 2022-23 is as under:

Grant	Original Budget	Supplementary	Surrender	Final Grant	(Rs. in million)	
					Actual Expenditure	Saving
Non-Dev-12	6,544.07	821.18	(164.23)	7,201.03	7,188.71	12.32
Dev	9,483.48	814.13	(8,918.73)	1,378.88	1,378.24	0.64
<b>Total</b>	<b>16,027.55</b>	<b>1,635.32</b>	<b>(9,082.96)</b>	<b>8,579.91</b>	<b>8,566.95</b>	<b>12.96</b>



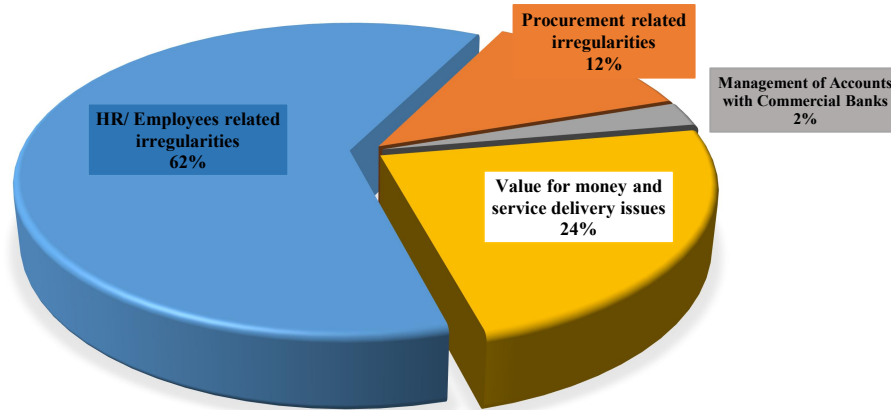
Allocation of Rs.6,544.07 million was made for non-development budget. During the year, supplementary grant of Rs.821.18 million was approved which is 12.55% of the original allocation. The department also surrendered an amount of Rs.164.23 million which is 2.51% of the original grant. Against final grant of Rs.7,529.49 million, the department utilized fund of Rs.7,188.71 million which is 99.83% of the final grant leaving saving of Rs.340.78 million.

Similarly, allocation of Rs.9,483.48 million was made for development schemes. During the year, supplementary grant of Rs.814.13 million was approved which is 8.58% of the original allocation. The department also surrendered an amount of Rs.8,918.73 million which is 94.04% of the original grant. Against final grant of Rs.1,378.88 million the department utilized fund of Rs.1,378.24 million which is 99.95% of the final grant.

### 13.2 Classified summary of Audit observations

Audit observations amounting to Rs.167.401 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.7.019 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	98.655
2.	Procurement related irregularities	19.900
3.	Management of Accounts with Commercial Banks	4.016
4.	Value for money and service delivery issues	37.811
5.	Recovery	7.019
<b>Total</b>		<b>167.401</b>



### 13.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

### 13.4 AUDIT PARAS

#### 13.4.1 *Non-obtaining of License from PNRA for Radiation Generating Machines/Equipment*

Section 19 of Pakistan Nuclear Regulatory Authority Ordinance, 2001 states that, no person shall, unless he is exempted as may be prescribed by regulations, or unless he is the holder of a license issued by the Authority:

- (a) acquire, design, manufacture, construct, install or operate any device that contains any radioactive material or produce ionizing radiation including consumer products, sealed sources, unsealed sources and radiation generators, including mobile radiography equipment;
- (b) establish installations and facilities which contain radioactive materials or devices which produce radiation including mines and mills processing radioactive ores, installations processing radioactive substances, nuclear installations and radioactive waste management facilities

During audit of the City Hospital Gilgit for the Financial Year 2021-22, it was noted that Nine Radioactive rays-emission machines (including C-Arm, X-Rays and Dental X-Ray machine) were functional in the hospital.

Audit observed that the management did not obtain license from Pakistan Nuclear Regulatory Authority (PNRA). The management of City Hospital, Gilgit neither made any effort to meet the protocols of PNRA nor applied for the license to operate the machines within a controlled environment.

Audit is of the view that this occurred due to non-adherence to the government rules / laws.

The irregularity was pointed out during March, 2023. The management replied that the hospital management has requested PNRA for issuance of license during March, 2021. Despite payment of fee, license has not been issued so far. However, all radiotherapy staff have been protected as per protocol of the PNRA. Moreover, PNRA is being requested for provision of environmental protection facilities in the hospital on urgent basis.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 27.12.2023 directed the management to obtain the required license from PNRA beside expediting the case for provision of environmental protection facilities.

Audit recommends that the license as required may be obtained from PNRA.

AP-75/2022-23

#### ***13.4.2 Non utilization of equipment / X-Ray machines due to non-availability of technical staff – Rs.4.605 million***

In terms of Schedule –II, Rule 3(3) Serial No.9 (19) of Gilgit-Baltistan Rules of Business, 2009 Health Department is responsible to administer Medical Institutions, Chemical Examination Laboratories and Blood Transfusion Services in Gilgit-Baltistan.

During audit of District Health Officer, Gilgit for the Financial Year 2021-22, it was noted that the office purchased machinery and equipment valuing Rs.4.605 million for Civil Hospital Sassi Haramosh. Details are as under:

<b>S.No.</b>	<b>Type of machine</b>	<b>Cost of machine (Rs. in million)</b>
1	X-Ray Machine	3.000
2	Hamatology Analyzer	0.850
3	Lap Incubator	0.164
4	Micro Lab	0.490
5	Microscope	0.088
6	Centrifuge machine	0.013
<b>Total</b>		4.605

Audit observed that the machinery and equipment are not in use due to non-availability of machine operator/ lab assistant as these posts are vacant since long.

Audit is of the view that non-availability of technicians and other allied staff has made the purchases of machinery and equipment ineffective.

The irregularity was pointed out during March, 2023. The management replied that being targeted schemes this office was bound to utilize the funds to avoid their lapse. Due to non-creation/ retirement of staff this office was unable to utilize the services of technical staff. However, this office will ensure utilization of technical staff as and when staff is available.

The management has accepted the point of view of the audit.

The DAC meeting was held on 27.12.2023. The management apprised the DAC that the recruitment against different posts is in process and will be finalized in near future. The DAC directed to hold a fact-finding inquiry to ascertain the warrantee/ guarantee of the machinery/equipments and submit a report within 14 days.

Audit recommends that arrangement may be made for utilization of equipment for providing better health facility to the people besides fixing the responsibility.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 10.4.7 having financial impact of Rs.50.212 million. Recurrence of same irregularity is a matter of serious concern.*

AP-79/2022-23

### ***13.4.3 Irregular expenditure in violation of public procurement rules-Rs.1.296 million***

Rules-12(1) Public Procurement Rules-2004, states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority 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. 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 the Shaheed Saif-ur-Rehman Hospital, Gilgit for the Financial Years 2021-22 & 2022-23, it was noted that the management purchased Cardiac Monitors, Oxygen Regulators from M/S Ikhlas Sons Gilgit at cost of Rs.1.296 million. The payment to the contractor was made on 17.06.2022 in violation of above rules.

Audit observed that the machine was purchased without adopting open competition in violation of provision of procurement rules.

Audit is of the view that the irregularity occurred due to non-adherence to rules.

The irregularity was pointed out during August 2023. The management replied that emergency was declared in the wake of outbreak of Corona in the country. Therefore, the procurement was made on emergency basis.

The reply was not acceptable as the machine was purchased in June, 2022 and no emergency was declared at that time.

The DAC in its meeting held on 27.12.2023 directed the management to justify the expenditure with reference to emergency declared in 2022.

Audit recommends that responsibility for the irregularity may be fixed.

AP-351/2023-24

#### ***13.4.4 Irregular opening of bank account – Rs.4.016 million***

Finance Department vide letter No.F.2(3)-BR-II/2000-1254 dated 08.11.2013 followed by letter No F.A&A-2(20)/2017 dated 27.09.2018 directed all departments to close all the bank accounts maintained in various scheduled and non-scheduled banks and further directed that head of department to maintain only one bank account if required in the National Bank of Pakistan with the approval of Finance Department.

During audit of Human Resource Development Center (HRDC), Skardu for the Financial Year 2021-22, it was noted that the center maintains a bank account No.15150 in KCBL MFU, Alamdar Chowk, Skardu. As on 30.06.2022 a balance of Rs.4.016 million was available in the account.

Similarly, DHQ Hospital, Ghizer was also maintaining a bank account bearing No.4068110592 having title “DDO DHQ Hospital Gahkuch Ghizer.

Audit observed that the bank accounts were opened without the approval of Finance Department in violation of rules.

Audit is of the view that the irregularities occurred due to non-adherence to rules and Finance Department Instructions.

The irregularities were pointed out in November, 2022. The management replied that the case has already been taken up with Finance Department for ex-post facto approval of opening of bank accounts.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 27.12.2023 directed the management to obtain the approval of Finance Department at the earliest.

Audit recommends that decision of the DAC may be implemented.

AP-433 and 793/2023-24

#### ***13.4.5 Irregular transfer of funds to GBRSP – Rs.94.050 million***

As per para-2(d) of LoU (letter of understanding) signed between Health Department and GBRSP in September, 2022, health department will be responsible to ensure release of the funds as per demand of GBRSP as grant-in-aid on quarterly basis subject to allocation of separate/additional funds other than block allocation of Health Department.

During audit of the office of Secretary Health Department, Gilgit for the Financial Year 2022-23, it was noted that the management transferred an amount of Rs.94.050 million from Block Allocation as Grant-in-aid to GBRSP.

Audit observed that the funds were transferred to GBRSP as grant-in-aid from the allocation made for Operationalization of DHQs under Chief Minister Directives.

Audit is of the view that the irregularity occurred due to non-adherence to the government instructions and weak internal controls.

The irregularity was pointed out during August, 2023. The management replied that a case for release of funds amounting to Rs.94.05 million was taken up with the Finance Department on 17.01.2023. In response the Finance Department communicated the directives of the competent authority that the Health Department may submit a re-appropriation proposal from within the Block allocation of Secretary Health for further payment to GBRSP.

The reply was not accepted as the fund was release out of block allocation of Health Department which was meant for operationalization of DHQs.

The DAC in its meeting held on 27.12.2023 directed to conduct an inquiry under the chairmanship of Additional Secretary Health Department to probe into the matter and submit a report within 15 days. The DAC further directed that GBRSP should stop all transactions till finalization of the inquiry proceedings.

Audit recommends that responsibility may be fixed for the irregularity.

AP-438/ 2023-24

#### ***13.4.6 Non-provision of consultant/specialist doctors***

As per agreement signed between Gilgit-Baltistan Rural Support Programme and M/s Shifa Foundation Islamabad, Shifa International Hospitals and SIHT (Private) Limited Islamabad on 22.12.2022, the service provider was required to provide 66 Consultants & Specialists to government hospitals in Gilgit-Baltistan. As per clause-3.2 of agreement the Service Provider will ensure recruitment of physicians in line with the local laws and regulations.

During audit of the office of Secretary Health Department, Gilgit for the Financial Year 2022-23, it was noted that against 66 Consultants/Specialists the service provider only placed services of 34 specialist doctors at the disposal of Health Department as evident from Health Secretariat letter dated 09.06.2023.

Audit is of the view that non-provision of doctors/specialists according to agreed number was violation of the agreement and also made the scheme in effective.



The irregularity occurred due to non-implementation of provisions of agreement and weak internal controls.

The irregularity was pointed out in August, 2023.

The DAC in its meeting held on 27.12.2023 directed to conduct an inquiry under the chairmanship of Additional Secretary Health Department to probe into the matter and submit a report within 15 days. The DAC further directed that GBRSP should stop all transactions till finalization of the inquiry proceedings.

Audit recommends that the decision of the DAC may be implemented.

AP-439/ 2023-24

#### ***13.4.7 Non-appointment of doctors/specialists in the DHQ hospital***

In terms of Schedule–II, Rule 3(3) Serial No.9 (19) of Gilgit-Baltistan Rules of Business, 2009 Health Department is responsible to administer Medical Institutions, Chemical Examination Laboratories and Blood Transfusion Services in Gilgit-Baltistan.

During audit of District Headquarter Hospital, Ghizar for the Financial Year 2022-23, it was noticed that 42 posts of BS-17 and above for doctors/ specialists were created.

Audit observed that appointment against 27 posts was made whereas, 15 posts of BS-17 and above including Medical Superintendent, Consultants, Doctors and Specialists were vacant since long.

Audit is of the view that due to non-availability of required specialists / doctors, the public was deprived of better health facilities.

The irregularity was pointed out during October, 2023. The management replied that the recruitment process against the vacant posts in the Health Department is under process. The vacant posts will be filled in near future.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 27.12.2023 directed the management to finalize the recruitment process without further delay to fill the vacant posts in all hospitals.

Audit recommends that all vacant posts be filled at the earliest.

***Note:*** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 10.4.10. Recurrence of same irregularity is a matter of serious concern.*

AP-797/2023-24

#### ***13.4.8 Improper maintenance of drug stores - Rs. 35.401 million***

According to preamble of the Drugs Act, 1976 whereas it is expedient to regulate import, export, manufacture, storage, distribution and sale of drugs. Further, no drug requiring special storage conditions of temperature and humidity shall be sold/used unless the precautions necessary for preserving the properties of the content have been observed throughout the period during which it has been in possession.

During audit of the District Headquarter Hospital, Ghizer, District Health Officer, Ghizer and District Health Officer, Gilgit for the Financial Year 2022-23, it was noted that the management purchased different drugs and medicines involving expenditure of Rs.16.303 million, Rs.8.099 million and Rs.10.999 million respectively.

Audit observed that no inverters or other equipments were installed in the stores for maintaining the required temperature and humidity. In existing arrangement, the efficacy of medicines cannot be ensured.

Audit is of the view that due to improper storage arrangements the medicines lose their effectiveness and efficacy.

The irregularity was pointed out during October, 2023. The management replied that there is no proper place available for storing medicines. A case for construction of proper medical store in accordance with requirement of Drug Act has been taken-up.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 27.12.2023 decided to carry out inspections/ audit of all pharmacy/ drug stores of Health Department through a team of Drug Control Authority Gilgit-Baltistan. The team shall submit recommendations/ suggestions regarding proper storage arrangements to maintain effectiveness of medicines as per laid down protocols. In addition, the committee will also identify the missing facilities, short falls, storage capacity etc.

Audit recommends that the decision of the DAC may implemented.

AP-800, 845 and 856/2023-24

#### ***13.4.9 Non-imposition of penalty on late delivery of medicines and equipment/furniture - Rs.7.019 million***

In terms of condition 8 of order for supply of equipment/furniture items for the projects issued by the MS DHQ Hospital, Gahkuch, Ghizer if the supplies will not be completed within the stipulated time period the firm shall be penalized to

0.1% per day of the percentage of the quoted value up to maximum of 10% of the total quoted value.

During audit of the District Headquarter Hospital, Ghizer for the Financial Year 2022-23, it was noted that the management issued supply orders for procurement of medicines and plant & machinery to different firms/suppliers and incurred expenditure of Rs.53.914 million.

Audit observed as under:

- i. The management did not mention the date/period for payment of supplier's claim/bill(s).
- ii. The management failed to mention the rate of penalty to be imposed on late delivery of equipment/furniture procured out of project/scheme funds.
- iii. The management failed to impose penalty on late delivery of supplies as per clauses given in supply order(s) which has resulted into a loss of Rs.7.019 million to government.

Audit is of the view that non-imposition of penalty resulted into loss to government. The irregularity was occurred due to weak internal control.

The irregularity was pointed out during October, 2023. The management replied that some machinery & equipments were purchased under different development schemes. The items were required to be imported by the contractors, therefore there was some delay in shipment/ delivery in few cases.

The reply was not accepted as management neither granted time extension nor imposed liquidated damages.

The DAC in its meeting held on 27.12.2023 directed to constitute a fact-finding inquiry to determine the causes of delay and to determine the penalty required to be imposed on the contractor within 14 days.

Audit recommends that decision of the DAC may be implemented.

AP-801/2023-24

#### ***13.4.10 Un-justified expenditure on purchase of furniture and equipments - Rs.2.410 million***

Para 4.17 of the Manual of Development Projects states that the financial phasing of a project is to be given for each financial year related to the physical work proposed to be undertaken, keeping in view the implementation of similar projects in the past. It should be as realistic as possible. Funds utilization capacity of executing agency should be kept in view while determining financial phasing of project.

Para 145 of GFR Vol.-I states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely to prove unprofitable to Government.

During audit of the District Headquarter Hospital, Ghizer for the Financial Year 2022-23, it was noted that hospital management purchased furniture and equipments involving the expenditure of Rs.2.410 million under a development project titled “Missing components of Health Facilities in District Ghizer”.

Audit observed that as per time lines scheduled in PC-I the bio-medical equipment and furniture were required to be purchased during 3<sup>rd</sup> year i.e. 2024-25 of the project but the management made entire purchases during 1<sup>st</sup> year i.e. 2022-23 which is not only against the provision of PC-I and also resulted in blockage of funds. Moreover, with the passage of time the warrantee/ grantee period will expire well before operationalization of the facilities.

Audit is of the view that irregularity occurred due to weak financial controls and non-adherence to rules.

The irregularity was pointed out during October, 2023. The management replied that prices of these items are increasing and budget was available for utilization.

The reply was not accepted as purchases were made in violation of timelines stipulated in the PC-I.

The DAC in its meeting held on 27.12.2023 directed that a team from office of Secretary Health may be deputed to verify the physical status of assets procured by DHO Ghizer and to submit a report to the PAO.

Audit recommends that matter may be investigated for fixing responsibility.

AP-846/2023-24

#### ***13.4.11 Irregular purchase of medicine – Rs.18.604 million***

Rule 4 of Public Procurement Rules, 2004 states that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During audit of Civil Hospital Aliabad, Hunza for the Financial Years 2021-22 and 2022-23, it was noted that the management purchased medicines amounting to Rs.18.604 million from local suppliers against indent of different departments of the hospital.

Audit observed that:

- i. Treatment register did not show the name of patients, diagnosis and medicines recommended.
- ii. All medicines were purchased on the demand of dispenser/ store keeper throughout the year.
- iii. Proper issuance record i.e. indents and acknowledgment of recipient was not available on record.
- iv. Certificate of non-availability of medicine in the store of the hospital was not obtained from the Pharmacist prior to its purchase.
- v. Local Purchase medicines were to be purchased for particular patient after complete diagnosis and prescriptions of a doctor but instead the medicines were purchased in bulk without any prescription.

Audit observed that the medicines were purchased and consumed in an irregular manner.

The audit was of the view that the irregularity occurred due to non-adherence to rules.

The irregularity was pointed out during September 2023. The management replied that the medicines were purchased on need basis from time to time. All the supporting record is maintained properly.

The reply was not supported with documentary evidence.

The DAC in its meeting held on 27.12.2023 directed to conduct an inquiry regarding local purchase of medicines made by Civil Hospital Aliabad Hunza during the Financial year 2021-22 & 2022-23. The inquiry shall be conducted under the chairmanship of Deputy Secretary (Budget) alongwith representative of Finance Department. The inquiry committee shall submit a report within 14 days.

Audit recommends that matter may be investigated for fixing responsibility at the persons at fault.

AP-587/2023-24

## CHAPTER-14

### 14. HOME AND PRISONS DEPARTMENT

#### 14.1 Introduction

A. As per Gilgit-Baltistan Government Rules of Business, 2009, Home & Prisons department is responsible for maintenance of public order and internal security, reporting of crime and all matters connected with police establishment and administration. Moreover, management of prisons, reformatories, remand homes, borstal and similar institutions; civil defense, prevention of smuggling and enforcement of rules relating to control of traffic and inspection and checking of motor vehicles for the purpose of traffic control are also the functions of the department.

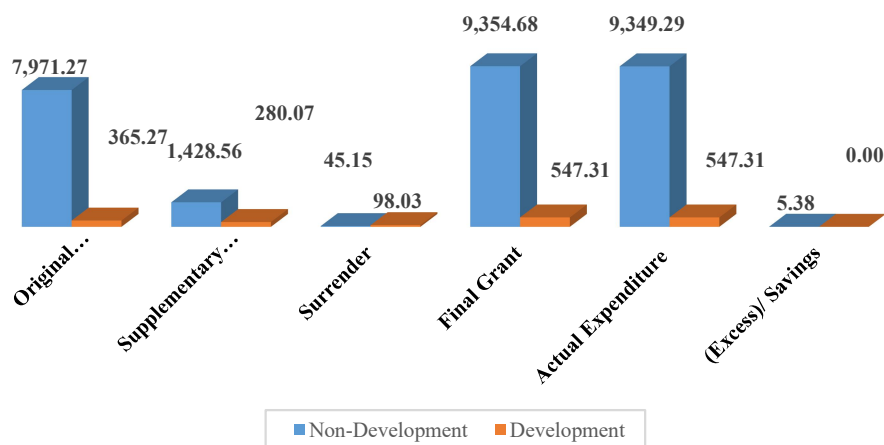
#### Audit Profile of Home and Prisons Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	84	28	4,881.838	142.463

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the Financial Year 2022-23 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-08	7,971.27	1,428.56	(45.15)	9,354.68	9,349.29	5.38
Dev	365.27	280.07	(98.03)	547.31	547.31	0.00
<b>Total</b>	<b>8,336.54</b>	<b>1,708.63</b>	<b>(143.18)</b>	<b>9,901.99</b>	<b>9,896.60</b>	<b>5.38</b>



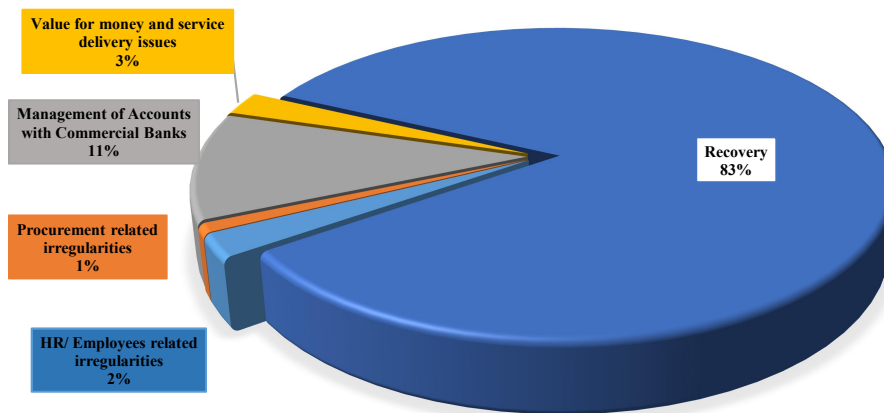
An allocation of Rs.7,971.27 million was made for non-development budget. During the year, supplementary grant of Rs.1,428.56 million was approved which is 17.92% of the original allocation. The department also surrendered an amount of Rs.45.15 million which is 0.57% of original allocation. Against final grant of Rs.9,354.68 million, the department utilized fund of Rs.9,349.29 million which is 99.94% of the final grant.

An allocation of Rs.365.27 million was made for development budget. Against final grant of Rs.547.31 million, the department utilized funds of Rs.547.31 million which is 100% of the final grant.

## 14.2 Classified summary of Audit observations

Audit observations amounting to Rs.6,793.88 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.5,655.102 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. In million)
1.	HR/ Employees related irregularities	162.594
2.	Procurement related irregularities	63.288
3.	Management of Accounts with Commercial Banks	749.316
4.	Value for money and service delivery issues	163.580
5.	Recovery	5,655.102
<b>Total</b>		<b>6,793.88</b>



## 14.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

## **14.4 AUIDT PARAS**

### **14.4.1 Irregular hiring of vehicles –Rs.49.206 million**

Rule 12(2) of Public Procurement Rules 2004 states that all procurement opportunities over three million 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.

Rules 20(1)(d) of the Gilgit-Baltistan Rules of Business 2009 states that cases involving vital political, economic and administrative policies are required to be brought before Cabinet.

Home and Prisons department vide letter No.SOH-1(3)/Budget/2010(F&A) dated 16.0.2021 conveyed the ex-post facto approval of competent authority regarding hiring of private vehicles for Internal Security for the period 01.10.2019 to 30.09.2020. The sanction of expenditure was also accorded by Secretary Home and Prisons department as conveyed vide letter No letter No.SOH-1(3)/Budget/2010(F&A) dated 26.08.2021.

During audit of the office of the Deputy Commissioner Office, Diamer for the year 2021-22 it was noted that payment of Rs.45.348 million was made to M/s Ijlal Hussain and Brothers, Karakrum Motors, Gilgit on hiring of private vehicles during the period 01.10.2019 to 30.09.2020 vide cheque No.0463426 dated 01.09.2021.

Audit observed as under:

- i. The management retained 28 vehicles during the period 01.10.2019 to 03.06.2020 and 24 vehicles during the period 01.07.2020 to 30.09.2020 and hiring charges of Rs.45.48 million were paid.
- ii. Initially the vehicles were hired in August, 2018 without adopting open competition. The hired vehicles were used during the period August, 2018 to September, 2019.
- iii. After expiry of initial contract in September, 2019 the management neither called open tender nor obtained the approval of Cabinet.
- iv. The ex-post facto approval of expenditure was accorded by the Secretary whereas the power regarding sanction of expenditure for hiring of vehicles were not delegated to the Secretary Home and Prisons.
- v. The office also paid an amount of Rs.3.858 million on account of hiring charges of vehicles deployed with Law Enforcement Agency which was not requisitioned through Ministry of Interior.

Audit is of the view that hiring of private vehicles without open competition and without the approval of the Government was irregular.



The irregularity was pointed out during May 2023. The management replied that the said vehicles were hired for transport arrangement for requisitioned Armed Forces after incident of burning of schools in District Diamer during the Year 2018. The vehicles were hired through single quotation basis keeping in view the emergent situation through a committee and hiring charges/ rates fixed and recommended by committee were approved by the Chief Secretary Gilgit-Baltistan.

The reply was not accepted as the vehicles were hired in violation of rules and without the approval of the government.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to constitution a fact-finding Committee headed by Commissioner Baltistan Division to determine the causes of hiring of private vehicles without open competition. The Committee shall submit its recommendations within 15 days.

Audit recommends that matter may be inquired and responsibility fixed.

AP-188 and 189/2022-23

**14.4.2 Irregular withdrawal of funds on account of IS duty allowance- Rs.172.094 million**

Rule 157(1) of FTR Vol-I states that the cheques drawn in favour of government officers and departments in settlement of government dues shall always be crossed "A/c payee only not negotiable"

During audit of the office of the Deputy Commissioner, Diamer for the year 2021-22 it was noted that the office paid an amount of Rs.108.61 million to different law enforcing agencies on account of Internal Security Allowance. The details are as under:

**(Rs. in million)**

<b>GB Scouts</b>				
<b>S. No</b>	<b>Cheque No</b>	<b>Date</b>	<b>Amount</b>	<b>Mode of payment</b>
1	0494950	04.03.2022	7.821	Withdrawal by DDO for further disbursement
2	0494951	04.03.2022	28.224	
3	0524113	17.06.2022	13.885	
4	0524432	24.06.2022	10.659	
5	0524837	29.06.2022	3.414	
<b>Total</b>			<b>64.003</b>	
<b>FC</b>				
<b>S. No</b>	<b>Cheque No</b>	<b>Date</b>	<b>Amount</b>	<b>Mode of payment</b>
1	0483677	07.10.2021	9.900	Withdrawal by DDO for further disbursement
2	0484451	14.12.2021	6.290	
3	0494591	09.02.2022	4.002	
4	0508811	27.05.2022	3.103	

5	0523933	15.06.2022	6.372	
<b>Total</b>			<b>29.667</b>	
<b>Other LEA</b>				
<b>S. No</b>	<b>Cheque No</b>	<b>Date</b>	<b>Amount</b>	<b>Mode of payment</b>
1	0493885	25.01.2022	3.871	Withdrawal by DDO for further disbursement
2	0507586	16.03.2022	3.779	
3	0508631	25.05.2022	3.697	
4	0524210	20.06.2020	3.593	
<b>Total</b>			<b>14.94</b>	

Similarly, Deputy Commissioner, Gilgit also paid an amount of Rs.63.484 million to GB Scouts on account of Internal Security Allowance and funds were withdrawn by DDO for further disbursement to security personnel.

Audit observed as under:

- i. The concerned agencies made payment to their employees in cash.
- ii. The management never sought adjustment account supported with bank statement and disbursement record from the agencies to confirm the payment to the beneficiaries.
- iii. The services of the LEA were requisitioned for security of development projects being executed in Tehsils Darel and Tangir but the detail of development projects and their current status was neither available with management nor mentioned in the requisition orders.

Audit is of the view that existing arrangement of making payment through DDOs is not only violation of rules but it is most favorable for misuse of public money. Moreover, in current scenario the authenticity of expenditure could not be ascertained.

The irregularity was pointed out during May 2023. The management replied that up to the year 2021-22 the payment of Internal Security Duty Allowances has been made to the requisitioned LEAs their DDOs instead of cheques in favor of security personnel. However, after year 2022-23 the payment is being made to concern LEAs through cross cheques to personal bank accounts of the employees.

The reply was not accepted as the payment of allowances through DDO to the concerned security personnel was clear violation of rules /procedure.

The DAC in its meeting held on 23, 25 and 26.12.2023 referred the para to PAC.

Audit recommends that a proper mechanism may be devised for release of funds to the LEA through regular budgetary system to avoid payment in cash/DDO.

**Note:** *The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para number 13.5.2, 9.4.2 and 11.4.11 having financial impact of Rs.386.362 million, Rs.373.867 million and Rs.35.767 million respectively. Recurrence of same irregularity is a matter of serious concern.*

AP-190/2022-23 and 625/2023-24

#### **14.4.3 No-deposit of savings into government treasury - Rs.12.979 million**

Para 96 of GFR vol-I states that grants which cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year.

During audit of the office of DC Diامر, it was noted that the office of DIG HQ/Project Director Special Protection Unit Gilgit, transferred an amount of Rs.8.00 million to DC Diامر/Land Acquisition Collector (LAC) during 2017-18 for acquisition of land for development projects in Diامر District. The LAC made payment of Rs 3.954 million to the land affectees leaving a balance of Rs.4.046 million.

Similarly, during audit of the office of Deputy Commissioner, Shigar for the Financial Year 2021-22, it was noted that Education Department Gilgit transferred funds of Rs.8.933 million on 07.05.2019 to Land Acquisition Collector for acquisition of land for construction of Girls Degree College at Shigar. Audit noted that due to change of site and provision of land free of cost the award of the scheme was cancelled on 09.03.2021. Instead of depositing the unspent balance into government treasury fund were transferred to Building & Roads department.

Audit is of the view that non-deposit of unspent balance in treasury is not only violation of the rules but it also deprived the government of its due receipt.

The irregularities were pointed out during May 2023. The management replied that unspent balance of Rs.4.046 million has been remitted and the case for the remaining amount of Rs.8.933 million has been taken up with the concerned. As soon as the amount is deposited into government treasury the audit will be informed accordingly.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed the management to obtain record from concerned department regarding deposit of unspent balance into government treasury and para reduced to the extent of Rs.8.933 million as Rs.4.046 million were deposited into government treasury.

Audit recommends that the decision of the DAC may be implemented and recovery be ensured.

AP-182 and 191/2022-23

#### **14.4.4 Unauthorized retention of funds- Rs.451.260 million**

Para 96 of GFR Vol-I states that grants which cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year.

During audit of the office of DC Diامر for the year 2021-22 it was noted that the saving of Rs.15.724 million in respect of 12 completed development schemes was retained by the Land Acquisition Commissioner.

Similarly, during audit of DC Gilgit it was noted that an amount of Rs.435.536 million relating to deleted/completed schemes were also retained by the Land Acquisition Commissioner.

Audit observed that the unspent balances were neither refunded to the executing agencies nor deposited into government treasury.

Audit is of the view that retention of unspent balance outside government treasury was not only violation of the rules but it also deprived the government of its due receipt.

The irregularity was pointed out during May 2023. The management replied that LACs have been directed to transfer the land acquisition fund to National Bank of Pakistan.

The reply was not accepted as the un-utilized funds have not been deposited in the government treasury.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed the management that all land compensation funds deposited in different Commercial Banks may be transferred to account maintained in National Bank of Pakistan. Moreover, the unspent balances of completed schemes may be deposited into government treasury.

Audit recommends that unspent funds amounting to Rs.451.260 million may be deposited into government treasury.

AP-192/2022-23 and 622/2023-24

#### **14.4.5 Unauthorized maintenance of bank accounts and retention of funds – Rs.5,190.863 million and annual loss of Rs. 778.629 million**

Finance Department, Gilgit-Baltistan vide letters No.F.2(3)-BR-II/2000-1254, dated 08.11.2013 & No.F.A&A-2(20)/2017 dated 27.09.2018 directed all departments to close all the bank accounts maintained in various scheduled and non-scheduled bank and further directed that head of department to maintain only one

bank account if required in the National Bank of Pakistan with the approval of Finance Department.

During audit of various offices of Home and Prisons Department, Gilgit-Baltistan for the financial years 2021-22 and 2022-23, it was noted that the following offices were maintaining bank accounts in different commercial banks for depositing land compensation and other funds:

S. No.	AP No.	Office Name	Amount (Rs. in million)
1.	193 & 194	DC office Diamer	375.399
2.	143 & 144	DC office Gizhar	1,505.403
3.	185, 186 & 187	DC office Shigar	177.092
4.	70	AC office Dagoni	48.266
5.	441	AC office Nagar	13.348
6.	467	AC office Danyore	15.987
7.	620 & 623	DC office Gilgit	1,768.034
8.	638	DC office Hunza	380.232
9.	641 & 642	DC office Astore	634.916
10.	827, 828 & 829	DC office Ghanche	272.186
<b>Total</b>			<b>5,190.863</b>

Audit observed that:

- i. The funds were placed in bank accounts without the approval of the Finance Department.
- ii. Funds were frequently transferred from one bank account to another without assigning any reason.
- iii. Funds were maintained in current accounts instead of investing in accordance with provisions of Act. Consequently, the government sustained an average annual loss of Rs.778.629 million (Rs.5,190.863 million x 15%).

Audit is of the view that irregularity occurred due to non-adherence to rules.

The irregularities were pointed out during March to June, 2023. The management replied that all LACs have been directed to transfer the land compensation fund into the account maintained in National Bank of Pakistan.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to close all accounts maintained in various scheduled/ non-scheduled banks and transfer the land compensation amount into the account maintained in NBP and compliance report thereof be submitted to audit within 2 working days.

Audit recommends that the decision of the DAC may be implemented.

**Note:** The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para number 13.5.1, 9.4.1 and 11.4.14 having financial impact of Rs.6,274.679, Rs.1,424.777 and Rs.6,421.359

*million respectively. Recurrence of same irregularity is a matter of serious concern.*

#### **14.4.6 Irregular appointment of community police personnel-Rs.20.500 million**

Section 70 (3) of Government of Gilgit-Baltistan Order, 2018 states that the custody of the Gilgit-Baltistan Consolidated Fund, the payment of money into that Fund, the withdrawal of money there from, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

During audit of the office of the Superintendent of Police, Diamer it was noted that the office engaged 150 Community Police personnel at monthly pay of 10,000 in addition of monthly diet charges of Rs.6000. During financial year 2021-22 an expenditure of Rs.10.500 million was made on account of salary and Rs. 10.00 million on diet charges of these employees out of budget provided for contingent paid staff.

Audit observed as under;

- i. Rules were not formulated to regulate the appointment of these personnel.
- ii. The community police are deployed at different places in addition to regular and tourist police for security and maintenance of law and order.

Audit is of the view that in absence of rules and regulation the appointment of the Community Police and payment of salaries is irregular and unauthorized.

The irregularity was pointed in June, 2023. The department replied that in compliance with cabinet decision, the community police personnel are being appointed on temporary basis to man the seasonal Check Posts in five Districts of Gilgit-Baltistan i.e. Gilgit, Diamer, Ghizer, Astore and Hunza for security and intelligence purpose.

The reply was not accepted as the appointments of community police officials was made in absence of rules.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed the management that rules, policy and SOPs may be formulated to regulate the allied affairs of community police covering following aspects:

- i. Rules to regulate the appointment of these personnel as existing arrangement is without legal cover.
- ii. TORs, tenure of appointment and eligibility criteria.
- iii. Any other component, audit point of view and administrative requirements.

Audit recommends that rules as required may be formulated to regulate the appointment of community police personnel besides stopping the irregular practice.

**14.4.7 Unauthorized expenditure and creation of liability of Rs.27.250 million**

Para 9 of GFR Vol-I states that as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned by general or special orders of the President or by an authority to which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

During audit of Senior Superintendent of Police Gilgit for the Financial Year 2022-23, it was noted that the management incurred an expenditure of Rs.27.250 million. Details are as under:

<b>(Rs. in million)</b>		
<b>S. No.</b>	<b>Head of Account</b>	<b>Amount</b>
1.	POL	13.050
2.	Repair of Transport	11.000
3.	Transportation Charges	0.300
4.	Meal Charges	2.700
5.	Stationery	0.200
<b>Total</b>		<b>27.250</b>

Audit observed that the expenditure amounting to Rs.27.250 million was incurred over and above the allocated budget which resulted in creation of liability.

Audit is of the view that incurrence of expenditure over and above the budget provisions and creation of liability was irregular and unauthorized and resulted in extra burden on the government exchequer. The irregularity occurred due to non-adherence to the provisions of government rules.

The irregularity was pointed out during August, 2023. The management replied that during the year the law & order situation in Gilgit-Baltistan became extremely fragile and additional police personnel were deployed from other Districts. As a result, there was a noticeable increase in expenses related to diet charges, POL, repair and maintenance of the vehicles. Moreover, a fleet of 26 vehicles is deployed on security duties with Judiciary, CM Escort, Federal Ministers, religious leaders and managed by SSP Office Gilgit.

The reply was inconsistent with rules.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to constitute a committee headed by DS (Development) Home & Prisons for special internal audit of expenditures made during the period and submit a report within 15 days. DAC further directed to initiate a case for additional funds to clear liabilities.

Audit recommends that matter may be inquired at appropriate level to fix the responsibility.

**14.4.8 Irregular expenditure on cleanliness operation of upper and lower water channels - Rs.10.914million**

In accordance with section 2(b) of the Gilgit-Baltistan Disaster Management Act, No. II of 2017 “Disaster” means a catastrophe, or a calamity in an affected area, arising from natural or man-made causes, or by accident which results in a substantial loss of life or human suffering or damage to, and destruction of, property.

During audit of Deputy Commissioner Office, Gilgit for the year 2022-23 it was noted that the office incurred an expenditure of Rs.10.914 million on cleanliness of water channels in Gilgit city. The water channel cleanliness drive was started on the directive of Chief Minister during his surprise visit of Gilgit City on 17.06.2022. The cleanliness work of water channels was executed by evoking emergency on 23.06.2022. The quotations were called on 27.06.2022 and the work order was issued to M/s Muhammad Nawaz contractor on 29.06.2022 at cost of Rs.11.010 million with completion period of 90 days. The payment of Rs.6.600 million was made on 29.03.2023 and Rs.4.314 million on 16.06.2023.

Audit observed as under:

- i. The channel/area was neither an affected area by disaster nor fall under category of disaster as defined in the GBDMA Act under Section 2(a &b). The cleanliness drive was a regular activity of concerned department i.e Local Government and Irrigation which was required to be done in accordance with business assigned to them. Therefore, the cleanliness work by DC office was inconsistent with provision of Acts and rules.
- ii. The declaration of emergency for a regular activity was inconsistent with the provisions of GBDMA Act.
- iii. The work was awarded on 29.06.2022 and was required to be completed within 90 days. The work was completed during the month of May 2023 as evident from the completion certificate given by respective Executive Engineer Local Council Board and Chief Officer Municipal Corporation Gilgit.
- iv. Completion of work in almost one year is misuse of GBDMA Act and Public Procurement Rules and has defeated the rationale of emergency.
- v. No formal contract containing detailed terms and conditions was made with the contractor except work order.

The execution of work by DC office instead of concerned department and on emergency basis has compromised the spirit of open competition.

Audit is of the view that management did not follow the rules due to which the irregularity was occurred.



The irregularity was pointed out August 2023. The management replied that the cleanliness operation of upper & lower water channel was carried out in compliance with directives of CM Gilgit-Baltistan issued during his surprise visit conveyed vide CM's Secretariat letter dated 20<sup>th</sup> June, 2022. The task for restoration /cleanliness of channels was undertaken on war-footing basis through declaration of emergency by DDMA as per provision under Section 32 of NDMA Act, 2010. The short tender notice was called and work was awarded to the lowest bidder.

The reply was not satisfactory as the entire work was executed in violation of rules.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to constitute a Fact-Finding Committee to ascertain facts regarding violation of rules/procedure. The Committee shall submit its recommendations within 15 days.

Audit recommends that responsibility may be fixed for the irregularity besides compliance of rules in future.

AP-619/2023-24

#### ***14.4.9 Whereabouts of transactions not known-Rs.749.316 million***

Rule 7 (b,c) of the Gilgit-Baltistan System of Financial Control and Budgeting Rules, 2009 states that while sanctioning expenditure out of the funds placed at his disposal, the Principal Accounting Officer shall ensure that the requirements of the relevant rules and regulations are fully met. He shall ensure that neither he nor his subordinates disregard the instructions issued by government from time to time for proper utilization of funds placed at his disposal.

During audit of the Deputy Commissioner Gilgit for the Financial Year 2022-23, it was noted that the office was maintaining twenty bank accounts in different commercial banks for depositing land compensation funds received from different executing agencies. As per information provided by the District Kanoongo, funds of Rs.770.273 were deposited into these accounts in addition to the opening balance of Rs.791.100 and payment amounting to Rs.542.653 million was made. As on 30.06.2023 balance of Rs.1,028.719 million was available in these accounts.

Audit observed that according to bank statements provided by the Budget section of the DC office Gilgit, the closing balance of Rs.1,768.035 million were available in these account as on 30.06.2023 as compared with balance reported by the District Kanoongo leaving a difference of Rs. 749.316 million.

Audit further noted that no reconciliation was made with bank to ascertain the authenticity of closing balance.

The variation in figures shows lack of internal controls and responsibility, resulting in huge variation in figures reported by both sections of the office.

The irregularity was pointed out during August, 2023.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to constitute a Fact-Finding Committee headed by Commissioner Gilgit Division to determine the facts regarding variation of bank statements and non-reconciliation of amount with banks. The Committee shall submit its recommendations within 15 days.

Audit recommends that the matter may be investigated and responsibility fixed.

AP-621/2023-24

***14.4.10 Irregular expenditure on entertainment and other charges Rs- 6.388 million***

Section 70 (3) of the Government of Gilgit-Baltistan Order, 2018 the payment of money into that Fund, the withdrawal of money therefrom, the custody of other moneys received by or on behalf of the Government, their payment into, and withdrawal from the Public Account of the Government, and all matters connected with or ancillary to the matters aforesaid, shall be regulated by the Act of the Assembly or, until provision in that behalf is so made, by rules made by the Governor.

During audit of Deputy Commissioner, Hunza for the Financial Year 2021-22, it was noted that the Finance Department released an amount of Rs.6.388 million through technical supplementary grant to clear the pending liabilities under heads of entertainment and others.

Audit observed that the Chief Minister Gilgit-Baltistan granted one-time relaxation for making expenditure on entertainment and other charges.

Audit further observed that the sanction of Technical Supplementary grant was conveyed in violation of Rule of 8(1) Gilgit Baltistan Rules of Business 2009 which states that all executive actions of Government shall be expressed to be taken in the name of the Governor where as in instant case the sanctions were issued in the name of Chief Minister.

Audit is of the view that expenditure on entertainment is regulated in light of provisions and powers delegated in Gilgit-Baltistan System of Financial Control and Budgeting Rules, 2009 approved by the Governor Gilgit-Baltistan. Therefore, any expenditure beyond the delegated powers was required to be relaxed from the rule approving authority i.e. Governor.

Audit is also of the view that the arrangement was inconsistent with the provision of financial procedure stipulated in PART- IX of the Government of Gilgit-Baltistan Order,2018 and Gilgit-Baltistan Rules of Business.

The irregularity was pointed out in June 2023. The management replied that Hunza is a tourist destination and VIPs frequently visit this area. As per protocols, the logistics and administrative arrangements are made. The CM approved the request for additional funds to meet the expenditures with one time relaxation of sanction for entertainment / refreshment charges, other charges and POL charges during the visit of VVIP to Gilgit-Baltistan.

The reply was not accepted as the rules were relaxed without obtaining the approval of competent forum.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to initiate a case for regularization of expenditure.

Audit recommends that expenditure may be got regularized from competent authority.

**Note:** The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 11.4.2 having financial impact of Rs.37.673 million. Recurrence of same irregularity is a matter of serious concern.

AP-637/2023-24

#### **14.4.11 Non-award of land—Rs.129.942 million**

Section 31(1) of the Land Acquisition Act, 1894 states that on making an award under Section 11, the Collector shall tender payment of the compensation awarded by him to the persons entitled thereto according to the award, and shall pay it to them unless prevented by some one or more of the contingences.

Section 31(2) of the Land Acquisition Act, 1894 states that if they shall not consent to receive it, or if there be no person competent to alienate the land, or if there be any dispute as to the title to receive the compensation or as to the apportionment of it, the Collector shall deposit the amount of the compensation in the Court to which a reference under Section 18 would be submitted.

During audit of the Deputy Commissioner, Ghanche for the Financial Year 2022-23, it was noted that the management issued notification under section-4 of land Acquisition Act 1894 for the acquisition of land amounting to Rs.129.942 million. Details are as under:

<b>(Rs. in million)</b>			
<b>S. No.</b>	<b>Description</b>	<b>Date of notification under section 4</b>	<b>Amount</b>
1.	Const. of 30 MW Hydro Power Project Ghowari Ghanche	21.02.2022	80.000
2.	Const of Road upto Bala Lake at Barah Nullah Ghanche	20.04.2022	14.885
3.	Const. of Water Supply Balghar Soq and Keris Charathang PPH	28.11.2019	0.057
4.	Const. of Link Road in GBA 23 Ghanche II	20.04.2022	35.000
<b>Total</b>			<b>129.942</b>

Audit observed that the collector neither made payment of the compensation to entitled persons nor initiated any proceeding in accordance with section 31 (2) regarding deposit the amount of the compensation in court.

Audit is of the view that non-awarding of land within stipulated period is the violation of the rules.

The irregularity was pointed out during October, 2023.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to constitute a Fact -Finding Committee headed by Commissioner Baltistan, Division to determine the facts regarding delay in process of awarding of land within stipulated period. The Committee shall submit its recommendations within 15 days.

Audit recommends that decision of the DAC may be implemented.

AP-830/2023-24

**14.4.12 Irregular expenditure on relief and disaster mitigation work Rs.3.168 million**

According to section 8 (vii) of Gilgit-Baltistan, Finance Act 2022, Relief Work should be carried out under Public Procurement Rules 2004 and Disaster Mitigation Work should be carried under NDMA/GBDMA Act.

During audit of the Deputy Commissioner, Ghanche for the Financial Year 2022-23, it was noted that the management incurred an expenditure amounting to Rs.3.168 million on account of Relief work and Disaster Mitigation work.

Audit observed that expenditure was split up to avoid tender and approval of higher authority. Details are as under:

S. No	Item	Contractor	Bill No.	Date	Amount in Rupees
1.	51 Gabion	Haji Abdul Rashid Yougovi & Sons	9	05.05.2023	469,200
2	49 Gabion	-do-	14	07.05.2023	450,800
3	54 Gabion	-do-	16	08.05.2023	496,800
4	54 Gabion	-do-	17	09.05.2023	496,800
5	45 Gabion	-do-	18	12.05.2023	414,000
6	39 Gabion	-do-	19	15.05.2023	358,800
7	53 Gabion	-do-	20	17.05.2023	481,600
<b>Total</b>					<b>3,168,000</b>

Audit was of the view that the management did not follow the procurement rules during execution of disaster and mitigation work in violation of provision of Gilgit-Baltistan, Finance Act 2022.

The irregularity was pointed out during October 2023.

The DAC in its meeting held on 23, 25 and 26.12.2023 directed to constitute a Fact-finding Committee headed by Commissioner Baltistan, Division to determine the facts on account of violation of tender process and split sanctioning of Rs.3.168

million for procurement of gabion. The Committee shall submit its recommendations within 15 days.

Audit recommends a fact-finding inquiry into the matter under intimation to audit.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 11.4.10 having financial impact of Rs.54.368 million. Recurrence of same irregularity is a matter of serious concern.*

AP-832/2023-24

## CHAPTER-15

### 15. LOCAL GOVERNMENT AND RURAL DEVELOPMENT DEPARTMENT

#### 15.1 Introduction

A. According to Gilgit-Baltistan Rules of Business, 2009, Local Government and Rural Development Department (LG&RDD), Gilgit-Baltistan deals with the matters relating to local councils, local rates and taxes, registration of birth, deaths and marriages, local council's development funds and schemes. Besides, coordination for census is also the responsibility of the department.

#### Audit Profile of Local Government and Rural Development Department

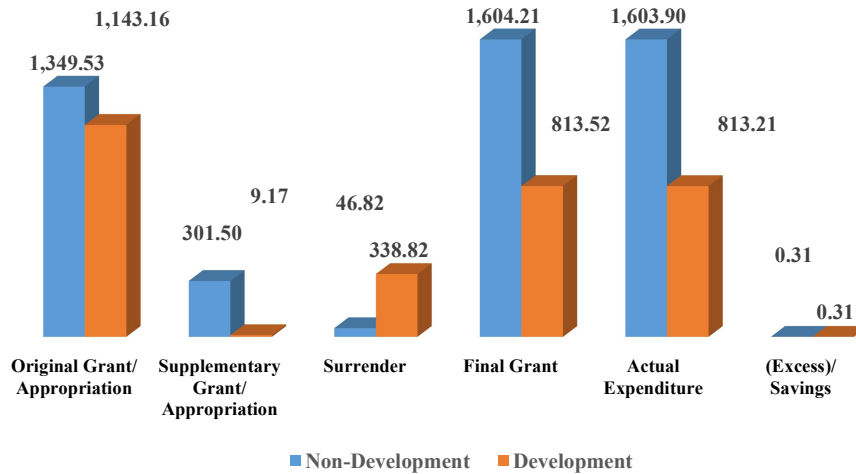
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	35	10	2,151.638	3.140

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the Financial Year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-13	1,349.53	301.50	(46.82)	1,604.21	1,603.90	0.31
Dev	1,143.16	9.17	(338.82)	813.52	813.21	0.31
<b>Total</b>	<b>2,492.69</b>	<b>310.67</b>	<b>(385.64)</b>	<b>2,417.73</b>	<b>2,417.11</b>	<b>0.62</b>



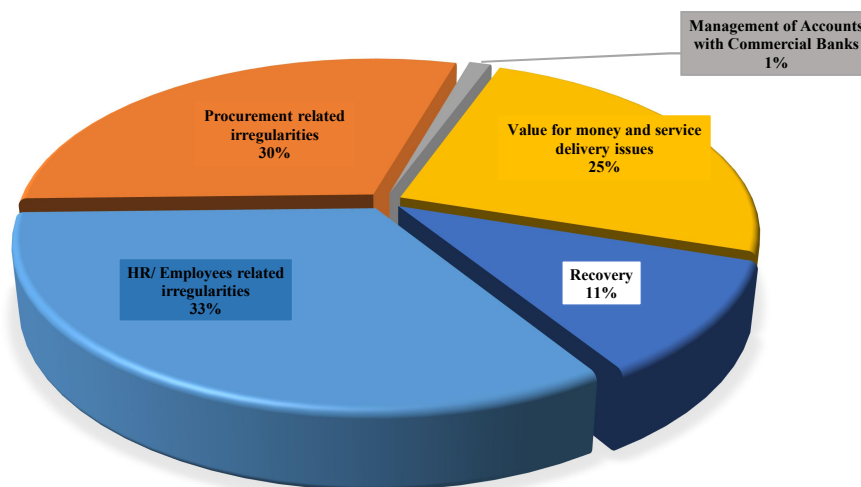
An allocation of Rs.1,349.53 million was made for non-development budget. During the year, supplementary grant of Rs.301.50 million was approved which is 22.34% of the original allocation. The department also surrendered an amount of Rs.46.82 million which is 3.47%. Against final grant of Rs.1,604.21 million the department utilized fund of Rs.1,603.90 million.

An allocation of Rs.1,143.16 million was made for development budget. Against final grant of Rs.813.52 million, the department utilized funds of Rs.813.21 million which is 99.96% of the final grant.

## 15.2 Classified summary of Audit observations

Audit observations amounting to Rs.157.514 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.17.272 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	52.782
2.	Procurement related irregularities	46.844
3.	Management of Accounts with Commercial Banks	1.798
4.	Value for money and service delivery issues	38.818
5.	Recovery	17.272
<b>Total</b>		<b>157.514</b>



### 15.3 Brief comments on the status of compliance with PAC directives

No meeting of Public Accounts Committee (PAC) has been held to discuss audit paras of the department.

### 15.4 AUDIT PARAS

#### 15.4.1 Excess expenditure due to non-revision of estimates - Rs.6.775 million

Para-6.19 CPWD code states that a revised estimate must be prepared when the sanctioned estimate is likely to be exceeded by more than 15%.

During the audit of Deputy Director LG&RD, Ghizer for the Financial Year 2021-22, it was noted that the office awarded a work titled “Construction of Slaughter house at Ghizer” to M/S Rana Muhammad Nasir on 20.03.2019 with an agreed cost of Rs.13.877 million.

Audit observed that the project management incurred an expenditure of Rs.20.653 million against agreed cost of Rs.13.878 million resulting in excess expenditure of Rs.6.776 million which was 49% of the contract agreement.

Audit was of the view that non-adherence to rules resulted in excess payment to the contractor.

The irregularity was pointed out during December 2022. The management replied that the subject PC-I is umbrella PC-I and slaughter houses are being executed in District Diamer, Ghizer and Hunza. The extra work was carried out within 15% permissible limit as per site requirement.

The reply was not accepted as the work done was 49% over and above the permissible limit i.e 15% of the contract cost.

The DAC in its meeting held on 29.12.2023 directed the management to conduct a fact-finding inquiry regarding delay in completion of Slaughter Houses



Schemes in different districts of Gilgit-Baltistan. The report shall be submitted within 15 days.

Audit recommends that responsibility may be fixed for the irregularity.

AP-23/2022-23

#### 15.4.2 Non-deduction of liquidated damages – Rs. 3.445 million

According to Clause 47 of contract agreement, “if a contractor fails to complete the work within stipulated period, he is liable to pay compensation @ 1% but not exceeding maximum of 10% of the contract cost. The contractor shall have to apply within one month for extension in time limit before the expiry of scheduled time of completion”.

During the audit of different formations of LG&RD Gilgit-Baltistan for the Financial Years 2021-22 and 2022-23, it was noted that the office awarded contracts for “Construction of Slaughter House” in different districts. Details are as under:

**(Rs. in million)**

S. No	AP No.	Office	Name of Work	Contractor	Date of start /completion time	Completion Status	Contract Cost
1.	388	Deputy Director LG&RD, Hunza	Construction of Slaughter House	M/s. M. Amin	16.04.19 (2 Years)	Completed on 30.06.2023	9.205
			Cont. of Tourist Point & Development of Wash Facility at Tourist Potential Areas of Hunza (ADP # 595, 2018-19)	M/s. M. Amin	15.06.20 (1 Year)	Completed on 15.06.23	2.453
2.	25	Deputy Director LG&RD, Ghizar	Construction of Slaughter House	M/s Rana Muhammad Nasir	20.03.2019 (2 Years)	Completed on 30.06.2023	13.878
3.	135 and 136	Deputy Director LG&RD, Ghanche	Construction of Slaughter House	M/S Mumtaz Ali& Brother Muldumar	28.02.2019 (2 Years)	30.06.2022	8.914
<b>Total</b>							<b>34.450</b>

Audit observed that the works could not be completed by the contractors despite expiry of completion period. However, the management did not impose the liquidated damages of Rs 3.445 million (Rs.34.450 x 10%) for delay in completion of work.

Audit was of the view that non-recovery of liquidated damages was undue favor to the contractors.

The irregularities were pointed out during December 2022 to September 2023. The management replied that due to less allocation of funds and COVID-19 the contractors could not complete the work within stipulated time period.

The reply was not accepted as the management did not grant extension to the contractors.

The DAC in its meeting held on 27.12.2023 directed the management to conduct a fact-finding inquiry regarding delay in completion of the project.

Audit recommends that liquidated damages may be recovered from the contractor besides fixing responsibility.

### **15.4.3 Un-justified expenditure without execution of schemes under ARDP-52.782 million**

Rule-7 (c) of Gilgit-Baltistan Financial Control and Budgeting Rules, 2009 states that while sanctioning expenditure out of the funds placed at his disposal, the Principal Accounting Officer shall ensure that the requirements of the relevant rules and regulations are fully met.

During audit of different formations of LG&RD Gilgit-Baltistan for the Financial Year 2021-22 and 2022-23, it was noted that an expenditure of Rs.52.782 million was made on operational charges and salary of Contingent Paid Staff (CPS). Details are as under:

(Rs. in million)				
S. No.	AP No.	Office	Operational Expenditure	Salary of CPS
1.	123 &124 /2021-22	Deputy Director LG&RD, Shigar	1.467	4.057
2.	129 & 130 /2021-22	Deputy Director LG&RD, Skardu	2.582	7.921
3.	132 & 133 /2021-22	Deputy Director LG&RD, Ghanche	2.051	8.870
4.	316 & 317 /2022-23	Deputy Director LG&RD, Skardu	3.028	17.770
5.	398/2022-23	Deputy Director, LG&RD, Nagar	2.983	12.114
6.	390/2022-23	Deputy Director, LG&RD, Hunza	6.325	2.050
<b>Total</b>			<b>18.436</b>	<b>52.782</b>

Audit observed that no scheme of ARDP was approved and executed during the last four years. During 2021-23 the management incurred an expenditure of Rs.18.436 million under various heads i.e repair of vehicles, TA/DA, POL, office stationery, purchase of furniture, purchase of machinery & equipment. Moreover, an expenditure of Rs.52.782 million was incurred on salaries of CPS out of allocation of admin charges meant for execution of ARDP Schemes. The utilization of funds meant for execution of ARDP schemes for other regular operational expenditure was unjustified.

Audit is of the view that the irregularity occurred due to weak internal and financial controls.

The irregularities were pointed during May to October, 2023. The management replied that the concerned district offices have carried out their activities at district, MC and Union Council level for identification of schemes, preparation of estimates and Development schemes. However, the allocated funds for development schemes were not released by the P&DD and Finance Department due to non-approval of LG&RD work rules for execution of development schemes against Block Allocation.

The reply was not accepted as no ARDP scheme was neither approved nor executed during last four years.

The DAC meeting was held on 27.12.2023. The DAC was of the view that the issue relating to expenditure in absence of ARDP schemes out of administrative

charges requires approval of government. Hence, it was decided to refer the para to PAC for policy decision.

Audit recommends that irregular practice of making expenditure in absence of ARDP schemes may be discontinued.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 13.4.4 having financial impact of Rs.11.427 million. Recurrence of same irregularity is a matter of serious concern.*

#### **15.4.4 Abnormal delay in completion of development scheme -Rs.18.273 million**

Para7.1 of Manual of Development states that the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objective of initiating a project is to make it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During the audit of office of the Deputy Director LG&RD, Ghanche for the financial year 2021-22, it was noted that the office awarded the work for Construction of Slaughter House in Khaplu at the cost of Rs.8.914 million with completion period of 02 years. The final running bill amounting to Rs.485,000 was paid to the contractor on 10.06.2022 showing the status of project as completed.

Similarly, during the audit of office of the Deputy Director LG&RD, Shigar for the financial year 2021-22, it was noted that the office awarded the work for Construction of Slaughter House in Shigar at agreed cost of Rs.9.359 million with completion period of 02 years. The final running bill amounting to Rs.1.292 million was paid to the contractor on 27.06.2022 showing the status of project as completed.

Audit observed that:

- i. Completion certificates were recorded in measurement books and final payment was made to contractors, however, the physical works were not completed as noted by the audit team during visit of the sites.
- ii. Payment has already been made to contractor against various items (i.e water tank, Boiler, Hangers and titles) whereas, actually these items were not placed/fixed at site in case of district Ghanche.
- iii. Despite lapse of 05 years buildings, have not been handed over to the departments.
- iv. NOC was not obtained from Environment Protection Agency (EPA) for construction of Slaughter Houses.
- v. No time frame was made in the agreements for completion of projects.

The delay in execution of the projects have made the projects less effective for which these were visualized. Keeping in view the present diversity of planning, pace and execution methodology adopted by the management the projects will take even more time to become effective.

Audit was of the view that the payment without work done and non-mentioning of time frame was undue favour to the contractors. The irregularity occurred due to weak internal controls.

The irregularities were pointed out during May 2023. The management replied that due to less allocation of funds and COVID-19 the contractors could not complete the works within stipulated time period.

The reply was not accepted as the management did not grant extension to the contractors.

The DAC in its meeting held on 27.12.2023 directed the management to conduct a fact-finding inquiry regarding delay in completion of the project.

Audit recommends that responsibility may be fixed for delay in execution of projects.

AP-125 and 134/2022-23

***15.4.5 Loss due to unauthorized occupation of LG&RD building – Rs.7.020 million***

Para-23 of GFR-Volume-I states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of Deputy Director LG&RD, Ghanche for the financial year 2021-22 it was noted that the department allotted official space to NADRA in different union council offices since July, 2015. All the expenditure relating to utility charges and maintenance cost is being paid by the Deputy Director LG&RD, Ghanche.

Similarly, government buildings relating to LG&RD, Skardu were also occupied by NADRA and other departments/ NGOs.

Audit observed that the official space was provided to NADRA and other departments/ NGOs free of cost despite the fact that NADRA is an autonomous body working on commercial pattern. The approximate monthly rent comes to Rs.5,000 at each union council. The accumulated loss comes to Rs.7.020 million {Rs.6.300 million (Rs.5,000 x 15 x 84 months) + Rs.0.720 million (Rs.60,000x12)}.

Audit is of the view that allotment of government accommodation without rent to an autonomous body was irregular and resulted in loss to government.

The irregularity was pointed out in the month of May, 2023. The management replied that on the directive of district administration some UC offices

allotted official space to NADRA in the best interest of general public. However, after objection of audit, a case will be taken up with NADRA and other departments for payment of rent.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 27.12.2023 directed the management to carry out the assessment of rent of buildings occupied by NADRA from the date of occupation and total calculated amount shall be recovered from NADRA & other departments and deposited into government treasury.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 13.4.3 having financial impact of Rs.2.700 million. Recurrence of same irregularity is a matter of serious concern.*

AP-139/2022-23 and 314/2023-24

#### **15.4.6 Irregular execution of emergency mitigation work – Rs.46.844 million**

According to Gilgit-Baltistan Rules of Business, 2009, Local Government and Rural Development Department (LG&RDD), Gilgit-Baltistan deals with the matters relating to local councils, local rates and taxes, registration of birth, deaths and marriages, local councils development funds and schemes. Besides, coordination for census is also the responsibility of the department.

During audit of Deputy Director LG&RD Office Skardu for the year 2022-23 it was noted that the office incurred an expenditure of Rs.46.844 million on 129 emergency mitigation schemes (Flood Damages Water Channels, Construction of Cradles Bridges, Irrigation Pipe Line) during flash floods and earthquake which affected the area of sub-division Roundu in December-2021 & March-2022.

Audit observed as under:

- i. Mitigation relief work, construction of bridges and Rehabilitation of Water Channels is not the mandate of the LG&RD Department.
- ii. Mitigation works were neither executed by the department through contractors nor executed through any other government agency/ department. The entire mitigation works were executed by community leaders.
- iii. Amount was drawn in lump-sum and placed in Al-Habib Bank and subsequently payments were made to community leaders for execution of mitigation work without measurement.
- iv. No formal contract containing detailed terms and conditions was made by the department with the community leaders.

- v. Government of Gilgit-Baltistan (Cabinet) declared emergency on 18.07.2022 as requested by DG-GBDMA wherein schemes relating to LG&RD department were not included as evident from the summary and subsequent correspondence.

Audit is of the view that execution of mitigation and disaster relief works done through the community leaders by the LG&RD is irregular.

Audit holds that the irregularity occurred due to weak internal and financial controls.

The irregularity was pointed out during September 2023. The department replied that emergency mitigation work in Roundu was executed as per provision of Finance Act, 2021 and with the approval of competent authority.

The reply was not accepted as department was not mandated to execute such schemes.

The DAC meeting was held on 27.12.2023. The management apprised the DAC that work was executed with the approval of competent authority. DAC decided to refer the issue to PAC.

Audit recommends that responsibility may be fixed on person (s) at fault besides stopping such practices in future.

AP-313/2023-24

#### ***15.4.7 Irregular opening and maintenance of bank account-Rs.1.798 million***

Finance Department, Gilgit-Baltistan vide letters No.F.A&A-2(20)/2006, dated: 13.01.2014 & No.F.A&A-2(20)/2017 dated 27.09.2018 conveyed all departments of Gilgit-Baltistan to close all the bank accounts maintained in various scheduled and non-scheduled banks. The head of department can maintain only one bank account in the National Bank of Pakistan with the approval of Finance Department, if required.

During audit of the Local Council Board (LCB), Gilgit for the Financial Years 2020-21 and 2021-22, it was noted that the management was maintaining bank account bearing No.029410900217407, titled: Gilgit-Baltistan Local Council Board in Faysal Bank, Gilgit for depositing LCB income and as on 30.06.2022 an amount of Rs.1.798 million was available in the account.

Audit observed that the bank account was opened without obtaining the approval of the Finance Department, Gilgit-Baltistan.

Audit is of the view that the opening of account without the approval of Finance Department, Gilgit-Baltistan is violation of the Finance Department's directives.

The irregularity was pointed out during September 2023. The management replied that the account was opened with the approval of Gilgit-Baltistan Local Council Board in accordance with provision of Local Government Act, 2014.

The reply was not accepted as the account was opened without the approval of Finance Department.

The DAC in its meeting held on 27.12.2023 directed the management to close the bank account and shift the amount to National Bank of Pakistan.

Audit recommends that decision of the DAC may be implemented.

**Note:** The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para number 14.5.2 11.4.1 and 13.4.10 having financial impact of Rs.63.725 million, Rs.60.630 million and Rs.21.207 million respectively. Recurrence of same irregularity is a matter of serious concern.

AP-383/2023-24

#### **15.4.8 Excess payment beyond contract agreement-Rs.2.650 million**

Para 3 (i) of the administrative approval of the work states that the scheme shall be completed according to the decision, time and scope as provided in the approved PC-I, after fulfilling all codal formalities, in accordance with minutes of GBDDWP.

During Audit of Deputy Director LG&RD Hunza for the Financial Year 2022-23, it was noted that the management awarded the work of "Construction of Slaughter House at Hassanabad, Hunza" against the contract cost of Rs.9.205 million and "Construction of Tourist Point & Development of Wash Facility at Tourist Potential Areas of Hunza" against the contract cost of Rs.2.453 million to M/S Muhammad Amin. Details are as under:

S. No	Name of Work	Date of Start /completion time	Contract Cost (Rs)	Amount of work done (Rs)	Excess Payment (Rs)
1.	Const. of Slaughter House at Hassanabad, Hunza	16.04.19 (2 Yrs)	9,205,253	11,214,360	2,009,107
2.	Cont. of Tourist Point & Development of Wash Facility at Tourist Potential Areas of Hunza	15.06.20 (1 Yr)	2,453,164	3,093,900	640,736
<b>Total</b>			<b>11,658,417</b>	<b>14,308,260</b>	<b>2,649,843</b>

Audit observed that:

- i. In both contracts the contractor was paid an amount of Rs.2.650 million in excess of the Contract Agreements. The expenditure was made out of saving of the project.
- ii. Excess works were allowed without obtaining the approval of Competent Authority.

Audit is of the view that excess payment of Rs.2.650 million beyond the agreed cost of the contracts was caused due to weak financial controls.

The irregularity was pointed out during September 2023. The department replied that the excess work was carried out after approval of competent authority. Further the excess expenditure was made from the saving of the project. The excess work/ substitute items fall within the T.S range of Executive Engineer as per rules.

The reply was not accepted as the work was executed over & above the contract cost without the approval of competent authority.

The DAC in its meeting held on 27.12.2023 directed the management to inquire the matter and submit a report within 15 days.

Audit recommends that decision of the DAC may be implemented.

AP-385 and 386/2023-24

***15.4.9 Non- obtaining of adjustment accounts from revenue department–  
Rs.13.770 million***

Para 207(3) of GFR Vol-1 states the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized for the purpose for which it was provided.

During Audit of Deputy Director LG&RD office, Hunza for the Financial Year 2022-23, it was noted that the management made an advance payment of Rs.5.720 million to the Deputy Commissioner/ Land Acquisition Collector, Hunza.

Similarly, Deputy Director LG&RD office, Nagar also made an advance payment of Rs.8.050 million to the Deputy Commissioner/ Land Acquisition Collector, Nagar during the Year 2022-23.

Audit observed that the management did not obtain adjustment account to ensure that the payment was in accordance with the provisions of Land Acquisition Act.

Audit is of the view that irregularity occurred due to non-adherence to rules.



The irregularities were pointed out during September 2023. The management replied that the matter has been taken up with revenue authority for obtaining of adjustment accounts.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 27.12.2023 directed the management to obtain adjustment accounts from revenue department.

Audit recommends that decision of the DAC may be implemented.

AP-391 and 399/2023-24

#### ***15.4.10 Non-deposit of government receipt into treasury-Rs.1.842 million***

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

The local government department decided to issue computerized certificates for vital events and impose a fee w.e.f. 01.06.2015 with following distribution formula:

- i. NADRA 50%
- ii. LG&RD 40%
- iii. Incentive for CR Sites/ Union Council Staff 10%

During audit of Deputy Director, LG&RD, Nagar for the Financial Year 2022-23, it was noted that the office received revenue of Rs.2.390 million on account of issuance of computerized registration of certificates. The share of NADRA of Rs.1.195 million was transferred and the remaining 50% share was retained by the office.

Similarly, Deputy Director, LG&RD, Hunza during Financial Year 2022-23 received revenue of Rs.1.294 million on account of issuance of computerized registration of certificates. The share of NADRA of Rs.0.647 million was transferred and the remaining 50% share was retained by the office.

Audit observed that instead of depositing the department share of Rs.1.842 million into government treasury, the department retained the amount in private bank accounts and utilized for day-to-day expenses.

Audit further observed that rules were not formulated to regulate expenditure made out of departmental receipt, Moreover, the cash book of receipt was not maintained.

Audit was of the view that non-deposit of government receipt in Treasury and its utilization without rules was irregular.

The irregularities were pointed out during September 2023. The management replied that the department incurred expenditure against the requirement of Union Council due to less allocation of funds from regular side.

The reply was not accepted as the receipt was retained and utilized without formulation of rules and approval of Finance Department.

The DAC in its meeting held on 27.12.2023 directed the management to take up the matter with Finance Department for formulating a policy for retention and utilization of revenue generated by UCs from different assigned activities.

Audit recommends that the decision of the DAC may be implemented.

AP-392 and 400/2023-24

## CHAPTER-16

### 16. MINERAL DEVELOPMENT, INDUSTRIES, COMMERCE & LABOUR DEPARTMENT

#### 16.1 Introduction

A. As per Schedule-II of Gilgit-Baltistan Rules of Business, 2009, the functions of the Mineral Development, Industries, Commerce & Labour Department includes Geological surveys, development of mineral resources and regulation of mines, grant of prospecting licenses and mining leases besides planning and development of industries. It is also responsible for Industrial research, Industrial control and Industrial exhibitions within the country. The department conducts survey of Industries, preparing plans in respect of industries to be established in the public sector. It is responsible for preparation and implementation of Labour Laws and celebration of International Labour Day.

#### Audit Profile of Mineral Development, Industries, Commerce & Labour Department

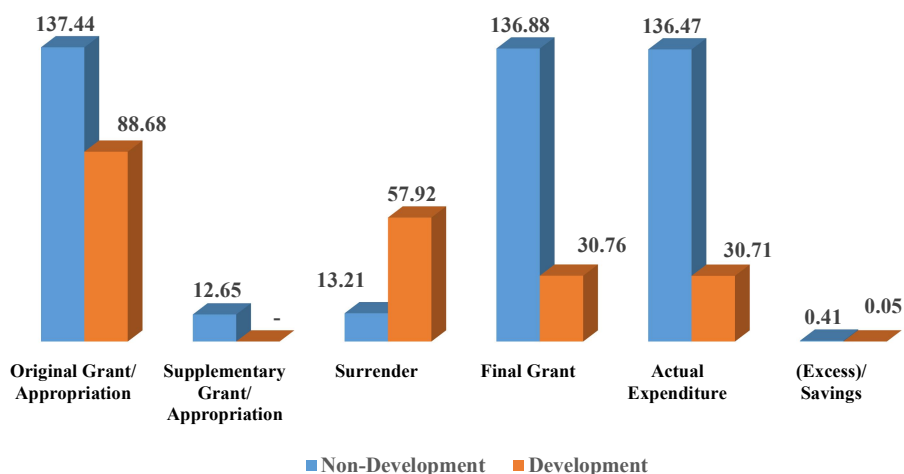
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	07	03	68.987	19.036

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-19	137.44	12.65	(13.21)	136.88	136.47	0.41
Dev	88.68	-	(57.92)	30.76	30.71	0.05
<b>Total</b>	<b>226.12</b>	<b>12.65</b>	<b>(71.13)</b>	<b>167.64</b>	<b>167.18</b>	<b>0.46</b>



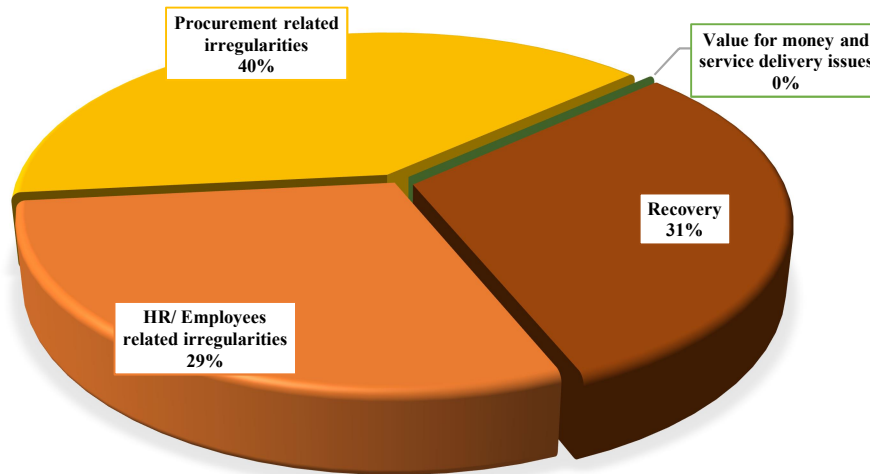
An allocation of Rs.137.44 million was made for non-development budget. During the year, supplementary grant of Rs.12.65 million was approved which is 9.21% of the original allocation. The department also surrendered an amount of Rs.13.21 million which is 9.61% of the original grant. Against final grant of Rs.136.88 million the department utilized fund of Rs.136.47 million.

An allocation of Rs.88.68 million was made for development budget. The department surrendered an amount of Rs.13.21 million which is 65.31% of the original allocation. Against final grant of Rs.30.76 million the department utilized funds of Rs.30.71 million which is 99.82% of the final grant.

## 16.2 Classified summary of Audit observations

Audit observations amounting to Rs.6.082 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.1.860 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	1.792
2.	Procurement related irregularities	2.430
3.	Value for money and service delivery issues	0
4.	Recovery	1.860
<b>Total</b>		<b>6.082</b>



### 16.3 Brief comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

### 16.4 AUDIT PARAS

#### 16.4.1 *Non-recovery of annual rent and accrued mark-up from the license / lease holders-Rs.1.860 million*

Rule 108 of Mining Concession Rules 2016 states that all fees, royalties, rents, markups, fines, securities shall be deposited in the Consolidated Fund of Govt. under the respective head of account.

During audit of the Directorate of Mines & Minerals Skardu for the Financial Years 2019-20 to 2021-22, it was noted the management issued 40 Exploration Licenses and granted 30 Mining leases to various firms/ companies.

Audit observed that eleven Mining lease holders and six Exploration license holders did not pay their yearly rent. As on 30.06.2022 an amount of Rs.0.256 million and Rs.27,000 was receivable on account of annual rent of Mining lease and Exploration license respectively. Further, as per details provided by the management, mark-up amounting to Rs.1.576 million was also outstanding against lease license holders.

Audit is of the view that due to negligence of the management the government was deprived of receipt of Rs.1.860 million. The irregularity occurred due to ineffective administrative controls.

The irregularity was pointed out during May, 2023. The management replied that an amount of Rs.0.712 million has already been recovered from the concerned and deposited in the treasury and remaining amount is being recovered.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 20.12.2023 directed to recover the outstanding amount of Rs.1.148 million from the concerned at the earliest.

Audit recommends that decision of the DAC may be implemented.

AP-172/2022-23

#### **16.4.2 Irregular issuance of exploration licenses**

Rule 23 (1) (e) (a) of Mining Concession Rules 2016 states that, an application for an exploration license shall contain particulars of the program of exploration operations proposed to be carried on, the estimated expenditure in respect thereof and the period within which the operations shall be carried on.

Rule 23 (1) (n) of the Mining Concession Rules 2016 states that, an application for exploration license shall contain evidence of financial status of the applicant in the manner as may be prescribed by the Licensing Authority from time to time.

According to Sr. No. 3 of the schedule of Mineral Concession Rules 2016 a minimum closing balance of Rs.2.00 million is required for obtaining Exploration License / Mining Lease.

During audit of the Directorate of Mines & Minerals, Skardu for the Financial Years 2019-20 to 2021-22 it was noted that the management issued 40 Exploration Licenses and granted 30 Mining leases to various firms/ companies.

Audit observed as under:

- i. Out of forty Exploration licenses, the management issued two Exploration License to M/s Alia Mines (Pvt) ltd, three licenses to M/S White Gold Salt (Pvt) Ltd and two to M/S Jawa Mines & Mineral (Pvt) Ltd for the exploration in various areas of Baltistan region. The work plan submitted by each firm was replicated/ fake.
- ii. Primarily, Rs.2.00 million bank balance in each case was required. Likewise, in case of two applications, the applicant's bank balance should have been Rs.4.00 million. Whereas, the management issued multiple licenses to a single firm for exploration activities on the presentation of Rs.2.00 million bank statement whereas separate bank balance was required for each license.
- iii. To check the financial strength of the firms, the management was required to obtain the bank statements from time to time whereas, the management did not conduct such exercise.

Audit is of the view that undue favor was extended to the firms in violation of rules.

The irregularity was pointed out during May, 2023. The management replied that issue is being investigated regarding non-obtaining of financial statements in accordance with requirement of rules.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 20.12.2023 directed to conduct a fact-finding inquiry to investigate the matter.

Audit recommends that the matter may be investigated at an appropriate level besides fixing responsibility on the person(s) at fault.

AP-173/2022-23

#### ***16.4.3 Irregular expenditure on private persons in Dubai Expo-Rs.1.792 million***

The Minerals, Industries, Commerce & Labour Department, Gilgit vide summary dated 31.12.2021 obtained approval of the Chief Minister for six officers of the department alongwith six other private persons / traders for participation in Dubai Expo.

During the audit of office of the Secretary Minerals, Industries, Commerce & Labour, Gilgit for the Financial Years 2019-20 to 2022-2023, it was noted that the department participated in Dubai Expo scheduled from 01.02.2022 to 28.02.2022 to promote business opportunities in different fields like culture, history, tradition, mineral and industries etc. The government of Gilgit-Baltistan released an amount of Rs.10.369 million to M/s Adventure Tours Pakistan for arranging airfare and accommodation etc. of private persons.

Audit observed that delegation was comprised of eight private persons instead of six persons approved by government. The management paid an amount of Rs.1.792 million to M/s Adventure Tours Pakistan on 09.06.2022 on account of travelling cost of two extra participants.

Audit is of view that the inclusion of private persons in the delegation was additional burden on government exchequer and held irregular.

The irregularity occurred due to non-adherence to rules and ineffective internal controls.

The irregularity was pointed out during the month of August, 2023. The management replied that summary has already been submitted to the Cabinet for obtaining approval of two private persons.

The reply was not supported with documentary evidence regarding submission of summary.

The DAC in its meeting held on 20.12.2023 directed the management to expedite the approval of Cabinet.

Audit recommends that responsibility may be fixed for the irregularity.

AP-357/2023-24

#### 16.4.4 Irregular expenditure on repair of official vehicle-Rs.2.430 million

PPRA Rules-2004, Para-12(1 & 2) states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority 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. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

According to serial 9 (42) of annexure-II of Gilgit-Baltistan System of Financial Control and Budgeting Rules 2009, the PAO is empowered to sanctioned expenditure upto Rs.500,000 at any one time to one or any number of vehicles used by the Department.

During audit of office of the Secretary Minerals, Industries, Commerce & Labour, Gilgit for the Financial Year 2021-22, it was noted that the management incurred an expenditure of Rs.2.431 million on repair of official vehicle No. B-2270 Land Cruiser from M/s GB Motors & Workshop Gilgit. Details are as under:

(Amount in rupees)			
S. No.	Name of Firm (M/s)	Cheque No.& Date	Amount
1.	GB Motors & Workshop Gilgit	0538140 dated 15.06.2022	498,000
2.	-do-	0538141 dated 15.06.2022	491,550
3.	-do-	0538150 dated 15.06.2022	170,000
4.	-do-	0538272 dated 16.06.2022	489,800
5.	-do-	0541912 dated 27.06.2022	209,150
6.	-do-	0543112 dated 27.06.2022	194,100
7.	-do-	0543114 dated 27.06.2022	278,000
8.	-do-	0541228 dated 26.06.2022	100,000
<b>Total</b>			<b>2,430,600</b>

Audit observed that the expenditure was made beyond the delegated power of PAO. Moreover, expenditure of Rs.2.431 million was incurred without obtaining tenders in violation of rules.

Audit was of the view that irregularity occurred due to non-adherence to rules.

The irregularity was pointed out during August 2023. The management replied that expenditure was made within available budget and the approval of competent authority.

The reply was not accepted as the expenditure was made in violation of rules.

The DAC in its meeting held on 20.12.2023 directed to constitute a fact-finding inquiry with the direction to submit a report within 5 days.

Audit recommends that responsibility may be fixed for the irregularity.





## CHAPTER-17

### 17. NORTHERN AREAS TRANSPORT CORPORATION (NATCO)

#### 17.1 Introduction

A. Northern Areas Transport Corporation (NATCO) (Private) Limited (the company) was incorporated in 1989 as a private limited company. The company is primarily engaged in providing transportation facilities in northern areas of Pakistan. The company also provides subsidized transport service in the far-flung areas besides provision of concessional tickets to the students of Northern Areas. In accordance with provision of Memorandum of Association, the company is also authorized to promote and undertake the formation and establishment of such institutions, business or companies as may be considered to be conducive to the profit and interest of the Company. The company is wholly owned by the government of Gilgit-Baltistan. Under Article 52 of the Article of Association of the Company, the Chief Secretary Gilgit-Baltistan is the Chairman of the Board of Directors of NATCO, working under the supervision of the government. The managing director (MD) is the Chief Executive of the Company and he functions and exercises powers in relation to management and administration of the company subject to the general supervision and control of the chairman of Board/Chief Secretary, Gilgit-Baltistan.

#### Audit Profile of Northern Areas Transport Corporation (NATCO)

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22 Rs. in million	Revenue/Receipts FY 2021-22 Rs. in million
1.	Formations	01	01	1,696.74	1,707.15

#### B. Comments on Revenue and Expenditure (Variance Analysis)

Revenue and expenditure position of the Company for the Financial Year 2021-22 is as under:

(Rs. in million)								
	Revenue from Passenger, Cargo, Operations and subsidy from Govt.	Cost of Service (Fleet, traffic and workshop charges)	Gross Profit/Loss	Administrative expenses	Financial expenses	Operating Profit/Loss	Other Income/Loss	Net Profit/Loss
NATCO	1,233.74	1,579.50	<b>-345.76</b>	-101.171	-16.066	<b>-463.00</b>	473.412	<b>10.41</b>

The revenue of the company for the Year 2021-22 was Rs.1,233.737 million including grant of Rs.200.00 million received from government. The revenue includes an amount of Rs.328.834 million generated from passenger operation which constitutes 26.65% of the revenue. Whereas, the company also generated revenue of

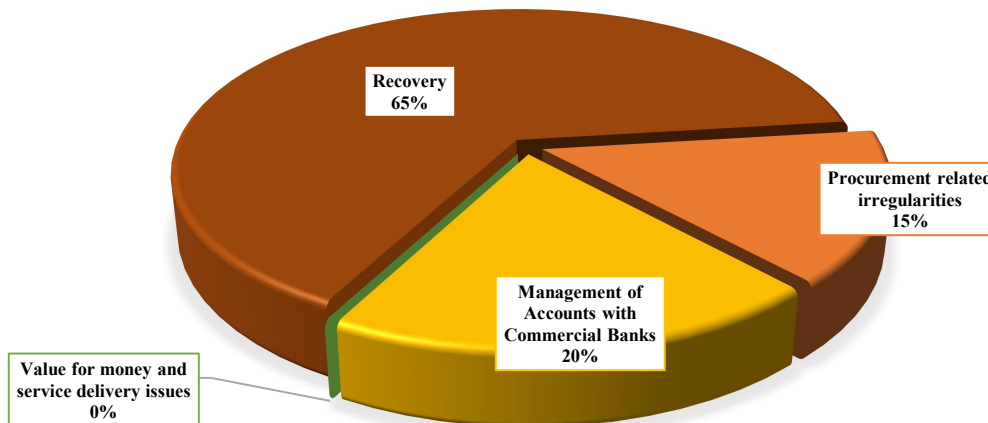
Rs.704.903 million from cargo operation which comes to 57.14% of revenue of the company. In addition of revenue from passenger and cargo operation the company earned an amount of Rs.473.412 million as other incomes.

The overall expenditure of the company including cost of service, administrative expenses and financial expenses comes to Rs.1,696.737 million. During the year, the company sustained a gross loss of Rs.345.760 million whereas the operating loss was Rs.463.00 million. However, after making adjustment of other incomes the company earned net profit of Rs.10.41 million.

## 17.2 Classified summary of Audit observations

Audit observations amounting to Rs.878.149 million were raised in this report during current audit of the company. This amount also includes recoveries of Rs.573.270 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Procurement related irregularities	132.403
2.	Management of Accounts with Commercial Banks	172.476
3.	Value for money and service delivery issues	0
4.	Recovery	573.270
<b>Total</b>		<b>878.149</b>



## 17.3 Brief comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the company.

## 17.4 AUDIT PARAS

### 17.4.1 Irregular expenditure on the procurement of spare parts and repair of transport -Rs.132.403 million

Ruel 12(2) of Public Procurement Rules 2004 states all procurement opportunities over three million Pakistani 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.

Sub rule(7)(d) Rule 5 of the Public Sector Companies (Corporate Governance) Rules, 2013 states that the Board shall also formulate significant policies of the Public Sector Company for procurement of goods and services so as to enhance transparency in procurement transactions.

During the audit of Northern Areas Transport Corporation (NATCO) for the Financial Year 2021-22, it was noted that the company was maintaining a fleet of 177 passengers' vehicles of different make and models including buses, coasters etc and 150 cargo vehicles of different make and capacity. During the year 2021-22 the management incurred an expenditure of Rs.43.720 million and Rs.72.060 million on the procurement of spare parts & repair of passengers and cargo vehicles respectively. Details are as under:

(Rs. In million)		
S. No.	Detail	Amount
1	Repair and Maintenance on Passenger Operations vehicles	43.720
2	Repair and Maintenance on Cargo Operations vehicles	72.060
3	Company owned workshop expenditure	16.623
<b>Total</b>		<b>132.403</b>

Audit observed that:

- i. Repair work and purchases of spare parts was made on quotation basis instead of calling open tender.
- ii. The entire repair and maintenance works were carried out on cash basis.
- iii. In order to make transparency in procurement process, the Board did not formulate significant policy / mechanism to ensure the genuineness of the spare parts purchased.
- iv. No technical committee exists to determine the need assessment of the repair work to be carried out on the vehicles.
- v. The company has a full-fledged workshop at Gilgit and an annual expenditure of Rs.16.623 million (including salaries of workshop employees) was incurred.

Audit is of the view that in the absence of any devised policy/ repair mechanism the existing arrangement of carrying out repair work on cash and quotation basis is not only against the rules but leads to fraud and misappropriation. This irregularity occurred due to non-adherence to the provisions of prevailing rules and ineffective implementation of the internal controls.

The irregularity was point out during April, 2023. The management replied that the NATCO management has formulated policy for repair and maintenance of its fleet. In order to ensure transparency, Repair Committees has been constituted and the entire repair job is being carried out under their supervision and in consultation with concerned station incharge in the limit fixed by the management as per SOP. Routine repair and maintenance are carried out on cash basis as these expenses are petty in nature and work are of different nature therefore, work is being carried out from different workshops. However, repair works of Rs.500,000/- and above has been uploaded on PPRA website as per rules.

The reply of the management was not tenable, as neither the Board has formulated any policy nor the management observe the Rule 12(2) of PPRA.

The DAC in its meeting held on 15.11.2023 directed the management to place the issue before the Board for making a policy for repair and maintenance in order to make the entire process transparent and effective. The DAC also directed that existing mechanical department may be strengthened to cope with routine repair and maintenance.

Audit recommends that a policy may be formulated and got approved from the Board.

AP-401 & 405/2023-24

#### ***17.4.2 Unauthorized investment of contributory provident fund-Rs.172.476 million***

Section-218(2) of the Companies Act 2017 states that, where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, as the case may be, shall be deposited in a National Savings Scheme, in a special account to be opened by the company for the purpose in a scheduled bank; or be invested in Government securities.

During the audit of Northern Areas Transport Corporation (NATCO) for the Financial Year 2021-22, it was noted that the management made investment of Rs.172.476 million out of Contributory Provident Fund (CPF). Detail is as under:

(Rs. In million)		
S. No.	Detail	Amount
1	Short Term Fixed Deposit	111.500
2	Investment in NATCO Stores Department (NSD)	7.038

3	Investment in EFU	22.705
4	State life Pension	31.233
<b>Total</b>		<b>172.476</b>

Audit observed that the investment of CPF was made in violation of Section 218(2) of Companies Act 2017.

Audit is of the view irregularity incurred due to non-adherence to rules and weak internal controls.

The irregularity was pointed out during April, 2023. The management replied that in 2004 the NATCO BoD decided to establish NATCO Employees Co-operative Stores in Gilgit-Baltistan, with the view that, investment be made for the proposed project @51% and 49% from the NATCO and Employees Provident Fund respectively. The NATCO Store Department (NSD) started loss from 2015 onwards due to market competition and local purchases of goods. Consequently, NSD operation was closed in 2021. NATCO is trying its best to overcome the losses and pay off its outstanding liabilities.

The management did not reply regarding investment which was made in violation of section 218(2) of Companies Act 2017.

The DAC in its meeting held on 15.11.2023 directed the management to make the investment of contributory provident fund in accordance with provision of the company act in order to make the scheme most beneficial and effective for the employees of the company. The DAC also directed the management to chalk out a comprehensive business plan to overcome the losses and to pay of the liabilities including the funds used out of employee's provident funds.

Audit recommends that a comprehensive business plan may be formulated besides strengthening the internal controls to overcome the losses. Moreover, the amount utilized out of employee's provident funds and other accounts may be refunded to respective accounts alongwith interest.

AP-402/2023-24

### **17.4.3 Non-auction of water boats and off-road vehicles**

Sub-Rule 7(h) of Rule 5 of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Board shall also formulate significant policies of the Public Sector Company, including acquisition or disposal of fixed assets and investments.

During the audit of Northern Areas Transport Corporation (NATCO) for the Financial Year 2021-22, it was noted that the management was maintaining a fleet of 177 passengers' vehicles of different make and models including buses, coasters etc,

150 cargo vehicles of different make and capacity for cargo operation and 02 water boats.

Audit observed that 32 passenger vehicles and 11 Cargo operations vehicles were off road since long, in addition of two boats.

Audit is of the view that after making proper assessment, the off-road vehicles and boats may be auctioned. Due to delay in auctioning, their condition will deteriorate and their reserve price will reduce.

The irregularity was pointed out during April, 2023. The management replied that on the directives of Chief Secretary / Chairman NATCO, National Logistic Corporation (NLC) was requested on 14.04.2022 to evaluate/assess the vehicles. The response from the NLC is awaited.

The reply of the NATCO was not acceptable as after the lapse of more than one and half year the management could not auction the vehicles.

The DAC in its meeting held on 15.11.2023 directed the management to expedite the auction process in order to avoid further deterioration and to fetch better price.

Audit recommends that the auction process may be expedited besides devising a mechanism for timely auction of unserviceable machinery & equipment including vehicles.

AP-404/2023-24

#### ***17.4.4 Unauthorized utilization of passenger's insurance-Rs.3.33 million***

Section 217 of the Companies Act, 2017 states that no company, and no officer or agent of a company, shall receive or utilize any money received as security or deposit, except in accordance with a contract in writing; and all moneys so received shall be kept or deposited by the company or the officer or agent concerned, as the case may be, in a special account with a scheduled bank.

During the audit of Northern Areas Transport Corporation (NATCO) for the Financial Year 2021-22, it was noted that the Excise and Taxation Department Gilgit-Baltistan fixed the fare charges of passenger's vehicles. The fare charges include insurance charges @ Rs.10 per passenger. The passenger's buses for Rawalpindi operate from different districts of the Gilgit-Baltistan. As on 30.06.2022 an amount of Rs.14.725 million was available in Passenger's Insurance Account.

Audit observed that:

- i. The management utilized funds of Rs.1.00 million out of insurance account for operational activities.

- ii. Rs.2.335 million was retained by the cashiers instead of depositing into passenger's insurance fund.
- iii. Neither the funds were invested nor any agreement was made with insurance company for provision of insurance cover.

Audit is of the view that retention and utilization of passenger insurance proceeds for other activities was unauthorized.

The irregularity was pointed out during April, 2023. The management replied that the NATCO has no such fund to utilize in emergency situations. Due to increase in staff salary and increase in fuel prices, the transport sector is facing financial crisis. The NATCO Management is trying its best to overcome the losses and payoff all liabilities.

The reply of the NATCO was not acceptable as no provision exist for such utilization.

The DAC in its meeting held on 15.11.2023 directed that the loan taken from insurance account may be refunded besides making an agreement with insurance company for provision of insurance coverage to the passengers.

Audit recommends that that insurance cover to the passenger may be provided through specialized insurance companies in order to make the scheme effective.

AP-406/2023-24

#### ***17.4.5 Unauthorized utilization of employees contributory provident fund - Rs.146.779 million***

Section-218(2) of the Companies Act 2017, states that where a provident fund has been constituted by a company for its employees or any class of its employees, all moneys contributed to such fund, whether by the company or by the employees, or received or accruing by way of interest, profit or otherwise from the date of contribution, receipt or accrual, as the case may be, shall be deposited in a National Savings Scheme, in a special account to be opened by the company for the purpose in a scheduled bank; or be invested in Government securities.

Rule 14 of the Northern Areas Transport Corporation (Pvt) Limited (NATCO) employees service rules modified and amended 2015, states that Provident Fund trust shall be created and rules framed separately for the purpose. The contribution by employee as well as employer will be made at rate not exceeding 10% of the basic salary.

During the audit of Northern Areas Transport Corporation (NATCO) for the Financial Year 2021-22, it was noted that the management deducted Contributory



Provident Fund (CPF) amounting to Rs.36.451 million from the salaries of the NATCO employees.

Similarly, the management deducted an amount of Rs.7.803 million on account of EOBI contribution and Rs.3.126 million Group Insurance from the NATCO Employees.

Audit observed that since 2017-18 to 2021-22 the management has utilized the amount of Rs.135.850 million out of CPF account, in addition to Rs.7.803 million on account of EOBI contribution and Rs.3.126 million Group Insurance respectively for operational activities.

Audit is of the view that utilization of employee's contributions for operational activities was violation of the provision of the Companies Act, 2017.

The irregularity was pointed out during April, 2023. The management replied that the NATCO has no such fund to utilize in emergency situations. Due to increase in staff salary and increase in fuel prices, the transport sector is facing financial crisis. However, NATCO has paid an amount of Rs.7.6 million to EOBI. The management is trying its best to overcome the losses and payoff all liabilities.

The reply of the management was not tenable as no rule / policy exists to justify such utilization/expenditure. NATCO being the trustee was required to treat the deduction of CP Fund in accordance with rules.

The DAC in its meeting held on 15.11.2023 directed the management to refund the amount utilized to respective funds accounts alongwith interest besides devising a policy to overcome the losses.

Audit recommends that the amount utilized out of different funds may be refunded to respective accounts alongwith interest.

AP-408 & 410/2023-24

#### ***17.4.6 Non-realization of outstanding amount– Rs.423.161 million***

Clause 4 of the Agreement deed signed between NATCO and the Directorate of Civil Supplies and Transport, Gilgit-Baltistan on 15.07.2021, states that in case the Oil & Gas Regularity Authority fluctuates the prices of Diesel (HSD) by more than 15% during the contract period, escalation / de-escalation will be paid / adjusted by 25% over & above the increase / decrease of initial 15% during the contract period.

During audit of Northern Areas Transport Corporation (NATCO) for the Financial Year 2021-22, it was noted that the company claimed an amount of Rs.45.313 million from Food Department Gilgit-Baltistan in addition of outstanding claim of Rs.377.848 million pertaining to previous years on account of escalation charges for transportation of wheat.

Audit observed that the escalation charges have not been paid by the Food Department.

Audit is of the view that management could not recover the amount from Food Department. Resultantly, the company has to run its affairs by borrowing money from various banks besides utilization of employee's contributions relating to CPF, GI, PI & EOBI.

The irregularity was pointed out during April, 2023. The management replied that the NATCO is trying its best for early realization of outstanding dues and reminders are issued to the concerned departments.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 15.11.2023 directed the management to pursue the recovery from all government departments including Food Department.

Audit recommends that outstanding dues may be recovered from Food Department besides strengthening the internal controls.

AP-407/2023-24

## CHAPTER-18

### 18. PLANNING AND DEVELOPMENT DEPARTMENT

#### 18.1 Introduction

A. Planning and Development Department (P&DD) prepares the annual development programs in coordination with all departments of the government. The department also ensures proper monitoring of the utilization of ADP funds. It also approves the development schemes of the province. Coordination, training in economic development for all officers of government, preparation of five years plans and other provincial development plans are also the responsibilities of the department.

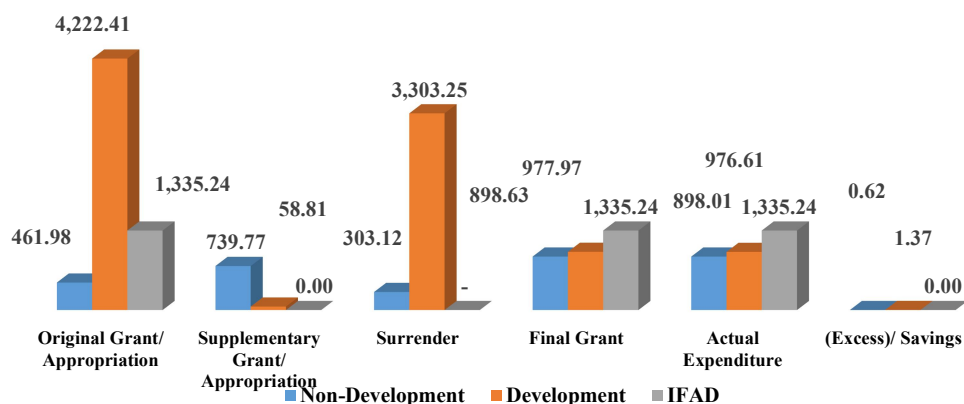
#### Audit Profile of Planning and Development Department

Sr. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	04	03	227.672	5.677
2.	Foreign Aided Projects	01	01	1,335.24	-

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

Grant	Original Budget	Supplementary	(Surrender)	Final Grant	(Rs. in million)	
					Actual Expenditure	Saving
Non-Dev-09	461.98	739.77	(303.12)	898.63	898.01	0.62
Dev	4,222.41	58.81	(3,303.25)	977.97	976.61	1.37
IFAD	1,335.24	-	-	1,335.24	1,335.24	0.00
<b>Total</b>	<b>6,019.63</b>	<b>798.59</b>	<b>(3,606.37)</b>	<b>3,211.84</b>	<b>3,209.85</b>	<b>1.99</b>



An allocation of Rs.461.98 million was made for non-development budget. During the year, supplementary grant of Rs.739.77 million was approved which constitutes 60.13% of the original allocation. The department also surrendered an amount of Rs.303.12 million which is 65.61% of the original grant. Against final grant of Rs.898.63 million, the department utilized fund of Rs.898.01 million which is 99.93% of the final grant.

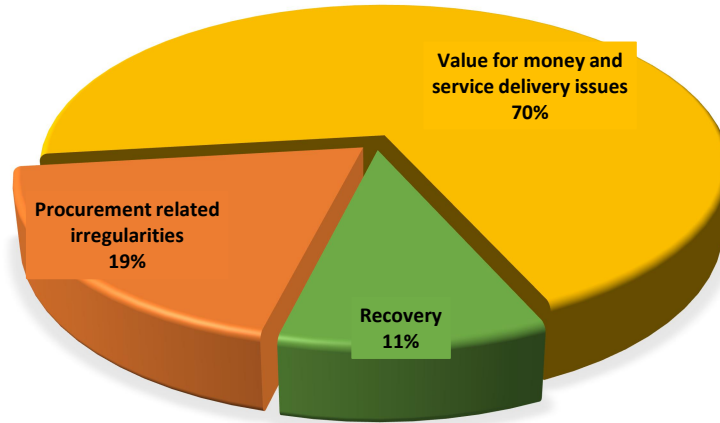
An allocation of Rs.4,222.41 million was made for development budget. Against final grant of Rs.977.97 million, the department utilized funds of Rs.976.61 million which is 99.86% of the final grant leaving saving of Rs.1.37 million.

Moreover, funds of Rs.1,335.24 million were provided to ETI under a project funded by IFAD. The entire grant was utilized.

## 18.2 Classified summary of Audit observations

Audit observations amounting to Rs.1,314.161 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.138.924 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Procurement related irregularities	252.758
2.	Value for money and service delivery issues	922.479
3.	Recovery	138.924
<b>Total</b>		<b>1,314.161</b>



### 18.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of the department.

### 18.4 AUDIT PARAS

#### 18.4.1 Unauthorized payment to the contractor without work done – Rs.23.552 million

Rule 397 of Federal Treasury Rules states that as a general rule, and subject to such exceptions as may be authorized by the Government, no payment can be made to a contractor, except for work actually done or supplies actually received.

During audit of Skardu Development Authority for the Financial Year 2021-22, it was noted that the management awarded various contracts to different contractors and paid an amount of Rs.23.552 million. Details are as under:

(Rs. in million)				
S. No.	ADP No.	Scheme / Project	Contractor	Amount Paid
1.	117	Additional Works of Girls MS Brolmo Colony Skardu	M/s Yousaf Ali & Brothers	13.500
2.	121	Development of Badminton Court at Sports Complex, Skardu	M/s Ali Sadpara	6.000
3.	122	Strengthening and Extension of Divisional office of P&D at Skardu	M/s ZEC Baig & Company	1.052
4.	114	Additional Works of Girls MS Brolmo Colony Skardu (Approach Road)	M/s Wazir Azhar Haider & Brothers	3.000
<b>Total</b>				<b>23.552</b>

Audit observed that payment was made on account of work done but not measured in violation of rules.

Audit is of the view that due to weak internal controls undue favor was extended to the contactors.

The irregularities were pointed out in May, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for unauthorized payment.

AP-117/2022-23

#### ***18.4.2 Non re-validation of performance guarantee – Rs.3.400 million***

Clause 10.1 of COC Part-II states that the Contractor shall provide Performance Security to the Employer in the prescribed form. The said Security shall be furnished or caused to be furnished by the Contractor within 28 days after the receipt of the Letter of Acceptance. The Performance Security shall be of an amount equal to 10% of the Contract Price stated in the Letter of Acceptance. Such Security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any Scheduled bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a Scheduled Bank in Pakistan (c) an insurance company having at least AA rating from PACRA/JCR.

During audit of Skardu Development Authority for the Financial Year 2021-22, it was noted that the management awarded a work “additional works of girl’s school Brolmo Colony Skardu, Women Elementary College Skardu and approach road for women elementary college, Skardu (Portion-II)” on 19.11.2021 at a total cost of Rs.33.744 million with a completion period of 02 years, i.e. 18.11.2023.

Audit observed that the contractor provided the performance security of United Insurance Co. Ltd, Lahore for the period from 08.11.2021 to 07.11.2022 (one year). Whereas, the work was to be completed within 02 years up to 18.11.2023.

Audit further observed that the work was not yet completed and the management did not get revalidated the Performance Guarantee till the expiry of the defect liability period. This constitutes a clear violation of contractual provision besides setting aside the government interest.

Audit is of the view that the violation occurred due to non-adherence to the contractual provision and weak internal controls.

The irregularities were pointed out in May, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023,

07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed besides ensuring re-validation of performance guarantees well in time.

AP-118/2022-23

***18.4.3 Premature release of retention money without completion of defect liability period – Rs.1.514 million***

Clause 60.3 of the general contract agreement provides that upon issue of the taking over certificate with respect to the whole of the works, one half of the retention money or upon the issue of a taking over certificate to a section or part of the permanent works, or upon expiration of the defect liability period for the works. The other half of the retention money shall be certified by the Engineer for payment to the contractor.

During audit of Skardu Development Authority for the Financial Year 2021-22, it was noted that the management awarded a work “Development of Play Area (Badminton Court)” to M/s Zulfiqar Ali Sadpara at a cost of Rs.15.143 million on 15.07.2020 with a completion period of one year, i.e. 14.07.2021. The contractor executed the work amounting to Rs.15.140 million. Final payment amounting to Rs.0.117 million to the contractor was made on 30.06.2022.

Audit observed that 100% retention money amounting to Rs.1.514 million was released to the contractor on 11.10.2022 vide cheque No.0531989 in violation of rules.

Audit is of the view that releasing of 100% retention money before the completion of defect liability period was irregular and a favor to the contractor.

The irregularities were pointed out in May, 2023. The management did not furnish reply till finalization of report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023, 07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides stopping the irregular practice in future.

AP-120/2022-23

**18.4.4 Non-imposition of liquidated damages for delay in completion of works – Rs.17.326 million**

Clause-47 of conditions of Contract of agreement provides that if the contractor fails to complete the work within time for completion, the contractor's liability to the employer for such failure shall be to pay the amount 0.1% of contract price for each day of delay in completion of the works subject to a maximum of 10% of the contract price. If the Contractor's progress is not as per approved programme of works, the contractor shall be liable for liquidated damages.

During audit of Gilgit Development Authority for Financial Year 2022-23, it was noted that that management awarded various infrastructure works to different contractors at cost of Rs.614.578 million. Details are as under:

(Rs. In million)					
S. No.	Name(s) of Project(s)	Date of Start/Award.	Date of completion (Planned)	Agreement Cost	Liquidated Damages
1	Solid Waste Management System for Gilgit City.	06.03.2018	05.03.2019	199.953	2.000
2	Integrated Water Supply for Gilgit city phase I (Water Supply for Sakarkoi, Konodas & KIU).	01.01.2018	30.06.2019	197.206	1.972
3	Provision of Clean Drinking Water in Halqa-I Gilgit (Phase-II)	09.06.2020	07.12.2021	193.106	1.931
4	Development of Playground at Zero Point Amphary, Gilgit	28.05.2018	27.05.2019	24.313	0.243
<b>TOTAL</b>				<b>614.578</b>	<b>6.146</b>

Audit observed that neither the works were completed nor time extension was granted. However, the management did not impose liquidated damages @ of 10% of the contract cost which comes to Rs.6.146 million.

Similarly, the supplying, transportation and fixing of HDPE pipe and accessories etc of Buner Daas ILD Scheme executed by ETI under IFAD project was required to be completed within one month i.e. upto 23.07.2022 whereas, the contractor completed only 65% of the work at site within the stipulated time. The remaining 35% work was completed on 19.09.2022 with delay of 58 days. In this regard neither the management of SMT nor ETI imposed penalty of Rs.11.180 million (Rs.19.276 x 0.1% per day x 58 days).

Audit was of the view that irregularity occurred due to non-adherence of provision of contract agreement.

The irregularity was point during August, 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 05.08.2023 followed by reminders dated 25.08.2023, 11.09.2023, 29.11.2023,



07.12.2023, 15.12.2023 and dated 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that liquidated damages may be recovered from the contractors.

AP-331 and 630/2023-24

#### ***18.4.5 Non-recovery of secured advance – Rs. 18.472 million***

Para-228 of CPWA Code provides that recoveries of secured advances should not be postponed until the whole of the work entrusted to the contractor is completed. Further, Form-26(II) of CPWA Code, used for maintaining record of secured advances, provide that recovery of secured advance should be made within three months.

During audit of Gilgit Development Authority for Financial Year 2022-23, it was noted that the management awarded the work “Provision of clean drinking water in Halqa-I Gilgit (Ph-II)” to M/S Khan Engineering & Co. The 9<sup>th</sup> running bill was paid on 29.03.2023 with total value of work done Rs.96.606 million.

Audit observed that the management paid secured advance amounting to Rs.28.262 million against the supply of HDPE Pipe. During the current financial year only Rs.9.790 million was adjusted and Rs.18.472 million was outstanding till the end of the Financial Year 2022-23.

Audit is of the view that non-adjustment of advances to the contractor was violation of contractual provision and rules.

The irregularity was pointed out during August, 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that recovery of the secured advance may be made.

AP-332/2023-24

#### ***18.4.6 Overpayment due to non-deduction of voids from the item of dry uncoursed rubble masonry-Rs. 1.205 million***

As per rate analysis of Rs. 6,917.14 per % cft of item No. 6 i.e. “providing and laying dry uncoursed rubble masonry in retaining or compound wall including scaffolding complete etc”, provided in Pak PWD Schedule of Rate 2012, 135 cft

quantity of stone was required to achieve 100 cft finished quantity against the same item. It meant that 35% voids were to be adjusted while making measurement/ payment of the quantity.

During audit of Gilgit Development Authority for Financial Year 2022-23, it was noted that that management awarded the work “Construction of Walking Track from Fiddas Barmas to Jutial Lower Complex Gilgit” to M/s Maqbool Ahmad. The 7<sup>th</sup> running bill was paid on 26.06.2023 with total value of work done Rs.14.694 million.

Audit observed that 46332.12 quantity against the item i.e. “providing and laying dry uncoursed rubble masonry in retaining or compound wall including scaffolding complete” was filled in in construction of side drain and shingle road and item was paid @ Rs.6,917.46 per % cft. However, voids @ 35% were not deducted from the total quantity of dry uncoursed rubble masonry. This resulted an over payment of Rs.1.205 million (46332.12 x 35/135) 12012.03 x @ 6917.46 plus 45% premium.

Audit is of the view that overpayment occurred due to non-adherence to the provision of rate analysis of the item and ineffective implementation of internal controls.

The irregularity was pointed out during August, 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that amount involved may be recovered at the earliest besides strengthening of internal controls.

AP-334/2023-24

#### ***18.4.7 Un-authentic execution of works regarding providing/ laying of different Dias HDPE Pipe-Rs.48.840 million***

According to the contract clause, the HDPE pipes of different dias were to be provided manufactured to confirm the requirements of ASTM standards and DIN 8075 with a derived density greater than 930 kg/m<sup>3</sup> blended with additives that are antioxidants, carbon black and UV stabilizers with a maximum working stress of 50 bar at 20 C etc.

During audit of Gilgit Development Authority for Financial Year 2022-23, it was noted that that management awarded the contract “Integrated water supply system for Gilgit city Phase-I (water supply system Skarkio, Konodas KIU” to M/S

Irfan Brother International Gilgit JV M/S Rising Sun Construction, Lahore. The 13<sup>th</sup> running bill was paid on 27.06.2023 with total value of work done Rs.194.373 million. The payment includes an amount of Rs.48.840 million for providing and fixing HDPE pipes of different dias. Details are as under:

S. No	Details of Pipe	Rate (Rs.)	Quantity	Amount (Rs.)
1	12 dia pipe	2283	5933	13,545,039
2	8 dia pipe	931.5	17885	16,659,878
3	6 dia pipe	587.25	17540	10,300,365
4	4 dia pipe	280	3160	884,800
				41,390,082
Add 18% premium				7,450,215
<b>Total Amount</b>				<b>48,840,297</b>

Audit observed that:

- i. No documents were available with the management to substantiate that the pipe supplied by the contractor was in accordance with the specifications stipulated in the agreement.
- ii. No laboratory report was found to confirm the quality, pressure, thickness, hardness and sustainability etc of the pipe in line with the standards set by ISO and PSQCA.
- iii. In cases of replacement of existing pipes with new ones, no old pipe was found available on record/ stock register.

Audit is of the view that in absence of the laboratory testing reports and proof of ISO/PSQCA registration, the authenticity of the payment of Rs.48,840 million could not be ascertained.

The irregularity was pointed out during August, 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the payment may be substantiated with required documentation or responsibility be fixed against the person(s) at fault.

AP-335/2023-24

#### **18.4.8 Overpayment to contractor Rs.17.130 million**

Para 220 and 221 of CPWA Code provides that, the Sub Divisional Officer, before making payments to the contractors is required to compare the quantities in the bills and see that all the rates are correctly entered and that all the calculations have been checked arithmetically.

During audit of Gilgit Development Authority for Financial Year 2022-23, it was noted that that management awarded the contract “Provision of Clean Drinking Water in Halqa-1 Gilgit (Phase-II)” to M/S Khan Engineering & Co. The 9<sup>th</sup> running bill was paid on 29.03.2023 with total value of work done Rs.96.606 million.

Audit observed that overpayment of Rs.17.130 million was made to the contractor against the technical sanction as per the following details.

Item Description	Paid Quantity in cft	Approved Quantity in cft	Difference in cft	Rate and 45% premium (Rs.)	Overpayment (million)
Providing and laying uncoursed rubble masonry in cement mortar	51264.11	3850.00	47,414.11	11,146.15	7.663
Providing and laying hard grade ribbed deformed (minimum yield 60000psi)	1360.90	316.31	1,044.59	6,249.94	9.467
<b>Total</b>					<b>17.130</b>

The execution of work over and above the approved quantity was irregular and resulted in overpayment of Rs.17.130 million to contractor.

Audit was of the view that irregularity occurred due to non-adherence to rules.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that amount involved may be recovered at the earliest besides strengthening of internal controls.

AP-337/2023-24

#### **18.4.9 Non-recovery of insurance premium - Rs.2.803 million**

According to Clause 43.1 as per Preamble to Conditions of Contract, the deductible limit in the insurance cover of the Works shall not exceed 4%. Rather 4% deduction of contract price shall be made if the contractor fails to provide insurance against the work.

During audit of Skardu Development Authority for Financial Year 2022-23, it was noted that that management awarded work “comprehensive plan for fixing of

solar street light Skardu City i/C Gamba & Hussainabad Phase-I” to M/S Wazir Imtiaz Haider & Sons JV M/S Alternative Energy Solutions on 29.05.2023 at agreed cost of Rs.70.092 million. 2<sup>nd</sup> running bill was paid to the contractor against total value of work done amounting to Rs.21.000 million on 27.6.2023.

Audit observed that the management neither obtained insurance policy from the contractor against the work as per contractual provision nor deducted 4% inbuilt cost of insurance premium/ insurance cover amounting to Rs.2.803 million (4% of 70.092 million) from the contractor against uninsured period.

Audit was of the view that the management extended undue favor to the contractor and did not recover/deduct premium cost of Rs.2.803 million from the contractor against the uninsured period.

The irregularity was pointed out during October 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that premium amount may be recovered from the contractor against uninsured period.

AP-683/2023-24

***18.4.10 Non-adjustment of unserviceable sorting & stacking of stone-Rs.45.089 million***

According to rate analysis of Pak PWD Schedule of rates 2012 (SR item No. 6 P-119) the item of P/L dry uncoursed rubble masonry in retaining wall etc includes amount of Rs.2,075.00 % Cft as cost of stone. Similarly, an item of Providing and laying uncoursed rubble masonry in cement mortar 1:6 in foundation, plinth and basement i/c Scaffolding, curing etc. complete (SR item No.1 P-119) includes cost of stone for Rs. 1620 % cft.

During audit of Economic Transformation Initiative’s (ETI) Gilgit-Baltistan for the Financial Year 2022-23, it was noted that the management awarded the works of various Irrigation and Land Development (ILD) and Farm to Market Road (FMR) schemes to different Scheme Management Teams (SMTs). An amount of Rs.86.770 million was paid on account of items for Site preparation and Excavation.

Audit observed that the management made payment of Rs.86.769 million instead of Rs.48.504 million to SMTs as the effect of deduction of 47.50% on account of unserviceable sorting & stacking of stone was not adjusted in the item rates.

Non-deduction of 47.50% in rates resulted into overpayment of Rs.38.265 million (Rs.86.770 million – Rs.48.505 million).

Similarly, the management paid an amount of Rs.37.560 million to SMTs for “Providing and laying dry uncoursed rubble masonry in retaining wall etc.” and “Providing and laying uncoursed rubble masonry in cement mortar 1:6 in foundation, plinth and basement including scaffolding, curing etc. complete”. However, deduction of cost of available stone amounting to Rs.6.824 million was not made.

Audit was of the view that overpayment was made due to non-adherence to rules.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the overpaid amount may be recovered.

AP-626 and 627/2023-24

#### **18.4.11 Irregular award of contract of procurement of HDPE Pipes– Rs. 203.918 million**

Rule 12(2) of Public Procurement Rules 2004 provides that all procurement opportunities over three 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 Economic Transformation Initiative’s management (ETI) Gilgit-Baltistan for the Financial Year 2022-23, it was noted that the management purchased HDPE Pipes involving cost of Rs.203.918 million for following schemes including supplying, fixing, jointing of pipes and accessories and transportation to local site of work:

S. No	Name of Scheme	Detail of Procurement	Contractor	Contract Cost (Rs. in million)
1.	Construction of New ILD Scheme Shamsabad District Ghizer	Supplying, Fixing, Jointing of pipe and accessories and Transportation to actual site of work complete	M/S Alpha Pipe Industry Pvt Ltd	155.578
2.	Buner Daas Irrigation Scheme, district Diamer	Supplying, Fixing, Jointing of pipe and accessories and Transportation to actual site of work complete	M/S Naqqash Sanitary, Gilgit	48.340
<b>Total</b>				<b>203.918</b>

Audit observed that the purchase of HDPE Pipes was advertised on ETI's website and in a local newspaper which had no wide circulation. Whereas, the tenders were required to be advertised at least in two national daily newspapers, one in English other in Urdu besides giving in PPRA website as required under the prevailing rules.

Audit was of the view that non-publishing of procurement opportunity on PPRA website and in national newspaper resulted in limited competition and deprived the department from the benefits of competitive rates.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends investigation into the matter for fixing responsibility besides strengthening of internal controls.

AP-628/2023-24

***18.4.12 Unauthentic payments against ILD & FMRs schemes due to non-vetting by the resident engineer - Rs.26.781 million***

Para-23 of the approved Guidelines for Implementation of Scheme & Civil Works, provides that the work done on site will be measured jointly by technical staff of ETI-GB and WM&ID as per the rules of government of Pakistan.

According to job description mentioned in the approved Program Implementation Manual (PIM) of Economic Transformation Initiative (ETI-GB), the Resident Engineer is responsible for supervision of all engineering field surveys, construction activities of Irrigation and Road schemes in accordance with scheme design. Further, he also assists IS/RC in verifying the community/contractors and consultant's invoices/bills.

During audit of Economic Transformation Initiative's (ETI) Gilgit-Baltistan for the Financial Year 2022-23, it was noted that the management of ETI, Diamer paid an amount of Rs.24.464 million in respect of two ILD schemes and Rs.2.318 million against two FMR schemes.

Audit observed that the management made payment of Rs.26.781 million against ILD as well as FMR Schemes without vetting/ verification of claims by the Resident Engineer (RE) and the technical team of Water Management & Irrigation Directorate.

Non-vetting/verification of claims by the Resident Engineer resulted in unauthentic expenditure of Rs.26.781 million.

Audit maintains that the irregularity occurred due to non-existence of effective internal and financial controls.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be investigated besides strengthening of controls.

AP-631/2023-24

#### **18.4.13 Non-confirmation of deposit of government tax – Rs 22.312 million**

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

During audit of Economic Transformation Initiative’s (ETI) Gilgit-Baltistan for the Financial Year 2022-23, it was noted that the management awarded contract of “Supplying, Fixing, jointing of Pipe and accessories and Transportation to actual site of work complete” to different contractors and made payment of Rs.153.561 million including sales tax of Rs.22.313 million. Details are as under:

<b>(Rs. in million)</b>				
<b>S. No.</b>	<b>Description</b>	<b>Amount excluding GST (Rs)</b>	<b>GST @ 17% (Rs)</b>	<b>Amount including GST</b>
1.	Alpha HDPE Pipes outer Dia PN-10 (400mm)	107.449	18.267	125.715
2.	Alpha HDPE Pipes outer Dia PN-16 (450mm)	23.800	4.046	27.846
<b>Total</b>		<b>131.249</b>	<b>22.313</b>	<b>153.561</b>

Audit observed that no record was available with management to substantiate the deposit of claimed GST by the contractors into government treasury. In absence of record, it cannot be ascertained whether the claimed amount was deposited into treasury or otherwise.

Audit was of the view that non-obtaining the proof of payment of GST from the contractors occurred due to weak financial controls.



The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that proof of depositing the GST into government treasury may be provided.

AP-632/2023-24

***18.4.14 Non-recovery of advance payment from non-responsive VAC– Rs.5.585 million***

According to milestone of the agreement signed between ETI and Tangir Farmers Progressive Cooperative Society (TFPCS), 25% payment of Rs.5,585,807 against ETI-GB Share was allowed to the Tangir Farmers Progressive Cooperative Society (TFPCS) as advance and 30% against 2<sup>nd</sup> milestone payment was to be allowed upon delivery/work done of the items/equipment at Business Community level and verification of Value Chain Technical Assistance Team (VCTAT). As per agreement, ETI-GB was required to contribute its share of Rs.22,343,227.

During audit of Economic Transformation Initiative (ETI) Gilgit-Baltistan for the Financial Year 2022-23, it was noted that upon the recommendation of VCTAT, the management made 25% milestone/advance payment of Rs.5.585 million (25% of 22,343,227) to Tangir Farmer Progressive Cooperative Society on 05.04.2021.

Audit observed that as per the progress report, no activity was performed by the society in accordance with the Business Plan. The management neither take any action regarding non-contribution and non-execution of work nor recovered the contributed amount of Rs.5.586 million.

Audit maintains that non-recovery from the society was due to non-existence of effective financial and administrative controls.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the recovery may be pursued vigorously besides strengthening of controls.

***18.4.15 Un-authorized retention of payback amount of ILD schemes- Rs.9.002 million***

Clause 8.1 of PC-I provides that the maintenance cost of irrigation schemes will be met through the contributions made by the beneficiary farmers. The user fees will be determined by the scheme management committees who will also be responsible for collection, account management and fund usage. Same system will operate in case of irrigation schemes funded by ETI. There will be no operational or maintenance liability for Gilgit-Baltistan Government for ETI invested schemes.

Para No. 33 of Program Implementation Manual (PIM) Vol-III provides that the construction work of irrigation schemes will be carried out by the communities under the direct supervision of the SMTs and the overall oversight of the WMD and RCU Engineers. Even though the construction cost will be fully borne by the Programme, the beneficiaries are required to repay 50% of the cost of each scheme over the following 3-4 harvest periods. The payback funds are to be deposited into a community joint account and used for priority social and economic development activities.

During audit of Economic Transformation Initiative (ETI) Gilgit-Baltistan for the Financial Year 2022-23, it was noted that the management paid Rs.2,452.281 million to various SMTs for the execution of 78 ILD schemes in all three regions of Gilgit-Baltistan with the obligation to payback 50% of the contributed amount of ETI-GB which comes to Rs.1226.140 million (50% of 2,452.281 million).

Audit observed that the SMTs only managed to receive/collect back an amount of Rs.16.917 million against Rs.1226.140 million up to 30.06.2023. Out of the collected amount of Rs.16.917 million, the SMTs of 16 ILD Schemes retained the payback of Rs.9.002 million instead of depositing the same into the bank accounts. This resulted in unauthorized retention of collected amount of Rs. 9.002 million.

Audit maintains that irregularity occurred due to weak financial controls.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the outstanding amount may be recovered from the beneficiaries and the amount already collected may be deposited in the bank

accounts at the earliest. Audit further recommends strengthening of administrative and financial controls.

AP-636/2023-24

**18.4.16 Irregular execution and implementation of development schemes without approval of competent authority - Rs.867.502 million**

Government of Gilgit-Baltistan, in term of Section 4 of Cities Development Act, 2012 notified the establishment of Skardu Development Authority consisting of its 12 Members vide Notification No.SO(G)-1(66)/2011 dated 25.02.2014.

According to section 12(1)&(2) of Gilgit-Baltistan Development of Cities Act, 2020, the Authority shall, in such form and in such manner as may be prescribed, prepare schemes for the area or any part thereof and execute or have them executed in the prescribed manner. All such schemes prepared by the Authority shall be submitted to the Government for its approval, except those schemes, the provisional estimated cost of which does not exceed such limit as may be prescribed by rules or for which no loan or grant is required from the Government.

During audit of Skardu Development Authority, Skardu for the Financial Year 2022-23, it was noted that the authority executed and implemented sixteen development projects having cost of Rs.867.502 million relating to construction of different infrastructures and beautification plans for Skardu City. Details are as under:

<b>(Rs. In million)</b>		
<b>S. No</b>	<b>Names of Development Schemes</b>	<b>Cost as per PC-I</b>
1	Skardu Development Authority (SDA) (2nd R)	198.275
2	Development of Open Area in DHQ Hospital Skardu	20.000
3	Purchase of Machinery and equipment for SDA Skardu-I	60.000
4	Master Plan of Skardu city Shigar, Kharmang, and Ghanche Revise PC-II	100.000
5	Additional Work of Girls MS Brolmo Colony , Women Elementary College & Approach road for women Elementary College Skardu	52.951
6	Establishment of Balti Music School / Art centre and Stipend for artists at Skardu	30.000
7	Establishment of shelter home for women, children including Fashion design center and baking unit at Skardu	60.000
8	Const. of Parking Plaza at Municipal Stadium Bazar Area Skardu (consultancy work)	59.400
9	Provision of School Bus for PWD Complex & Monthly Stipend	35.000
10	Strengthening / Extension of Divisional Office P&DD And Additional Chief Secretary Camp Office in Baltistan Division (Civil work)	20.545
11	Introducing/Establishment a state of the Art, ICT based Lecturer Rooms for women Degree College Skardu	53.260

12	Construction of Hall for Girls primary school Gangupi (Haiderabad) Drainage ecosystem for Mqapon Polo Ground Skardu and provision of dustbin on Skardu	11.410
13	Provision of Bus for women degree college Skardu	16.661
14	Beautification of Skardu city Phase –I	50.000
15	Block Allocation for SDA	40.000
16	Comprehensive plan for solar street light in Skardu City	60.000
	<b>Total</b>	<b>867.502</b>

Audit observed that the schemes were not approved by the authority and all schemes were approved by Director General SDA.

Audit was of the view that execution and implementation of development projects costing Rs.867.502 million without the concurrence of the Authority was irregular.

Audit holds that irregularity occurred due to non-adherence to the provisions of the Act and ineffective implementation of internal controls.

The irregularity was pointed out during August 2023. The department did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023, and followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that matter may be inquired for taking appropriate action besides regularizing the matter from the competent forum.

AP-678/2023-24

## **CHAPTER-19**

### **19. SERVICES AND GENERAL ADMINISTRATION DEPARTMENT**

#### **19.1 Introduction**

**A.** Services and General Administration Department (S&GAD) manages District Management Service, service rules/service tribunal, Public Service Commission, preparation of Civil List and Official Gazette. Besides, preparation of Services Rules (other than Civil Service Rules) relating to various services and posts and interpretation thereof; provision of residential accommodation to government servants; training, cabinet matters, observance of national days, government

hospitality and rent control and requisitioning of property are also the responsibilities of the department.

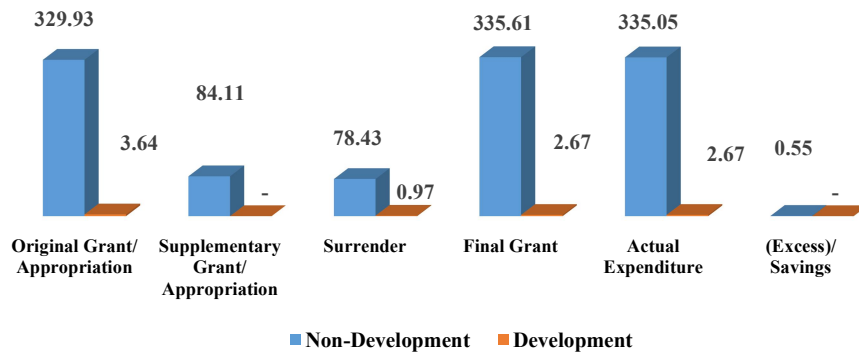
### Audit Profile of Services and General Administration Department

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	04	03	47.221	4.791

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-07	329.93	84.11	(78.43)	335.61	335.05	0.55
Dev	3.64	-	(0.97)	2.67	2.67	-
<b>Total</b>	<b>333.57</b>	<b>84.11</b>	<b>(79.40)</b>	<b>338.27</b>	<b>337.72</b>	<b>0.55</b>



An allocation of Rs.329.93 million was made for non-development budget. During the year, supplementary grant of Rs.84.11 million was approved which is 25.49% of the original allocation. The department also surrendered an amount of Rs.78.43 million which is 23.77%. Against final grant of Rs.335.61 million, the department utilized fund of Rs.335.05 million which is 99.84% of the final grant.

Similarly, allocation of Rs.3.64 million was made for development budget. Against final grant of Rs.2.67 million the department utilized funds of Rs.2.67 million which is 100% of the final grant.

#### 19.2 Classified summary of Audit observations

Audit observations amounting to Rs.1.829 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.1.829 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	HR/ Employees related irregularities	0
2.	Recovery	1.829
<b>Total</b>		<b>1.829</b>

### 19.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of S&GAD.

### 19.4 AUDIT PARAS

#### 19.4.1 *Irregular allotment of residential accommodation.*

Rule 9 (i) of the Gilgit-Baltistan Allocation Rules,2022 states that the General Administration Department (GAD) and Deputy Commissioner offices will maintain separate General waiting list (GWL) of applicants, drawn out from the general waiting list according to their entitlement and relevant category, as specified.

Rule 11 (ii) of the Gilgit-Baltistan Allocation Rules ,2022 states the competent authority shall approve the allotment of residential accommodation upon availability to the senior most public servant office holder from the relevant waiting list, strictly according to merit.

During audit of the S& GAD for the Financial Year 2022-22, it was noted that the department is maintaining a pool of ninety government owned residential houses of different categories. Similarly, thirty-nine government houses of Cat-III and IV are under construction.

Audit observed as under:

- i. The General Waiting List (GWL) as required under rule 9(i) of the Gilgit-Baltistan accommodation rules was not maintained.
- ii. Allotments were made on the basis of applications submitted by the employees without considering the seniority etc. in violation of rule 11(ii) of the Gilgit-Baltistan Accommodation Allocation Rules.

Audit is of the view that houses were allotted in violation of Accommodation Rules.

The irregularity was pointed out during August 2023.The department replied that after promulgation of Gilgit-Baltistan Accommodation Allocation Rules-2022 on 14-7-2022, the GAD allots govt. accommodation as per seniority list except designated houses. However, section-11(vii) of the accommodation allocation rule allows the authority concerned to allot any quarter by relaxing the waiting list in exceptional cases. After objections by audit in the last three years, the Gilgit-

Baltistan government framed its own rules for allotment of Govt. accommodation, which are adhered to since their enactment.

The reply was not satisfactory as GWL has neither been prepared at provincial headquarter nor at district level so far.

The DAC meeting was held on 16.01.2024. The DAC directed the management that in future no allotment should be made out-side the General Waiting List (GWL). The DAC also directed the management to issue instructions to all DCs for maintenance of GWL and make allotment on basis of merit. Further, DAC also directed that all DCs may endorse a copy of allotment of houses to S&GAD alongwith a copy of GWL.

Audit recommends that GWL may be prepared in accordance with the provision of the rules and be shared with audit and strictly followed for allotment.

AP-648/2023-24

***19.4.2 Irregular expenditure on hiring of guest house – Rs.3.932 million and non-recovery – Rs.1.829 million***

Serial 9(17) of Annex I of Gilgit-Baltistan System of Financial Control and Budgeting Rules, 2009 states that at the time of sanctioning rent of residential building the merits and local conditions in each case may be kept in mind and the power may be exercised only in the case of government servants who are entitled to provision of residential accommodation under any general or specific orders.

During audit of the S&GAD for the Financial Year 2022-22, it was noted that the department hired a guest house at monthly rent of Rs.332,750/- with 10% annual increase w.e.f. 01.09.2021 to 31.08.2024. the department paid an amount of Rs.3.932 million under the head “Rent of Residential Building” to the owner.

Audit observed that the hiring of building as rest house and subsequent payment on account of rent of residential building was irregular and violation of the provisions of the Gilgit-Baltistan System of Financial Control and Budgeting Rules, 2009.

Audit further observed that rent amounting to Rs.1.829 million was outstanding against the allottee/ occupants.

The irregularity was pointed out during August 2023. The management replied that the department has disengaged the privately hired building from 31<sup>st</sup> December, 2023. Accordingly, the owner of the building and existing occupants has been informed regarding vacation of the building. Notices have also been issued to concerned for recovery of outstanding dues.

The management has accepted the point of view of the audit.

The DAC meeting was held on 16.01.2024. The DAC directed the management to ensure the recovery of Rs.1.829 million outstanding against officers/ occupants before closing of Financial Year 2023-24. The DAC pended the para till complete recovery of outstanding dues.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 16.4.2 having financial impact of Rs.3.933 million. Recurrence of same irregularity is a matter of serious concern.*

AP-649/2023-24

#### **19.4.3 Non-submission of reports by vigilance committees regarding misuse of government vehicles**

Rule 9(1) of the Government of Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules,2021 states that all there shall be vigilance Committees at provincial and district level to monitor the official transport system and to control the misuse of the Government vehicles

Rule 9(b) of the Government of Gilgit-Baltistan Staff Vehicles (Use and Maintenance) Rules,2021 states that all the District Vigilance committees shall be required to submit a quarterly report of their performance to Secretary S&GAD for perusal. Likewise, the Provincial Vigilance Committee will also submit performance report to Chief Secretary on quarterly basis.

During audit of S&GAD for the Financial Year 2022-23, it was noted that neither the Provincial Vigilance Committees submitted quarterly report to Secretary S&GAD nor the Provincial Vigilance Committee submitted its report to the Chief Secretary on quarterly basis.

Audit further observed that the management has not devised any mechanism for vigilance in pursuance to the provisions of the rules to control the misuse of the Government vehicles.

Audit is of the view that non-submission of quarterly reports by the vigilance committees to the respective authorities is violation rules.

The irregularity was pointed out during August 2023.The department replied that the District Vigilance Committees will be directed to convene meetings and submit reports on quarterly basis.

The management has accepted the point of view of the audit.

The DAC meeting was held on 16.01.2024. The DAC directed the management to ensure the meeting of Provincial and District Vigilance Committees on quarterly basis and to submit their reports to respective forums.



Audit recommends that the decision of the DAC may be implemented.

AP-704/2023-24

## CHAPTER-20

### 20. SENIOR MEMBER BOARD OF REVENUE GILGIT-BALTISTAN

#### 20.1 Introduction

A. Senior Member Board of Revenue Gilgit-Baltistan, Gilgit was established under Gilgit-Baltistan Board of Revenue Act, 2011 and started its regular functions from 2020. According to Rules of Business schedule-II, major business assigned to the department includes the administration and overall supervision and monitoring of Gilgit-Baltistan Disaster Management Authority. It is further authorized to administer famine Relief Fund and funds for calamities, benami transactions of immovable property, computerization of land records, crop reports, distribution of business of the Board of Revenue between its Members, Secretaries & other officers, land laws, land surveys/preparation and maintenance of revenue record and Tax on transfer of immovable property.

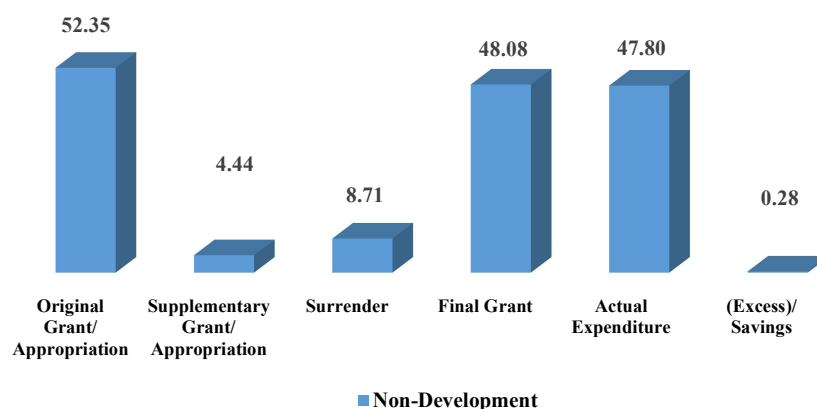
#### Audit Profile of Senior Member Board of Revenue Gilgit-Baltistan

S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	01	01	52.349	-

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

(Rs. in million)						
Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-30	52.35	4.44	(8.71)	48.08	47.80	0.28



An allocation of Rs.52.35 million was made for non-development budget. During the year, supplementary grant of Rs.4.44 million was approved which is 8.48% of the original allocation. The department also surrendered an amount of Rs.8.71 million which is 16.63%. Against final grant of Rs.48.08 million, the department utilized fund of Rs.47.80 million which is 99.42% of the final grant.

## 20.2 Classified summary of Audit observations

An audit observation was raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Value for money and service delivery issues	0

## 20.3 Comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of department.

## 20.4 AUDIT PARAS

### 20.4.1 Non-performance of mandatory functions

The office of the Senior Member Board of Revenue (SMBR) Gilgit-Baltistan, Gilgit was established under Gilgit-Baltistan Board of Revenue Act, 2011 and started its functions from 2020.

The major functions assigned to department in Gilgit-Baltistan Rule of Business include:

- i. Administration of the Gilgit-Baltistan Disaster Management Authority Act and the rules framed there-under.
- ii. Overall supervision and monitoring of Gilgit-Baltistan Disaster Management Authority.
- iii. Famine Relief Fund and funds for calamities.
- iv. Benami transactions of immovable property.
- v. Computerization of land records.
- vi. Crop reports.
- vii. Distribution of business of the Board of Revenue between its Members, Secretaries and other officers.
- viii. Land Laws.
- ix. Land surveys/preparation and maintenance of revenue record and
- x. Tax on transfer of immovable property etc.

During Audit of office of the Senior Member Board of Revenue Gilgit-Baltistan, Gilgit for the Financial Years 2021-22 & 2022-23, it was noted that the department did not perform its major functions as mentioned above.

Audit was of the view that due to non-performance of mandatory functions the department has become less effective as the functions of the department are being performed by other office.

The irregularity was pointed out during July, 2023. The management replied that the Relief Department once established will undertake the responsibilities of GBDMA. The BoR suffers from HR and other resources. Proposal of creation of posts has been submitted to Federal Finance Division. The department has drafted Land Reform Bill, which has been submitted to Gilgit-Baltistan Cabinet for decision.

The reply was not accepted as despite lapse of considerable time the management did not formulate policy framework for performing its mandatory functions.

The DAC in its meeting held on 21.12.2023 directed the management to finalize the land reform bill and get it approved from the competent forum.

Audit recommends that the decision of the DAC may be implemented.

AP-344/2023-24

## CHAPTER-21

### 21. SOCIAL WELFARE, POPULATION WELFARE AND WOMEN DEVELOPMENT DEPARTMENT

#### 21.1 Introduction

A. The functions of the Social Welfare, Population Welfare and Women Development Department include professional and financial assistance to registered voluntary social welfare agencies, social and economic development of the people particularly women, training and rehabilitation of the handicapped and chronically sick, provision of opportunities and training for social and economic development to poor women in both urban and rural areas through development schemes and programs. The department provides professional and financial support to voluntary women welfare and development agencies/organizations, training, income generating skills and rendering opportunities for income generation to poor women.

#### Audit Profile of Social Welfare, Population Welfare and Women Development Department

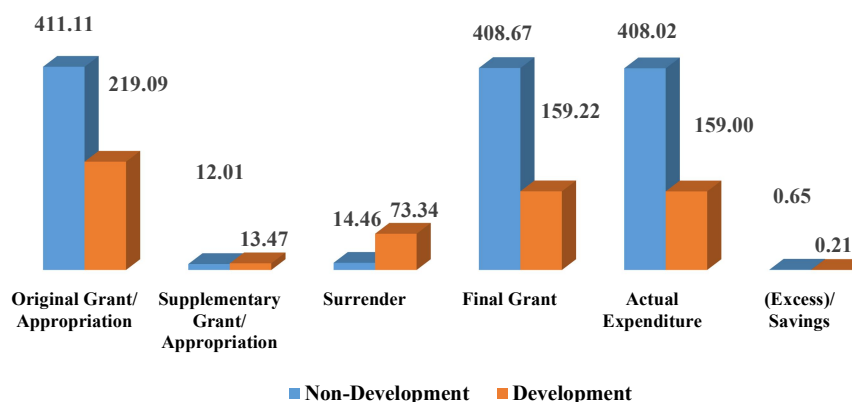
Sr. No.	Description	Total Nos	Audited	Expenditure audited FY 2022-23 Rs in million	Revenue/Receipts FY 2022-23 Rs in million
1.	Formations	22	03	63.234	0.220

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of the department for the financial year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-28	411.11	12.01	(14.46)	408.67	408.02	0.65
Dev	219.09	13.47	(73.34)	159.22	159.00	0.21
<b>Total</b>	<b>630.20</b>	<b>25.48</b>	<b>(87.80)</b>	<b>567.89</b>	<b>567.02</b>	<b>0.86</b>



An allocation of Rs.411.11 million was made for non-development budget. During the year, supplementary grant of Rs.12.01 million was approved which is 2.92% of the original allocation. The department also surrendered an amount of Rs.14.46 million which is 3.52%. Against final grant of Rs.408.67 million, the department utilized funds of Rs.408.02 million which is 99.84% of the final grant.

Similarly, allocation of Rs.219.09 million was made for development budget. Against final grant of Rs.159.22 million the department utilized funds of Rs.159.00 million which is 99.87% of the final grant.

## **21.2 Classified summary of Audit observations**

Audit observations amounting to Rs.5.118 million were raised in this report during current audit of the department. Summary of the audit observations classified by nature is as under:

<b>S. No.</b>	<b>Classification</b>	<b>Amount (Rs. in million)</b>
1.	Value for money and service delivery issues	5.118

## **21.3 Comments on the status of compliance with PAC directives**

No meeting of PAC has been held to discuss audit paras of Social Welfare, Population Welfare and Women Development Department.

## **21.4 AUDIT PARAS**

### ***21.4.1 Non declaration of the status of the department and non-allocation of business***

Rule-2(1) (f) of the Gilgit-Baltistan Rules of Business, 2009 states that “Department” means a self-contained administrative unit in the Secretariat responsible for the conduct of business of Government in a distinct and specified sphere, and declared as such by the Government;

Rule-3(2) of the Gilgit-Baltistan Rules of Business, 2009 states that the Chief Minister may in consultation with the Governor, wherein he may deem fit, constitutes new Departments or vary the composition or number of the Departments.

Rule 3(3) of the Gilgit-Baltistan Rules of Business, 2009 states that the business of Government shall be distributed amongst several Departments in the manner specified in Scheduled-II:

The department of Population Welfare, Social Welfare, Women Development, Human & Child Rights and Youth Affairs Department, Gilgit-Baltistan, Gilgit was established vide notification No.7(21)2013 dated 23.05.2017.

During audit of Secretary Social Welfare and Women Development Gilgit for the financial year 2022-23, it was observed that the department is not included in Schedule-II of the Gilgit-Baltistan Rules of Business, 2009 specifying the business assigned to the department.

Audit is of the view that creation of the department through a notification was not in line with the provision of Gilgit-Baltistan Rules of Business, 2009. Moreover, non-allocation of business to the department is violation of the provision of Gilgit-Baltistan Rules of Business.

The irregularity was pointed out during the month of August, 2023. The management replied that Services and General Administration (S&GSD) and Cabinet Department has already been requested to incorporate the department and its business in Gilgit-Baltistan Rule of Business.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 22.12.2023 directed the management to pursue the case with S&GAD to include the department into Schedule-II of Gilgit-Baltistan Rules of Business.

Audit recommends that the decision of the DAC may be implemented.

AP-348/2023-24

#### ***21.4.2 Abnormal delay in execution of project - Rs.5.118 million***

Para 7.1 of Manual of Development states that the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society. The objectives of initiating of project are to making it fully functional and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

During audit of the Directorate of Women Development, Gilgit for the Financial Years 2021-22 to 2022-23, it was noted that a project “Establishment of District Offices of Women Development Directorate in Skardu and Diamer” was approved at a cost of Rs.45.00 million by the GB-DDWP on 13.10.2020. An expenditure of Rs.5.118 million was incurred on the project up to 30.06.2023.

Audit observed that the date of completion of the project is 16.02.2024 but the physical and financial progress of the project is just 12.37%. Keeping in view the present pace, the cost of the project will increase manifold besides time overrun.

Audit is of the view that slow pace of the project has made it less effective.

The irregularity was pointed out during October 2023. The management replied that for implementation of the project, the recruitment process for the post of Assistant Director and LDC was initiated. The recruitment rules for the said posts are sub-judice and therefore appointments could not be made which caused the delay of project.

The reply was not accepted as the management was required to make alternate arrangement for execution of project to avoid the abnormal delay and cost overrun.

The DAC meeting was held on 22.12.2023. The DAC pended the para till decision of the court.

Audit recommends that responsibilities may be fixed for delay in execution of project.

AP-575/2023-24



## CHAPTER-22

### 22. WATER AND POWER DERPARMENT

#### 22.1 Introduction

A. According to Gilgit-Baltistan Rules of Business, 2009 the main functions of the Water & Power (W&P) Department include: administration of Electricity Act, 1910 and Electricity Rules, 1937, matters connected with distribution of power, development of small and medium hydro power stations and development and maintenance of local transmission lines.

#### Audit Profile of Water and Power Department

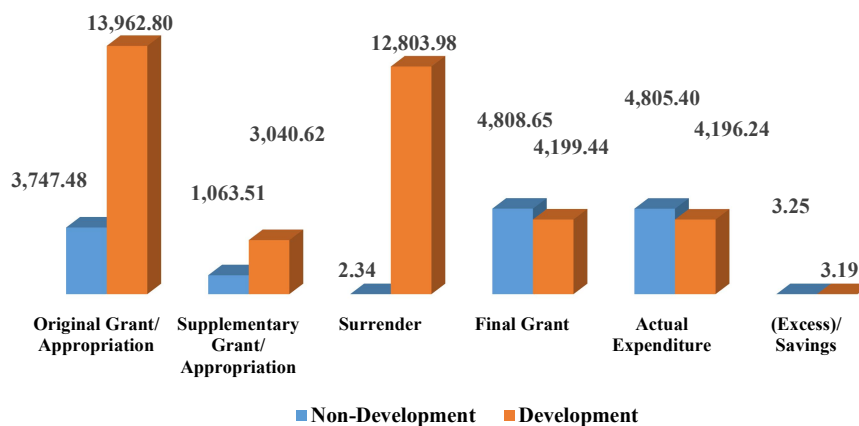
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	26	17	2,773.350	1,128.904

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of Water & Power Department for the Financial Year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-22	3,747.48	1,063.51	(2.34)	4,808.65	4,805.40	3.25
Dev	13,962.80	3,040.62	(12,803.98)	4,199.44	4,196.24	3.19
<b>Total</b>	<b>17,710.28</b>	<b>4,104.13</b>	<b>(12,806.32)</b>	<b>9,008.09</b>	<b>9,001.64</b>	<b>6.44</b>



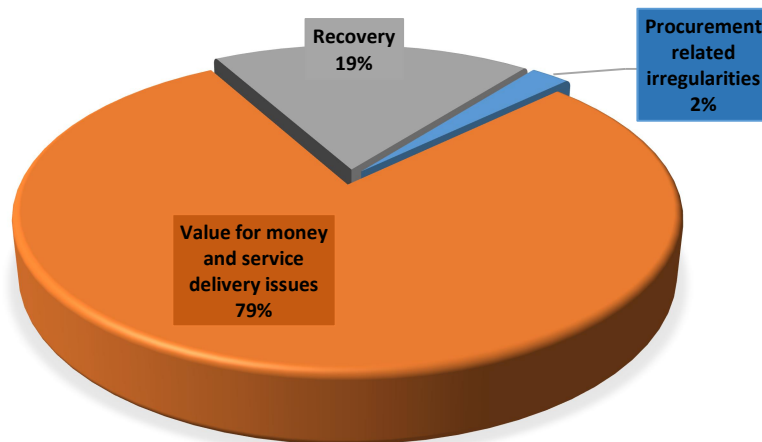
An allocation of Rs.3,747.48 million was made for non-development budget. During the year, supplementary grant of Rs.1,063.51 million was approved which is 28.38% of the original allocation. The department also surrendered an amount of Rs.2.34 million which is 0.06% of the original grant. Against final grant of Rs.4,808.65 million the department utilized fund of Rs.4,805.40 million which is 99.93% of the final grant.

Similarly, allocation of Rs.13,962.80 million was made for development budget. During the year, supplementary grant of Rs.3,040.62 million was approved which is 21.78% of the original allocation. The department also surrendered an amount of Rs.12,803.98 million which is 91.70%. Against final grant of Rs.4,199.44 million, the department utilized funds of Rs.4,196.24 million which is 99.92% of the final grant leaving saving of Rs.3.19 million which is 0.08% of the total allocation.

## 22.2 Classified summary of Audit observations

Audit observations amounting to Rs.2,475.739 million were raised in this report during current audit of the department. This amount also includes recoveries of Rs.461.153 million. Summary of the audit observations classified by nature are as under:

S. No.	Classification	Amount (Rs. in million)
1.	Procurement related irregularities	56.701
2.	Value for money and service delivery issues	1,957.885
3.	Recovery	461.153
<b>Total</b>		<b>2,475.739</b>



## 22.3 Brief comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of Water and Power Department.

## 22.4 AUDIT PARAS

### 22.4.1 *Execution of development projects without feasibility study-Rs.1,621.268 million*

Para 2.08 of Manual for Development Projects-2021, requirement of a PC-II shall be mandatory for infrastructure projects, each costing Rs. 500 million or above and all other projects where the infrastructure component is equal to or more than 30 percent of the total project cost.

During audit of the Civil Engineering Division, Water & Power, Skardu for the Financial Year 2021-22, it was noted that management undertook a development scheme titled “Shifting of 3.5 MW HPP Maqpoon Bridge to 02 MW HPP at Soq and 01 MW HPP PH-V at Katchura, Skardu” at approved cost of Rs.621.868 million as per P&DD, Govt. of Gilgit-Baltistan, Gilgit letter No.P&DD-8(43)P-2017 dated 27th May, 2021 through modified PC-I.

Similarly, during audit of the XEN, Generation, W&P, Gilgit for the Financial Year 2021-22, it was noted that management executed a development scheme titled “Construction of 06 MW Hydro Power Project, Kargah Gilgit” with approved cost of Rs.720.975 million as per original PC-I in 2018, which was revised/modified to Rs.999.400 million by GB-DWP on 17.10.2022 whereby an amount of Rs.692.426 million was spent till the date of revision/modification of original PC-I.

Audit observed that feasibility studies were not conducted before execution of these development projects in violation of provisions of development manual. Resultantly, in one of the project mentioned above, the cost was increased from Rs.720 million to almost Rs.1 billion.

Audit is of the view the irregularities occurred due to non-adherence to instructions of Planning Commission and ineffective internal controls.

The irregularities were pointed out during February and March, 2023. The management replied that the PC-I of the project has been prepared on the basis of feasibility study which is part of the original PC-I. The department decided not to involve consultants for the feasibility study and instead an in-house feasibility /survey was carried out by Engineer of W&P Department to save public money. Consumers of Skardu were facing huge load shedding. Therefore, the decision of in-house feasibility study was taken.

The reply was inconsistent with provisions of development manual.

The DAC meeting was held on 14.12.2023. The DAC was informed that the Government has already ordered an inquiry against project. The DAC directed that the findings shall be shared with the audit. Regarding project “Shifting of 3.5 MW HPP Maqpoon Bridge to 02 MW HPP at Soq and 01 MW HPP PH-V at Katchura, Skardu, the DAC directed that proper justification with documentary evidence may be provided to audit within one month.

Audit recommends that matter may be probed for fixing responsibility against the person(s) at fault.

AP-209 & 217/2022-23

**22.4.2 Irregular payment on account of mobilization advances without opening of LC- Rs.152.985 million**

Clause 33.1 (I & ii) of Particular Conditions of the Contract states that no payment including advance payments shall be made except the contractor has got completed the procedure for letter of credit (LC) between any scheduled bank of Pakistan and the Bank in the foreign country from where the machinery is being imported and the LC account has been opened. The concerned Executive Engineer shall readily verify the fact from the higher office of the bank, where such account has been opened and prior to making any payments including advanced payment. It shall be responsibility of the contractor to open the said account within a time period of 30 days from the date of issuance of commencement order. The advance payment shall be adjusted in the subsequent running bills. After adjustment of the advance, the guarantee for advance payment furnished by the contractor shall be released.

During audit of various formations of Water and Power Department, Gilgit-Baltistan for the financial year 2021-22, it was noted that mobilization advance amounting to Rs.152.985 million was paid to the contractors against different works during 2021-22. Details are as under:

(Amount in million)

S No.	AP No.	Name of Formation	Name of Work	Contractor	Contract Cost	Mobilization Advance
1.	228/ 22-23	Executive Engineer Water & Power Division, Ghizer	Uprating of 160 KW to 750 KW HPS, Birgal Ghizer, ((Supply, installation, commissioning & test running of turbo generation set)	AA Construction Company (JV) Hunan Sunny, Govt. Contractor, Gilgit	54.725	16.417
2.	206/ 22-23	XEN W&P Generation Division, Gilgit	supply, installation, commissioning and test running of 3X2 T/G Set for 6 MW HPP at Kargah	M/S M.K. Builders, Gilgit	172.500	51.750
3.	207/ 22-23	XEN W&P Generation Division, Gilgit	supply, installation, commissioning and test running of turbo generating sets for 3.5 MW HPP Hamaran Bilchar, Bagrote, Gilgit	M/S Sultan Mehmood & Sons	148.076	44.422
4.	210/ 22-23	XEN W&P Generation Division, Gilgit	supply, installation, commissioning and test running of 1X0.5 T/G set for 0.5 MW HPP at Chamugarh	M/S Muhammad Shahid JV MB Associates	29.300	8.790

5.	224/ 22-23	XEN W&P Division, Ghizer	Construction of 2 MW HPP, Ishkoman Ph-II, Ghizer (Supply, installation, commissioning & test running of turbo generation set)	M/S Khan Engineering JV Safdar Hussain & Brother	105.356	31.606
<b>Total</b>						<b>152.985</b>

Audit observed that mobilization advance was allowed to the contractors without verification of opening of LC as no record for opening of LC within 30 days from the issuance of commencement order was produced. Furthermore, guarantees against mobilization advance and stipulated time for completion was also expired but neither guarantee was validated nor extension of time was allowed by competent forum.

Audit is of the view that the irregularities occurred due to non-adherence to contractual provisions, and non-existent of internal controls.

The irregularities were pointed out during March to May, 2023. The management replied that contractors were facing difficulties in opening of letter of credit (LC) with banks. The management, therefore, decided to process the payment of 30% mobilization advances without waiting for LC. If the mobilization advances had not been paid, the dollar parity claims would have been increased manifold. Mobilization advances will be adjusted in the subsequent payments. Moreover, the contractors have been directed to extend insurance guarantee up to June 2024.

The reply was inconsistent with provision of contract agreement.

The DAC in its meeting held on 14.12.2023 took a serious note of the violation of contract deliverables and directed that delivery of all imported items be ensured by the contractors up to 30.06.2024 failing which mobilization advance along-with interest shall be recovered from the contractors.

Audit recommends that decision of the DAC may be implemented.

#### **22.4.3 Non-obtaining/revalidation of performance security/bank guarantees - Rs.63.291 million**

As per clause 10.1 (Performance Security) of the contract of the work and special stipulations (Appendix-A to Bid), the contractor shall provide performance security to the employer in the prescribed form. The said security shall be furnished or caused to be furnished by the contractor within 28 days after the receipt of the letter of acceptance. The performance security shall be of an amount equal to 10% of the contract price stated in the letter of acceptance. Such security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any scheduled bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a scheduled bank in Pakistan or (c) an insurance company having at least AA rating from PACRA/JCR.

Furthermore clause 10.2 of contract provides that performance security shall be valid until the contractor has executed and completed the works and remedied any defects therein in accordance with the contract.

During audit of the Civil Engineer Division, W&P, Skardu for the Financial Year 2021-22, it was noted that the management awarded various works relating to construction of power houses to different contractors amounting to Rs.632.917 million. Details are at **Annexure-3**.

Audit observed that in eight cases, the office failed to obtain/revalidate the performance security/bank guarantees from the contractors up to the date of completion of project and defect liability period.

Audit was of the view that non-obtaining/revalidation of performance guarantees valuing Rs.63.291 million (10% of the project cost) was a reflection of weak internal controls.

The irregularity was pointed out during February and March, 2023. The management replied that letters have been issued to contractor to re-validate the performance securities.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 14.12.2023 showed its displeasure regarding no-revalidation of performance securities pointed out by the audit and directed to get the guarantees of the bank re-validated the within one month, failing which, strict disciplinary action will be taken against the person(s) at fault.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 18.4.22 having financial impact of Rs.50.855 million. Recurrence of same irregularity is a matter of serious concern.*

AP-218/2022-23

#### **22.4.4 Non-recovery of mobilization advance – Rs.151.320 million**

According to clause 60.12 (a & b) of the contract agreement “an interest free mobilization advance up to 15% of the contract price stated in the letter of acceptance shall be paid to the contractor in two equal parts upon submission of a guarantee/bond for the full amount of the advance in the specified form from a scheduled bank or an insurance company acceptable to the employer. This advance shall be recovered in equal installments, first installment at the expiry of third month after the date of payment of first part of advance and the last installment two months before the date of completion of the works as per clause-43 thereof”.

During audit of different formations of Water and Power Department, Gilgit-Baltistan for the Financial Years 2021-22 and 2022-23, it was noted that different

divisions of the department paid mobilization advance to the contractors against different works. Details are at **Annexure-4**.

Audit observed that mobilization advance was not recovered within the stipulated period and undue favor was extended to the contractors. Moreover, in most cases the banks guarantee against which the advance was granted have been expired.

Audit is of the view that public money worth Rs.151.320 million on account of mobilization advance is outstanding against the contractor without any valid guarantees, which was reflection of poor control mechanism within the department.

The irregularities occurred due to non-adherence to the contractual provisions.

The irregularities were pointed out during February to November 2023. The management replied that an amount of Rs.168.830 million was paid to the contractors as mobilization advance against bank guarantees. An amount of Rs.17.518 million has been recovered. The balance amount of Rs.151.320 million will be adjusted/recovered in coming bills.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 14.12.2023 directed that recovery in question be made in the next running bill or within three months whichever is earlier and record/ evidence of recovery be got verified by the audit. The DAC also directed the management to ensure the recovery in accordance with provision of the agreement and rules.

Audit recommends that decision of the DAC may be implemented.

#### ***22.4.5 Irregular payment of mobilization advance – Rs.15.775 million***

According to clause 60.12 (a & b) of the contract agreement “an interest free Mobilization Advance up to 15% of the contract price stated in the letter of acceptance shall be paid by the contractor in two equal parts upon submission by the contractor of a mobilization advance guarantee/bond for the full amount of the advance in the specified form a scheduled bank or an insurance company acceptable to the employer. This advance shall be recovered in equal installments, first installment at the expiry of third month after the date of payment of first part of advance and the last installment two months before the date of completion of the works as per clause-43 hereof.

During the audit of different Executive Engineers Water & Power for the Financial Year 2021-22, it was noted that the offices awarded following works to different contractors.

(Rs. in million)						
S No.	AP No.	Name of Formation	Name of Work	Contractor	Contract Cost	Mobilization Advance

1.	108/2022-23	XEN W&P, Nagar	construction of 1.500MW HPP Budalas (supply and installation of 2x940KVA Step up Transformer i/c all accessories	M/s Ghulam Mehdi Khan & Sons JV Sikandar	7.033	2.110
2.	107/2022-23	-do-	construction of 02 MW Hydro Power Project at Hisper (supply, installation, commissioning & test running of 200KW turbo generation set i/c auxiliary transformer	M/s Janan & Sons	26.600	7.980
3.	238/2022-23	Civil Engineering Division, W&P, Gilgit	construction of 1.5 MW HPP Budalas (Forebay, Wasteway & Protective work/equipment	M/S Fida Ali Construction Co	37.094	5.685
<b>Total</b>						<b>15.775</b>

Audit observed that:-

- i. Against serial No.1 above, the mobilization advance of Rs.2.110 million was paid to contractor against the insurance bond for the period of 07.01.2022 to 06.01.2023 which stands expired. Further, the amount of the advance was not adjusted/recovered even after the expiry of original contract period from 18.01.2022 to 17.04.2022 (03 months).
- ii. Against serial No.2 above, the mobilization advance amounting to Rs.7.980 million was allowed to the contractor without opening of Letter of Credit and allowed against the insurance bond for the period of 12.11.2022 to 11.01.2023 which stands expired. Further, the advance was not adjusted/recovered even after lapse of one year.
- iii. In case of project at Sr. No.3 above, the contractor was allowed mobilization advance @ 30% of contract price amounting to Rs.11.371 million instead of 15% worth Rs.5.685 million vide 1<sup>st</sup> running bill vide Vr.No.89 dated 28.06.2019. Advance was paid in one-go instead of two equal installments. Further, advance was allowed against less value of mobilization guarantee/bond worth Rs.7.386 million instead of 11.371 million for a period of one year from 23.05.2020 to 22.05.2021 instead upto period of recovery.

Audit is of the view that the irregularities occurred due to non-adherence to the provision of contractual provision and ineffective implementation of internal controls.

The irregularities were pointed out during February and March, 2023. The management replied that mobilization advances were allowed as per contract agreements against insurance bond from company having at least AA rating from PACRA/JCR. It is further stated that advance could not be adjusted timely due to



non-completion of power houses. As soon as the site is clear for installation of transformer, the installation will be completed and advance will be adjusted accordingly.

The reply was not accepted as the advances were granted in violation of rules and recovery was not made in accordance with provision of agreement and rules.

The DAC in its meeting held on 14.12.2023 took serious note of allowing mobilization advance prior to completion of civil work. DAC further directed that work be completed, transformers be installed and recovery of mobilization be adjusted within next three months.

Audit recommends that decision of the DAC may be implemented.

**Note:** The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para number 16.5.11, 16.4.8 and 18.4.14 having financial impact of Rs.6.500 million, Rs.30.613 million and Rs.15.756 million respectively. Recurrence of same irregularity is a matter of serious concern.

#### 22.4.6 Non-recovery of secured advances – Rs.15.747 million

Para-228 of CPWA Code provides that recoveries of secured advances should not be postponed until the whole of the work entrusted to the contractor is completed. Further, Form-26(II) of CPWA Code, used for maintaining record of secured advances, provide that recovery of secured advance should be made within three months.

During audit of various Divisions of Water & Power Department for Financial Years 2021-22 and 2022-23, it was noted that secured advances amounting to Rs.23.604 million were paid to various contractors. Details are as under:

(Rs. in million)

S. No.	AP No.	Name of Division	Works	Contractor	Amount
1.	204/2022-23	XEN, Generation, W&P, Gilgit	Const. of 6 MW HPP at Kargah, Gilgit	M/S Naeemullah Khan,	11.273
2.	212/2022-23	-do-	supply/installation & commissioning of Girder Crane 25 Ton Capacity for 3.5 MW HPP Hamran Bilchar, Bagrote, Gilgit	M/S Ijlal Hussain Hashmi	2.995
3.	213/2022-23	-do-	supply/installation & commissioning of Girder Crane 20 Ton Capacity for 06 MW HPP Kargah	M/S Muhammad Wazir	4.474
4.	484/2023-24	XEN W&P Hunza	S/F of 1250 KVA Stepup transformer' under the project 'construction of 01MW HPP Chipurson Gojal Hunza	M/s Ateeq ur Rehman (JV) M/s Hussain Ali	3.307

5.	485/2023-24	-do-	S/F of 11 KV control panel with HT cable' under the project 'construction of 01MW HPP Chipurson Gojal Hunza	M/s Mujeeb Ullah Baig	1.555
<b>Total</b>					<b>23.604</b>

Audit observed that the management did not recover the secured advances in stipulated time period in violation of rules.

Audit is of the view that non-adjustment of advance occurred due to non-adherence to the provisions of CPWA code and ineffective implementation of internal controls.

The irregularities were pointed out during March to October 2023. The management replied that in few cases adjustment of advances could not be made due to pending civil works. As soon as the works are completed the adjustment will be made accordingly.

The management has accepted the point of view of the audit.

The DAC meeting was held on 14.12.2023. DAC showed its displeasure for not watching the proper utilization of advances and directed the management to expedite the completion of supply of machinery & equipments and execution of civil works within 3 months besides ensuring the full adjustment of advances.

Audit recommends that decision of the DAC may be implemented.

#### ***22.4.7 Non-recovery of insurance premium due to non-effecting of insurance policy – Rs.34.626 million***

Clause 43.11 & 43.12 of PCoC – Part-II states that the contractor shall procure and submit the insurance cover from insurance company operating in Pakistan with financial strength rating of “AA” approved by PACRA or JCR including National Insurance Company (NIC) of Pakistan under this clause within a period of 28 days from the date of receipt of LoA from employer. Failure of the contractor to meet the time for submission of insurances cover entitles the employer to deduct from the Contract Price PKR 100,000 for each day, including holidays of delay or part therefore; but to a maximum limit of 5% of the contract price as stated in the letter of acceptance (LoA).

During audit of the various Divisions of Water & Power Department for the Financial Year 2021-22, it was noted that the management awarded infrastructure works relating to construction of power houses amounting to Rs.3,041.238 million to different contractors. Details are as under:

**(Rs. in million)**

S. No.	AP No.	Name of Division	Works	Contractor	Contract cost	Insurance cover
1.	215/2022-23	Civil Engineering Division, Water	Different Civil Works	Different Contactors	632.917	6.329

		& Power, Skardu				
2.	229/ 2022-23	XEN, W&P Division, Ghizer	Construction of 2 MW HPP, Ishkoman Ph-II, Ghizer (Supply, installation, commissioning & test running of turbo generation set	M/S Khan Engineering JV Safdar Hussain & Brother	105.356	5.268
3.	236/ 2022-23	XEN, CED, Gilgit	Different Civil Works	Different Contactors	2,145.698	21.457
4.	825/ 2023-24	XEN Water & Power Division, Ghanche	-do-	-do-	157.267	1.572
<b>Total</b>					<b>3,041.238</b>	<b>34.626</b>

Audit observed that the management neither obtained insurance policy against the works as per contractual provision nor deducted inbuilt cost of insurance premium/ insurance cover amounting to Rs.34.626 million from the contractors.

Audit is of the view that the management extended undue favor to the contractors as premium cost Rs.34.626 million was not recovered from the contractors.

The irregularities occurred due to non-adherence to the contractual provisions and weak internal controls.

The irregularities were pointed out during March and May, 2023. The management replied that there is no practice at present or in the past for making the contractor liable to produce insurance policy for the works together with machinery/plant. However, in future, the said clause of contract will be implemented in its true letter and spirit.

The reply was inconsistent with rules.

The DAC in its meeting held on 14.12.2023 directed that 1% inbuilt cost worth Rs.34.626 million as pointed out by the audit be recovered from the contractors in their next running bills or they may be directed to provide insurance coverage within one month and evidence of recovery or insurance coverage may be submitted to audit for verification.

Audit recommends that the decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 18.4.13 having financial impact of Rs.24.624 million. Recurrence of same irregularity is a matter of serious concern.*

### 22.4.8 Irregular payment of escalation cost - Rs.10.714 million

Para 2.62 (xviii) of Manual for Development Projects issued by Planning Commission states that escalation charges, maximum up to 6.5 percent per annum of the base cost, will be allowed based on justification from the 2<sup>nd</sup> year of the project.

During audit of different formations of Water and Power Department, Gilgit-Baltistan for the financial year 2021-22 it was noted that various works were awarded to contractors and price adjustment/escalation was paid to the contractors. Details are as under:

(Rs. in million)

S No.	AP No.	Name of Formation	Name of Work	Contractor	Date of commencement	Contract Cost	escalation (during 1 <sup>st</sup> year of the project)
1.	233/2022-23	Civil Engineering Division, Gilgit	Construction of 2 MW HPP project Hisper River Nagar-I (Civil Works)	M/S Shoukat Ali	20.06.2016	218.329	5.145
2.	205/2022-23	XEN, Generation W&P, Gilgit	Construction of 6 MW HPP at Kargah Gilgit E&M Works (Penstock pipe and allied civil works)	M/S Afsar Jan & Sons	24.11.2018	291.394	4.288
3.	235/2022-23	Civil Engineering Division, Gilgit	Construction of 1 MW HPP Station Chupurson Gojal, Hunza (Civil Work)	M/S SMA Enterprises (Jv) MK Builders,	20.11.2019	114.336	1.281
<b>Total</b>							<b>10.714</b>

Audit observed that escalation charges amounting Rs.10.714 million were paid to the contractors during 1<sup>st</sup> year of project, which was not admissible as per guidelines of Planning Commission. The payment of escalation charges during 1<sup>st</sup> year of the contract was irregular and undue favor to the contractor.

Audit is of the view that overpayment on escalation charges occurred due to non-adherence to the project management guidelines and weak internal controls.

The irregularities were pointed out during February and March, 2023. The management replied that the department has adopted the PEC guide lines where clear procedure is elaborated, as per price adjustment under clause 70. Therefore, as per this clause, the price adjustment from the date of start of the project is obligation of the department.

The reply is not accepted as the escalation charges were due from the 2<sup>nd</sup> year of the project.

The DAC in its meeting held on 14.12.2023 directed the department to recover the amount paid as price escalation from the contractors in the next running bill. The DAC also directed that such charges should be regulated in accordance with guidelines of Planning Commission.

Audit recommends that decision of the DAC may be implemented.

#### **22.4.9 Overpayment of dollar parity claim – Rs.109.388 million**

Clause-33.1(v) of Special Conditions of the Contract states that the base exchange rate of rupees to US Dollar will be purchase of US Dollar 28 days prior to date of opening of bids, any fluctuation in US Dollar rates will be paid deducted only for the CIF cost of the equipment at the port of entry in Pakistan. This clause shall be applicable according to the delivery schedule. Any price difference in US dollar and any other foreign currency shall not be entertained in case of late delivery due to any reason. Dollar difference will be restricted to delivery schedule only.

During the audit of different Executive Engineers of Water and Power Department for the Financial Years 2021-22 and 2022-23, it was noted that the divisions paid dollar parity amounting to Rs.125.953 million to different contractors. Details are as under:

(Rs. in million)							
S. No.	AP No.	Name of Division	Work	Contractor	Parity Due	Parity Made	Difference
1.	222/2022-23	Executive Engineer GBHEW, Gilgit	Commissioning and Test running of 01 MW Alternator Bagrote Gilgit	M/S MK Builders	4.309	6.072	1.763
2.	493/2023-24	Executive Engineer Nagar	Installation, commissioning and test running of turbo generating sets	M/S Safdar Hussain & Brothers	12.687	21.687	9.431
3.	731/2023-24	Executive Engineer, Water & Power Division, Astore	Supply & Installation of 2x500 KW/1 MW TG Set for Hydro Power Station, Terishing, Astore	M/S Mushtaq Ali	0	12.243	12.243
4.	736/2023-24	-do-	Supply & Installation of 2 MW TG Set for Hydro Power Project, Yeshleto, Astore	M/S Zeal Enterprises, (JV) Pearl International, Gilgit	0	58.400	58.400
5.	733/2023-24	-do-	Supply & Installation of 2MW Hydel Power Project, Dichil, Astore	M/S Muhammad Yousaf & Sons	0	27.551	27.551

<b>Total</b>	<b>16.996</b>	<b>125.953</b>	<b>109.388</b>
--------------	---------------	----------------	----------------

Audit observed that the contractors failed to make supply, testing & commissioning and installation of equipments within the stipulated period of time. Therefore, the contractors were only entitled for dollar parity amounting to Rs.16.996 million, whereas, the management paid Rs.125.953 million which resulted in overpayment of Rs.109.388 million.

Audit was of the view that dollar parity amounting to Rs.125.953 million was allowed to the contractors due to non-adherence to the contractual provisions and weak internal controls.

The irregularities were pointed out in June to September 2023. Regarding payment at Sr. No.01 the management replied that overpaid amount will be recovered from the contractor. Regarding payment at Sr. No.02 it was replied that the case was sub-judice and the payment of mobilization was stopped till decision of the case. Later, proper time extension was granted and delivery schedule was considered based on the time extension granted. Regarding payments at Sr. No.03 to 05 it was stated that a committee was constituted to examine the dollar parity issues and payment was made in accordance with decision of the committee.

The reply was not accepted as committee was not authorized to go beyond the agreed terms and conditions of contractual provisions.

The DAC in its meeting held on 22.12.2023 directed that the department shall provide evidence of litigation, revised drawn contract agreement and revised letter of start, revised delivery schedule and evidence of mobilization advance to audit for verification. DAC further directed that recovery pointed out by the audit at Sr. No.03 to 05 may be recalculated by applying conversion rate of dollar as applicable during stipulated time period.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 18.4.15 having financial impact of Rs.5.167 million. Recurrence of same irregularity is a matter of serious concern.*

#### **22.4.10 Unauthorized creation of liability - Rs.99.968 million**

Section-4 of Finance Act-2021 of Gilgit-Baltistan states that under regular grants, in order to carry out repair and maintenance works, Administrative Secretaries of works and water & power departments shall not issue Administrative Approval without securing prior funds or without seeking written permission from Finance Department, as the case may be. In case, Engineers execute work before Administrative Approval is issued, the liability shall be deemed as an illegal liability and they shall be penalized under E&D Rules and cost involved shall be recovered from their salary at source.

During the audit of different Executive Engineers of Water and Power Department for the Financial Years 2021-22 and 2022-23, it was noted that the divisions executed different repair/maintenance works and created liability of Rs.99.968 million. Details are as under:

**(Rs. in million)**

S. No.	AP No.	Name of Division	Amount
1.	104/2022-23	Executive Engineer Water and Power Division, Nagar	3.012
2.	371/2023-24	Executive Engineer Water & Power (Operation/Billing) Division	54.996
3.	479/2023-24	Executive Engineer W&P Hunza	28.216
4.	672/2023-24	Executive Engineer Water & Power Division, Kharmang	13.744
<b>Total</b>			<b>99.968</b>

Audit observed that liabilities of Rs.99.968 million was created in violation of provision of Finance Act, 2021.

Audit is of the view that the irregularity occurred due to non-adherence to the provision of Finance Act, 2021 and ineffective implementation of internal controls.

The irregularity was pointed out during March to November, 2023. The management replied that in order to keep a smooth supply of electricity, the department has to execute some works over and above the allocated budget. However, all the cases were brought to the notice of higher authorities.

The reply was inconsistent with the provision of Finance Act, 2021.

The DAC in its meetings held on 14.12.2023 and 22.12.2023 expressed serious concern on creation of liabilities and directed to serve show cause notices to the concerned officers involved in creation of liabilities. DAC further directed that a summary be moved for Cabinet for regularizing the matter.

Audit recommends that the decision of the DAC may be implemented.

#### ***22.4.11 Non-recovery of electricity charges – Rs.93.419 million***

Para 26 of General Financial Rules (Vol-I) states that it is the duty of controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited to Public Account.

During the audit of different Executive Engineer Water & Power department for the Financial Years 2021-22 and 2022-23, it was noted that an amount of Rs.93.419 million was outstanding on account of electricity bills against consumers. Division wise details are as under:

**(Rs. in million)**

S. No.	AP No.	Name of Division	Amount
1.	111/2022-23	Executive Engineer Water & Power Nagar	2.531
2.	373/2023-24	Executive Engineer Water & Power (Operation/Billing) Division	32.13
3.	654/2023-24	Executive Engineer, Water & Power (Billing) Division	22.329

4.	674/2023-24	Executive Engineer, Water & Power Division, Kharmang	11.892
5.	487/2023-24	Executive Engineer Water & Power Hunza	1.935
6.	823/2023-24	Executive Engineer Water & Power Division, Ghanche	17.418
7.	498/2023-24	Executive Engineer Water & Power Nagar	2.806
8.	706/2023-24	Executive Engineer Water and Power Division Shigar	2.378
<b>Total</b>			<b>93.419</b>

Audit observed that management could not recover electricity charges from the private/commercial consumers and resultantly government was deprived from the benefit of its revenue.

Audit is of the view that irregularity occurred due to weak internal controls.

The irregularities were pointed out during March to November, 2023. The management replied that the concerned department is putting every effort to recover electricity charges from the consumers. In this regard different teams have been constituted to recover outstanding dues and carry out operation against electricity pilferage.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 14.12.2023 and 22.12.2023 directed that recovery of outstanding dues worth Rs.93.419 million against electricity charges may be recovered and reconciled with the audit within one month. DAC further directed that in case of non-deposit of electricity bill by a consumer for a month, the department shall issue disconnection notice in the next month bill and in case of non-compliance, electricity connection will be disconnected.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para number 16.5.2, 16.4.1 and 18.4.11 having financial impact of Rs.144.909 million, Rs.338.992 and Rs.52.336 million respectively. Recurrence of same irregularity is a matter of serious concern.*

**22.4.12 Non-auction of copper/aluminum scrap and burnout wire - Rs.2.871 million**

Para-5 of SOP issued on 17.09.2021 in pursuance with Gilgit-Baltistan Finance Act-2021 by Gilgit-Baltistan Water & Power Department, states that in no case the scrap against the replaced/repared items shall be allowed to be deducted from the bills of the contractors/suppliers. Every division shall keep the scrap against repair works in a safe manner and maintain a record of the same for auctioning on



quarterly basis and the proceeding/record of the auction shall be shared with regional offices.

During the audit of Executive Engineer Water & Power Nagar for the Financial Year 2021-22, it was noted that the office repaired 28 transformers of different capacity and accumulated copper scrap of 3190 kg.

Audit observed that scrap cost was adjusted in the contractor bill @ Rs. 600/ per kg instead of auction through open competition. The copper scrap is being sold in market @ Rs.1,500/ per kg. Resultantly, the government sustained a loss of Rs.2.871 million (3190 KG (x) Rs.900 (Rs.1500-Rs.600)).

Audit is of the view that government sustained a loss due to non-adherence to the government instructions.

The irregularity was pointed out during March, 2023. The management replied that most of the transformers were installed in far flung areas and wherever a transformer is damaged it is repaired at site. There is no store available in Nagar for storage of scrap material. Under the circumstances the adjustment of scrap cost was made instead of storing and auctioning of scrap. The adjustment cost of copper scrap has now been increased from Rs.600/ per kg to Rs.1400/ per kg.

The reply was not accepted as the adjustment of scrap was made in violation of SoPs issued by the management.

The DAC in its meeting held on 14.12.2023 directed that the amount may be recovered from contractors beside ensuring disposal of scrap in accordance with provision of Finance Act.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 18.4.16 having financial impact of Rs.4.107 million. Recurrence of same irregularity is a matter of serious concern.*

AP-112/2022-23

#### ***22.4.13 Irregular payment due to measurement of defective works – Rs.3.839 million***

Clause 20.2 of General Condition of Contracts GCoC-Part-I provides that if any loss or damage happens to the Works, or any part thereof, or materials or plant for incorporation therein, during the period for which the contractor is responsible for the care thereof, from any cause whatsoever, other than the risks defined in Sub-clause 20.4, the contractor shall, at his own cost, rectify such loss or damage so that the permanent works conform in every respect with the provisions of the contract to the satisfaction of the Engineer.

During audit of the Civil Engineering Division, W&P, Chilas for Financial Year 2021-22, it was noted that the management awarded a work “construction of 2 MW HP at Dichel, Dashkin, Astore (Power Channel)” at agreed cost of Rs.81.299 million to M/S Raja Sher Shah, on 07.06.2018 with a completion period of 36

months. 10<sup>th</sup> running bill was paid with a total value of work done Rs.52.996 million on 25.05.2023.

Audit observed that payment made included an amount of Rs.3.840 million for rectification of damaged works. Details are as under:

(Rs. in million)							
S. No	Description	Qty	Rate	Unit	Amount	Premium	Total Amount
1	l(b)-Execution & cutting in soft rock by hammering & chiseling and pick & jumper work etc. - (RD-200-2400)	6343.53	159.63	Cu.m	1.013	60%	1.620
2	P/L 1:4:8 PCC etc – (RD-2200-2400)	71.71	1660.34	Cu.m	0.119	180%	0.214
3	P/L uncoursed rubble masonry 1:6 in CM etc - 2200-2350 ---	424.75	1686	Cu.m	0.716	180%	2.005
<b>Total:-</b>							<b>3.839</b>

As per contractual provision, the contractor was required to rectify the damaged work at his own cost in accordance with provision of the contract, therefore, payment of Rs.3.840 million to the contractor for rectification work was irregular.

Audit is of the view that extra payment was allowed due to non-adherence to the contractual clauses and ineffective internal controls.

The irregularity was pointed out during June, 2023. The management replied that during heavy rains the power channel constructed by the contractor was damaged in some portions and the contractor rectified the damages at his own cost. Keeping in view the vulnerability and site conditions, strengthening of power channel was unavoidable. Hence as per clause 51.1 of CA the additional work required as per site condition was executed through the contractor with the formal approval of the competent authority.

The reply was not accepted as the contractor was required to execute the defective work at his own cost in accordance with provisions of contract.

The DAC meeting was held on 14.12.2023. The DAC did not accept the view of department and directed to recover the amount of Rs.3.839 million from the contractor.

Audit recommends that decision of the DAC may be implemented.

AP-274/2022-23

#### ***22.4.14 Over payment due to allowing higher rates – Rs.3.789 million***

According to agreement signed with M/S Hussain Ali & Sons on 17.06.2019 the contractor was required for provision and laying cold worked twisted ribbed steel reinforcement bars with minimum yield stress of 60,000 psi and including the cost of

straining, cutting, bending, binding, wastage complete in all kinds of RCC work was Rs.5633.30 P/Cwt under SR-168.

During audit of the Civil Engineering Division, Gilgit for Financial Year 2021-22, it was noted that the management awarded a work 'construction of 02 MW HPP at Ishkoman PH-II (penstock pipe I/C Civil Work) to M/S Hussain Ali & Sons, Govt. Contractor, Gilgit at contract cost Rs.300.629 million vide acceptance letter No.EE-W&P/AB-12/2018-19/118 dated 17.06.2019. 13<sup>th</sup> running bill was paid to the contractor against total value of work done Rs.170.892 million.

Audit observed that 6259.54 Cwt quantities under items "Providing and laying cold worked twisted ribbed steel reinforcement bars with minimum yield stress of 60,000 psi (SR-168) were measured and paid @ Rs.6249.94 P/Cwt plus 50% premium (Under SR-166) amounting to Rs.56.683 million (6259.54 x 6249.94=39,121,749.43+50%=56,682,624). Whereas, actual amount under (SR-168) @Rs.5633.30 P/Cwt was worked out to Rs.52.893 million (6259.54 x 5633.30=35,261866.68+50%. =52,892,800) causing an overpayment of Rs.3.789 million (56,682,624 - 52,892,800).

Audit is of the view that overpayment occurred due to application of unjustified rates and ineffective implementation of internal controls.

The irregularity was pointed out during February, 2023. The management replied that the amount of Rs. 3.789 million as indicated by audit will be recovered from the next bill.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 14.12.2023 directed that recovery may be affected in the next running bill of the contractor and got it verified from the audit.

Audit recommends that decision of the DAC may be implemented.

AP-234/2022-23

#### ***22.4.15 Non-adjustment/receipt of vouched accounts of land acquisition from revenue department – Rs.20.373 million***

Para-207(3) of GFR Vol-1 states the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized for the purpose for which it was provided.

During the audit of the XEN Civil Engineering Division, W&P, Skardu for Financial Years 2021-22 and 2022-23, it was noted that the management made an advance payment worth Rs.20.373 million to different Deputy Commissioners/Land Acquisition Collectors of Baltistan Region on account of land acquisition for various projects. The detail is reflected as under:

					(Rs. in million)
S. No.	Payees				Amount
1	Deputy Commissioner/Land Acquisition Collector,	Shiger			1.180
2	Deputy Commissioner/Land Acquisition Collector,	Ghanche			1.067
3	Deputy Commissioner/Land Acquisition Collector,	Skardu			5.330
4	Deputy Commissioner/Land Acquisition Collector,	Skardu			7.109
5	Deputy Commissioner/Land Acquisition Collector,	Skardu			5.687
<b>Total</b>					<b>20.373</b>

Audit observed that the management neither obtained adjustment account nor acquired land was mutated in the name of the Gilgit-Baltistan Government.

Audit is of the view that non-adjustment of the advances and non-mutation of the acquired land was due to non-pursuance of the matter with the concerned revenue departments.

The irregularity was pointed out during February and March, 2023. The management replied that staff of this department has been deputed to approach revenue staff to receive vouched account of the advance payment and to mutate the land in the name of Gilgit-Baltistan Govt.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 14.12.2023 directed that vouched accounts may be obtained from Revenue Department within three months.

Audit recommends that decision of the DAC may be implemented.

**Note:** The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 18.4.27 having financial impact of Rs.2,314.377 million. Recurrence of same irregularity is a matter of serious concern.

AP-219/2022-23 and 549/2023-24

#### **22.4.16 Irregular utilization of departmental charges – Rs.5.402 million**

Rule-7(i) of Federal Treasury Rule states all moneys received by or tendered to Government officers on account of the revenues shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated Fund of the Federal Government. Moneys received as aforesaid shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government.

During audit of Water & Power Division (Operation and Billing), Gilgit for Financial Year 2022-223, it was noted the management incurred an amount of Rs.2.500 million for execution of different works. Details are as under:

S	Names of Deposit Works	Utilization of 17%	Amount
---	------------------------	--------------------	--------

No.		Departmental Charges against works	(million)
1.	P/F of 50 KVA Transformer at UNICEF Office Gilgit	POL charges	0.215
2.	Provision of Electricity and installation of 100 KVA transformer for OPSP Office, Gilgit	Stationery and advertisement charges	0.330
3.	Removal of utilities of T/D from Gilgit to Shandur Road (NHA)	Establishment of Account Branch Office Building & Repair	1.955
<b>Total</b>			<b>2.500</b>

Similarly, during audit of XEN Water and Power Division Shigar, for the Financial Year 2022-23, it was noted that the management made an expenditure of Rs.2.902 million on purchase of various electrical items.

Audit observed that the expenditure was made out of proceeds of 17% departmental charges. The departmental charges received by the department are revenue/receipt of the government and part of Provincial Consolidated Fund and could not be expended by the department unless authenticated by the Act of Parliament/Provincial Assembly as part of budget. Therefore, the expenditure from revenue was irregular,

Audit is of the view that irregularity occurred due to non-adherence of government instructions and rules.

The irregularity was pointed out during August 2023. The management replied that expenditure against 17% Departmental Charges was made in accordance with Revised Tarff, 2022 approved by the Gilgit Baltistan Cabinet.

The reply was not accepted as the government revenue cannot be expended by the department itself without making it part of budget and should be remitted in government treasury.

The DAC in its meeting held on 22.12.2023 directed that a summary shall be moved to Gilgit-Baltistan Cabinet with the request to re-consider its decision in the light of audit observation.

Audit recommends that the departmental charges may be deposited into government treasury.

AP-378 and 710 /2023-24

#### **22.4.17 Where-about of damaged HT & LT poles not-known - Rs.1.698 million**

According to Para 23 of GFR Vol-I, every Government officer is personally responsible for any loss sustained by Government through fraud or negligence either on his part or on the part of his subordinate staff.

During audit of Water & Power (Operation) Division, Gilgit for Financial Year 2022-23, it was noted that that the management executed 11 works relating to “Restoration of T&D lines” whereby management paid Rs.3.397 million as a replacement of 20 HT & 28 LT damaged poles.

Audit observed that neither damaged poles were taken on stock nor adjustment was made in the payment made to the contractor. The scrap value of damaged poles was worked out on basis of 50% of replacement cost Rs.1.698 million (50% of replacement cost Rs.3.397 million).

Audit is of the view that irregularity occurred due to negligence of the department.

The irregularity was pointed out during August 2023. The management replied that damaged poles were either available at site or have been used in the same or elsewhere in the TD network.

The reply is based on assumption as the management is not aware of the availability of replaced/ damaged poles.

The DAC in its meeting held on 22.12.2023 showed its serious concern regarding the negligence of the division and directed that inventory of damaged poles and its further utilization be prepared and get it verified by the audit.

Audit recommends that matter may be investigated by taken appropriate action against the person(s) at fault besides strengthening the internal controls.

AP-379/2023-24

#### **22.4.18 Irregular execution of work at site – Rs.56.701 million**

According to P&D Division, Government of Pakistan letter No.20(1)DA/PC/79-Vol,XIV Islamabad the 22.06.1980, no expenditure be allowed to be incurred over the approved cost unless further approved by the ECNEC/competent authority.

During audit of Executive Engineer Nagar for the Financial Year 2022-23, it was noted that the management awarded a contract to M/s Shoukat Ali on 15.12.2015 at a cost of Rs.99.519 million. Upto 18<sup>th</sup> running bill payment of Rs.153.109 million has already been made to the contractor against different component of civil works. Details are as under:

(Rs. in million)				
S. No.	Sub Head	CA Cost	Payment made to contractor	Overpayment
1.	Connecting Channel	2.453	11.437	8.984
2.	Sand Trap	21.281	22.609	1.328
3.	Forebay	29.335	35.970	6.635

4.	Penstock pipe supported pillars/anchor block	1.369	7.123	5.754
5.	Penstock pipe (civil work)	9.848	41.381	31.533
6.	Approach road	2.570	5.037	2.467
<b>Total</b>		<b>66.856</b>	<b>123.557</b>	<b>56.701</b>

Audit observed that the scope of the work was enhanced upto 84% by executing additional work valuing Rs.56.701 million without the approval of competent authority.

Audit is of the view that the execution of additional work by enhancing scope of work without approval of competent forum was irregular.

The irregularity was pointed out in September 2023. The management replied that para pertains to Civil Engineering Division, Gilgit Region.

The reply is not satisfactory as the PAO was responsible for ensuring reply from the respective division.

The DAC in its meeting held on 22.12.2023 pended the para and directed to get the reply from CED, Gilgit.

Audit recommends that responsibility may be fixed for executing the additional work without approval of competent forum.

AP-489/2023-24

#### **22.4.19 Overpayment due to non-deduction of stacking cost - Rs. 2.869 million**

As per Pak PWD specification 28.1-11, material obtained from the item 'Excavation or cutting in hard rock by blasting, including sorting and stacking the excavated stuff complete' will be close stacked. If any material is un-stackable, payment @ 50% of the quoted rate for hard rock is admissible.

During audit of Civil Engineer Water and Power Baltistan Division Skardu for the Financial Year 2022-23, it was noted that the management awarded the works "Shifting of 3.5 MW HPP Magpoon Bridge to (02 MW at soq and 01 MW at Ph-V Kachura Skardu" to M/S Rasool Shah and co. 9<sup>th</sup> Running Bill was paid on 17.01.2023 with total value of work done Rs.44.137 million.

Audit observed that the department executed the cutting of soft & hard rock and over paid an amount Rs.1.305 million in these items which included stacking of serviceable material. Details are as under:

Available Material	Available quantity 50%	Quantity Utilized	Remaining quantity	Rate plus premium	Amount (million)
Cutting in soft rock by hammering and Chiseling	25926+29038 6 x .5 = 158,156	95463 + 516+15390 = 111369	46787	1483.84 + 24%	0.861

Cutting in rock by blasting	25926 x .5 = 12,963	-	12963	2285.58 + 50%	0.444
<b>Total</b>					<b>1.305</b>

Audit further observed that XEN Water & Power (Generation) Division, Gilgit executed different projects involving excavation of hard rock & soft rock items and paid Rs.3.292 million. The management did not recover/ adjust stacking cost @ 47.50% of composite rate of item, which comes to Rs.1.564 million and consequently the contractor was overpaid to the extent of Rs.1.564 million.

Audit is of the view that non-adjustment of stacking cost resulted in overpayment to the contractor.

The irregularity was pointed out during September, 2023. The department replied that recoveries pointed out by audit will be recovered in the next bill of the contractors.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 22.12.2023 directed to get the amount recovered from the contractors.

Audit recommends that recovery of overpayment may be made besides fixing responsibility on the person(s) at fault.

AP-547 and 772/2023-24

#### **22.4.20 Overpayment due to allowing higher rate – Rs. 2.540 million**

Para 228, 229 CPWA Code provides that advances to contractors are as a rule prohibited, and every endeavor should be made to maintain a system, under which no payments are made except for actual work done.

During audit of Civil Engineer Water and Power Baltistan Division Skardu for the Financial Year 2022-23, it was noted that the management awarded the works “Construction of 300 KW Micro hydel power project at Kanday (Contract 1)” to Mumtaz Ali & Brothers. 8<sup>th</sup> Running Bill with total value of work done Rs.12.931 million was paid on 16.06.2023. Similarly, contract of “Construction of Power Channel, Forebay, S/Tank, Approach road, RCC vulverts, intake Structure and Public Channel Contract 2” was awarded to Haji Mohammad Ali & Sons, Haji Mohammad Ibrahim & brothers with Brine Associates (JV). 4<sup>th</sup> Running Bill with total value of work done Rs.38.473 million through voucher no. 22 dated 16.06.2023

Audit observed as under:

- i. The Item “Excavation for foundation trenches and drains in gravelly soil and back filling the excavated material in foundation trenches plinth or under floor including breaking clods, watering, consolidation by ramming in layers not exceeding 9 inches (229 mm) in depth to full compaction, dressing and



disposal of surplus excavated stuff as directed lead upto one chain (30.5 R.m) and lift upto 5 feet (1.52 m)” for total quantity of work 134,803.78 Cft @ 714.27 instead of Rs. 513.55 details are as under:

$$(714.27-513.55 \times 31366.19) = 62,958 \text{ (Contract1)}$$

$$(714.27-513.55 \times 103,437.78 + 148\% \text{ Premium}) = \frac{514,897}{577,852} \text{ (Contract 2)}$$

- ii. Similarly, 44,620.57 quantity against the item i.e. “providing and laying dry uncoursed rubble masonry in retaining or compound wall including scaffolding complete” was filled-in in construction of side drain and shingle road and item was paid @ Rs.6,917.46 per % cft. However, voids @ 35% were not deducted from the total quantity of dry uncoursed rubble masonry measure/ paid. Due to this excessive quantity to the extent of 110,805.74 cft (427,393.57 x 35/135). This resulted an over payment of;
- $$(4534.74 \times 35/135) 1175.67 \times @ 6917.46 = 81,327$$
- $$(422,85.83 \times 35/135) 10963.1 \times 6917.46 + 148\% \text{ premium} = \frac{1,880,734}{1,962,061}$$

Audit is of the view that the irregularity incurred due to non-adherence to the provision of CPWA code and inefficient implementation of internal controls.

The irregularity was pointed out during September, 2023. The department replied that the recoveries as pointed out by audit will be affected from the contractors.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 22.12.2023 directed to recover the amount from concerned contractors.

Audit recommends that overpayment may be recovered from contractors.

AP-548/2023-24

#### **22.4.21 Overpayment of price adjustment – Rs. 7.156 million**

According to clause 70.1(e) of particular conditions of contract (Part-II), if the contractor fails to complete the works within the time for completion prescribed under Clause 43, adjustment of prices thereafter until the date of completion of the works shall be made using either the indices or prices relating to the prescribed time for completion, or the current indices or prices, whichever is more favorable to the employer, provided that if an extension of time is granted pursuant to clause 44, the above provision shall apply only to adjustments made after the expiry of such extension of time.

Sub-para (a)&(b) of para-1 of planning commission’s letter No. No. 23(1-DDWP)/PIA-I/PC/2017, dated 15th March, 2019 states that principal accounting

officer of the sponsoring/executing agency may grant time extension in execution period of the project till closing of the financial year, two times in a project life, irrespective of approving fora. In case of further extension, the provincial and special areas' development working party will be empowered to grant time extension on the basis of reasons of delay in execution, irrespective of approving fora.

During audit of Executive Engineer, Water & Power, Skardu for Financial Year 2022-23, it was noted that the management awarded work "Construction of 3.5 MW HPP at Maqpoon Bridge Skardu (S/F of Penstock pipe, accessories and allied civil work)" to M/s AAJ Sons (Pvt) Limited, Government Contractor at agreed cost of Rs.306.266 million vide acceptance letter dated 12.06.2018 with a completion period of 36 months. Revised/Modified PC-I was approved at the cost of Rs.621.868 million out of which cost component of Civil Work was Rs.157.258 million. 6<sup>th</sup> running bill was paid to the contractor on 26.06.2023 with a total value of work done Rs.134.828 million. In addition, the contractor was paid Rs.67.032 million on account of price adjustment/escalation upto 6<sup>th</sup> running bill.

Audit observed that price adjustment factor  $P_n=1.849$ , which was calculated and applied against 3<sup>rd</sup> running bill was most favorable factor during the stipulated period of completion of work. The management paid Rs.19.530 million on account of price adjustment by applying factor  $P_n=2.34$ . By applying this factor, the amount of price adjustment was worked out to be Rs.19.531 million ( $14.575 \times 2.34 = \text{Rs.}34.106 - \text{Rs.}14.575$ ).

Audit is of the view that price adjustment Rs.12.374 million ( $14.575 \times 1.849 = \text{Rs.}26.949 - \text{Rs.}14.575$ ) should have been paid by applying factor  $P_n=1.849$  which was most favorable factor to the employer for the un-extended period of completion of work. This resulted into overpayment of price adjustment amounting to Rs.7.156 million ( $19.530 - 12.374$  million).

Audit is of the view that overpayment occurred due to non-adherence to the provision of contract clause and ineffective implementation of internal controls.

The irregularity was pointed out during October, 2023. The management replied that the price adjustments against 3<sup>rd</sup> to 6<sup>th</sup> Running Bills were calculated as per the standard procedure and formula for Price Adjustment (2<sup>nd</sup> Edition 2022) set by the Pakistan Engineering Council.

The reply was not accepted as the contractor was allowed price escalation by not applying most favorable  $P_n$  factor for the extended period of the contract.

The DAC in its meeting held on 22.12.2023 ordered a fact-finding inquiry headed by Additional Secretary, Water & Power Department by setting audit observations as its TOR and directed to submit its findings within 15 days.

Audit recommends that responsibility may be fixed for the irregularity.

AP-652/2023-24



## CHAPTER-23

### 23. WATER MANAGEMENT & IRRIGATION DEPARTMENT

#### 23.1 Introduction

A. Water Management & Irrigation Department deals with management of watersheds, soil conservation, improvement in the productivity of land, soil fertility and improvement of water courses.

#### Audit Profile of Water Management & Irrigation Department

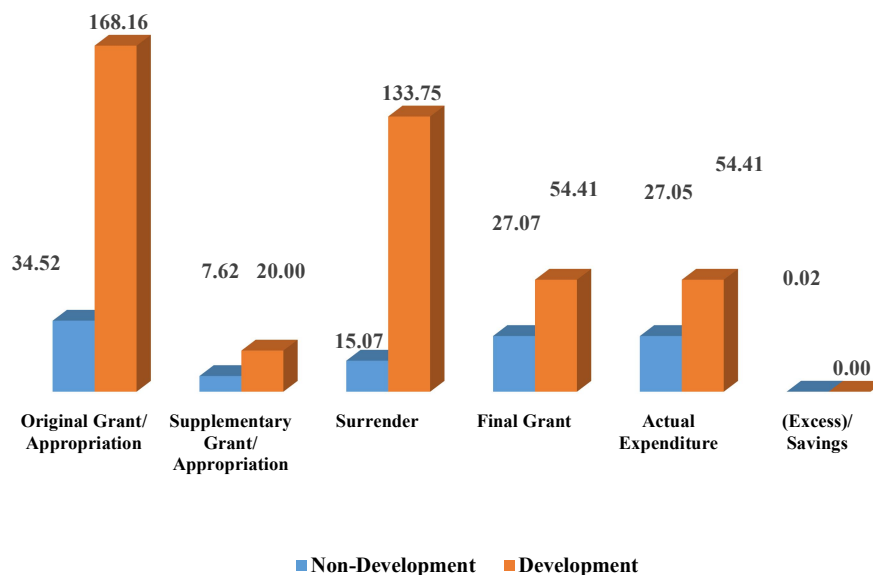
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	01	01	37.002	-

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocation and expenditure of department for the Financial Year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-32	34.52	7.62	(15.07)	27.07	27.05	0.02
Dev	168.16	20.00	(133.75)	54.41	54.41	0.00
<b>Total</b>	<b>202.68</b>	<b>27.62</b>	<b>(148.82)</b>	<b>81.48</b>	<b>81.46</b>	<b>0.02</b>



An allocation of Rs.34.52 million was made for non-development budget. During the year, supplementary grant of Rs.7.62 million was approved which is 22.08% of the original allocation. The department also surrendered an amount of Rs.15.07 million which is 43.66% of the original grant. Against final grant of Rs.27.07 million the department utilized fund of Rs.27.05 million which is 99.94% of the final grant.

Similarly, allocation of Rs.168.16 million was made for development budget. Against final grant of Rs.54.41 million, the department utilized funds of Rs.54.41 million which is 100% of the final grant.

### **23.2 Classified summary of Audit observations**

An audit observation was raised in this report during current audit of the department. Detail is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Value for money and service delivery issues	0

### **23.3 Brief comments on the status of compliance with PAC directives**

No meeting of PAC has been held to discuss audit paras of Department.

### **23.4 AUDIT PARAS**

#### ***23.4.1 Non achievement of project objectives***

Para-7.1 of Manual of Development Projects states that the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio-economic uplift of the society.

The DDWP in its meeting held on 17.06.2022 approved a development scheme titled “Establishment of Water Management & Irrigation Department Gilgit-Baltistan” at the cost of Rs.60.00 million. The main objectives of the projects are capacity building of staff of Water Management and Irrigation Secretariat as well as Directorate and in its offices in all districts, mass awareness with regard to resources conservation for effective and efficient utilization of water resources and provision of technical material to farmers for optimal utilization of water resources in the shape of technical manual and operational guidelines.

During audit of office of the Secretary Water Management & Irrigation Department for the Financial Year 2022-23, it was noted that the management incurred an expenditure of Rs.10.437 million under different heads of account i.e. operating expense, purchase of plant & machinery, purchase of furniture & fixture etc.

Audit observed as under:

- i. The major objective of the project was capacity building. In this regard the management has neither chalked out any programme nor imparted any training despite lapse of one year.
- ii. The department has not launched an awareness campaign for resources conservation for effective and efficient utilization of water resources which was an integral component of the project.
- iii. No efforts were made to provide technical material to farmers for optimal utilization of water resources in the shape of technical, manual and operational guidelines.
- iv. The management purchased equipment/machinery, furniture, tools etc involving expenditure of Rs.5.198 million which was dumped in the store. This reflects that the management procured the said items without any necessity and just to utilize the funds.

Audit is of the view that the objectives for which the project was launched were not achieved.

The irregularity occurred due to non-adherence to the provisions of Manual of Development Projects.

The irregularities were pointed out during August, 2023. The management did not furnish a reply till finalization of the report.

The PAO was requested to convene DAC meeting vide letter dated 29.11.2023 followed by reminders dated 07.12.2023, 15.12.2023 and 21.12.2023. However, the DAC meeting could not be convened till finalization of the report.

Audit recommends that the matter may be inquired at appropriate level and to fix responsibility.

AP-411 and 413/2023-24

## CHAPTER-24

### 24. WORKS DEPARTMENT

#### 24.1 Introduction

A. According to Gilgit-Baltistan Rules of Business, 2009 the main functions of the Works Department include planning, designing, construction, machinery and equipment, maintenance and repairs of all government buildings, laying standards of specifications for various types of roads and bridges, planning and designing roads and related works, construction, maintenance, repairs and improvement of roads and bridges and development of integrated communication network for Gilgit-Baltistan.

#### Audit Profile of Works Department

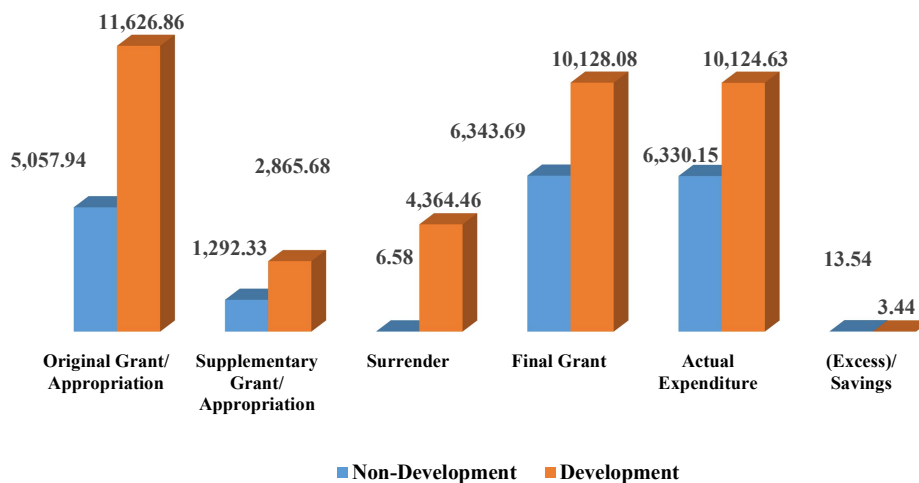
S. No.	Description	Total Nos.	Audited	Expenditure audited FY 2022-23 Rs. in million	Revenue/Receipts FY 2022-23 Rs. in million
1.	Formations	23	21	8,962.890	222.468

#### B. Comments on Budget & Accounts (Variance Analysis)

Budget allocations and expenditure of Works Department for the Financial Year 2022-23 is as under:

(Rs. in million)

Grant	Original Budget	Supplementary	Surrender	Final Grant	Actual Expenditure	Saving
Non-Dev-23	5,057.94	1,292.33	(6.58)	6,343.69	6,330.15	13.54
Dev	11,626.86	2,865.68	(4,364.46)	10,128.08	10,124.63	3.44
<b>Total</b>	<b>16,684.80</b>	<b>4,158.01</b>	<b>(4,371.04)</b>	<b>16,471.77</b>	<b>16,454.78</b>	<b>16.98</b>



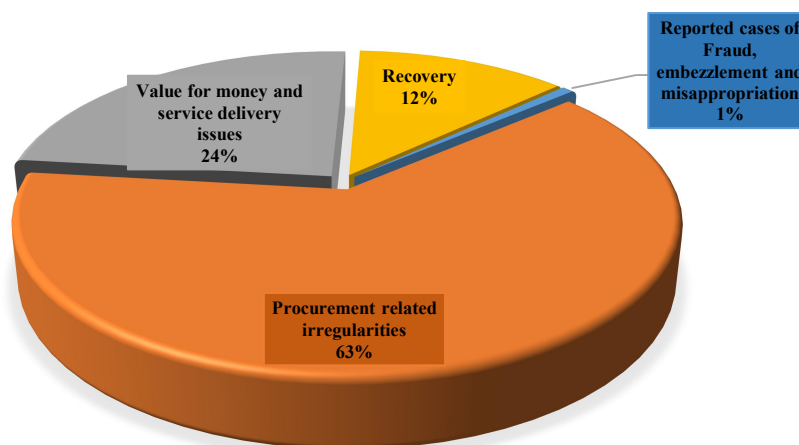
An allocation of Rs.5,057.94 million was made for non-development budget. During the year, supplementary grant of Rs.1,292.33 million was approved which is 25.55% of the original allocation. The department also surrendered an amount of Rs.6.58 million which is 0.13% of the original grant. Against final grant of Rs.6,343.69 million the department utilized fund of Rs.6,330.15 million which is 99.79% of the final grant.

Against final grant of development budget of Rs.10,128.08 million, the department utilized funds of Rs.10,124.63 million which is 99.97% of the final grant.

## 24.2 Classified summary of Audit observations

Audit observations amounting to Rs.8,593.759 million were raised in this report during current audit of Works Department. This amount also includes recoveries of Rs.1,061.870 million. Summary of the audit observations classified by nature is as under:

S. No.	Classification	Amount (Rs. in million)
1.	Reported cases of Fraud, embezzlement and misappropriation	60.551
2.	Procurement related irregularities	5,419.089
3.	Value for money and service delivery issues	2,052.249
4.	Recovery	1,061.870
<b>Total</b>		<b>8,593.759</b>



## 24.3 Brief comments on the status of compliance with PAC directives

No meeting of PAC has been held to discuss audit paras of Works Department.



## 24.4 AUDIT PARAS

### 24.4.1 Non-adjustment of advance against land compensation – Rs.1,565.599 million

Para-207(3) of GFR states the recipient organization is required to submit vouched accounts or audited statement of the accounts to the sanctioning authority, in order to ensure that the grant was utilized for the purpose for which it was provided.

During audit of various divisions of B&R/PHE for the Financial Years 2021-22 and 2022-23 under the administrative control of Works Department, Gilgit-Baltistan made payment to the concerned Land Acquisition Collectors worth Rs.1,565.599 million against land compensation.

(Rs. in millions)			
Sr. No	AP No.	Name of Division	Amount
1.	AP-580/2023-24	B & R Nagar	393.312
2.	AP-462/2023-24	B & R Hunza	386.768
3.	AP-887/2023-24	Naltar Road Project, Gilgit	264.033
4.	AP-562/2023-24	B & R Skardu	207.92
5.	AP-253/2022-23	B & R Ghizer	190.175
6.	AP-90/2022-23 & AP-655/2023-24	B & R Kharmang	41.164
7.	AP-444/2023-24	B & R Gilgit	26.233
8.	AP-816/2023-24	B & R Ghanche	23.471
9.	AP-97/2021-22 & AP-535/2023-24	PHE Div. Gilgit	17.623
10.	AP-833/2023-24	PHE Div. Skardu	14.90
<b>Total</b>			<b>1,565.599</b>

Audit observed that management did not obtain adjustment accounts from the concerned Land Acquisition Collectors.

Audit was of the view that in absence of adjustment accounts, the payment to the land affectees could not be ascertained.

The irregularities were pointed in August to November 2023. The management replied that concerned LACs have been requested to submit the adjustment accounts and mutation documents.

The management admitted the point of view of audit.

The DAC meeting was held on 20-23.12.2023. The DAC directed the concerned Executive Engineers to pursue the matter for obtaining vouched accounts and mutation of land.

Audit recommends that decision of DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 19.4.27 having financial impact of Rs.2,314.377 million. Recurrence of same irregularity is a matter of serious concern.*

#### **24.4.2 Non-recovery of liquidated damages – Rs. 822.021 million**

According to Clause-47.1 of the contract agreement, liquidated damages @ 0.1% of contract price for each day of delay in completion of the work subject to maximum of 10% of contract price was to be charged for delay in completion of the work.

During audit of various Executive Engineers, PWD, Gilgit-Baltistan for the Financial Year 2022-23, it was noted that different contracts were awarded at a cost of Rs.8,220.211 million. Details are at **Annexure-5**.

Audit observed that neither time extension was granted nor liquidated damages were imposed on the contractors.

Audit is of the view that non-recovery of liquidated damages was a favour to the contractors and resulted in loss to the government.

The irregularities were pointed out during January to November 2023. The management replied that works were not completed due to uncontrollable site conditions i.e. non-provision of funds timely, litigations on land compensation/social issues and short working seasons etc., therefore, in such cases contractors were neither at fault nor LD can be imposed upon them.

The reply was not accepted as no time extension was granted by the Principal Accounting Officer.

A DAC meeting was held on meeting held on 20-23.12.2023. DAC directed to constitute a committee headed by respective Regional Chief Engineer who will assess each case separately and may recommend processing of case for extension of time if contractor is not at fault or recovery of liquidated damages. The committee shall submit its findings within one month.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21, 2021-22 and 2022-23 vide para number 17.5.4, 7.4.1 and 18.4.14 having financial impact of Rs.110.031 million, Rs.155.396 million and Rs.15.756 million respectively. Recurrence of same irregularity is a matter of serious concern.*

#### ***24.4.3 Non-revalidation of performance guarantees in violation of contract agreements Rs 324.088 million***

Clause 10.1 of COC Part-II states that the contractor shall provide performance security to the employer in the prescribed form. The said security shall be furnished or caused to be furnished by the contractor within 28 days after the receipt of the letter of acceptance. The performance security shall be of an amount equal to 10% of the contract price stated in the letter of acceptance. Such security shall, at the option of the bidder, be in the form of either (a) bank guarantee from any scheduled bank in Pakistan or (b) bank guarantee from a bank located outside Pakistan duly counter-guaranteed by a scheduled bank in Pakistan (c) an insurance company having at least AA rating from PACRA/JCR.

During audit of different Executive Engineers Work Department Gilgit-Baltistan, it was noted that works were awarded for Rs 3,168.863 to various contractors.

Audit observed that the contractors provided performance security @ 10% for Rs 324.088 million of the contract price in shape of insurance bonds up to original completion period which stood expired. Whereas, the works were not completed because no completion certificate/taking over certificate was issued against each contract so far. Details are at **Annexure-6**.

Audit further observed that the management of the project has taken no steps either to get the performance guarantees revalidated from the concerned insurance companies or making adjustment of the inbuilt cost.

Audit is of the view that non-revalidation of the performance guarantees and non-adjustment of inbuilt premium charges occurred due to non-adherence to the provision of contract agreement and ineffective implementation of internal controls.

The irregularities were pointed out during April to November 2023. The management replied that the contractors and insurance companies have been approached for revalidation of the performance guarantees.

The management has accepted the point of view of the audit.

A DAC in its meeting held on 20-23.12.2023 directed to effect recovery of insecure/uncovered period from the contractors and get it verified from Audit and further directed to get the performance bonds revalidated from the contractors.

Audit recommends that the decision of the DAC may be implemented.

***Note:*** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 19.4.31 having financial impact of Rs.4.970 million. Recurrence of same irregularity is a matter of serious concern.*

#### ***24.4.4 Non-recovery of insurance premium Rs.35.952 million***

According to clause No. 21.1 to 25 of the agreement, the contractor was required, without limiting his or the employer's obligations and responsibilities under clause-20 to insure the works together with materials and plant. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance.

During audit of various Executive Engineers, PWD, Gilgit-Baltistan for the Financial Year 2022-23, it was noted that the works were awarded to the contractors for Rs.3,595.239 million.

Audit observed that the management has neither obtained insurance policies as per contractual provision from the contractor nor adjusted/deducted inbuilt cost of insurance premium/ insurance cover against uninsured period amounting to Rs.35.952 million from the contractors. Details are at **Annexure-7**.

Audit is of the view that the management extended undue favour to the contractors and did not recover/ deduct premium cost of Rs.35.952 million from the contractors against the uninsured period.

The irregularities were pointed out during March to November 2023. The department replied that contractors were approached for provision of required insurances under the contract agreements.

The management has accepted the point of view of the audit.

A DAC in its meeting held on 20-23.12.2023 directed to affect the recovery of uninsured period besides obtaining the insurance guarantees to safeguard the government's interest.

Audit recommends that decision of the DAC may be implemented.

***Note:*** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 19.4.22 having financial impact of Rs.3.484 million. Recurrence of same irregularity is a matter of serious concern.*

#### ***24.4.5 Non-recovery of premium of less insured sum as well as uninsured period – Rs.6.331 million***

According to clause No. 21.1 to 25 of the agreement, the contractor was required, without limiting his or the employer's obligations and responsibilities under clause-20 to insure the works together with materials and plant. The bid rates shall be deemed to have included all such obligations required under the clause and no separate payment shall be made to the contractor for such insurance.

Project Director “Up-Gradation of Road from RCC Konodas Bridge to Naltar Air Force Base Camp via Nomal (47 Km)” awarded the work to M/s NLC at an agreed cost of Rs.2,104.448 million on 03.08.2018. Scope of work was enhanced through revised PC-I to Rs.3,352.303 million. Secretary Works Department issued extension of time to the contractor up to 30.08.2023.

Audit noted that the project management obtained insurance guarantees issued by M/s NICL from the contractor on 20.09.2021 and got renewed for extended period on 27.09.2022 respectively.

Audit observed that

- i. The management did not obtain insurance policies within due time as the work was awarded on 03.08.2018 and policies were issued 20.09.2021 effective up to 24.07.2022.
- ii. After expiry of the policies the same was get renewed and provided to the management on 27.09.2022 after a delay of 02 months.
- iii. Moreover, the management did not obtain insurance guarantee of extended period up to August 2023
- iv. The scope of the work was enhanced from Rs.2,104.448 million to Rs.3,352.303 million but the management did not obtain the insurance policies of the differential cost

Non-obtaining of insurance policies within due time and less obtaining of insurance policies, resulted in undue benefit to the contractor on account of premium for Rs. 6.331 million.

Audit maintains that the irregularity occurred due to non-adherence to the provision of contract agreement and non-existence of effective financial controls.

The irregularity was pointed out in November 2023. The department replied that insurances were obtained from the contractor in accordance with contract agreement and also renewed by the insurance company.

The management response is not tenable as the insurance were obtained for lesser cost and were renewed after expiry of period which did not serve the purpose.

DAC directed the Project Director to effect recovery of uninsured period from the contractor and get it verified from Audit.

Audit recommends that decision of the DAC may be implemented.

AP-888/2023-24

#### ***24.4.6 Overpayment due to non-deduction of voids from dry uncoursed rubble masonry-Rs.3.042 million***

As per rate analysis of Rs. 6,917.14 per % cft of item No. 6 i.e. “providing and laying dry uncoursed rubble masonry in retaining or compound wall including scaffolding completes”, provided in Pak PWD Schedule of Rate 2012, 135 cft quantity of stone was required to achieve 100 cft finished quantity against the same item. It meant that 35% voids were to be adjusted while making measurement/ payment of the quantity.

During audit of B&R Division, Kharmang, Gilgit, Ghizer and PHE/WASA Gilgit for Financial Year -2021-22, it was noted that the management awarded works and allowed item of dry uncoursed rubble masonry in compound wall/retaining wall and gabion etc., at full rates against the provided quantities.

Audit observed that voids @ 35% were not deducted from the total quantity of dry uncoursed rubble masonry. Due to this, excessive quantity to the extent of 33,610.59 cft was allowed, causing an overpayment of Rs.3.042 million. Details are at **Annexure-8**.

The irregularities were pointed out during April to November 2023. The management replied that 135% of loose stone was obtained and finished item of 100% was measured and paid to the contractors.

The reply was not accepted as the management did not make the adjustment of voids at prescribed rates.

A DAC meeting was held on 20-23.12.2023. The DAC directed to constitute a committee for analysis of voids from the item of dry un-coursed rubble masonry headed by Chief Engineer Baltistan region and to submit a report within one month. Due recovery will be made on the recommendations of the committee.

Audit recommends that recommendations of DAC may be complied with.

#### ***24.4.7 Non-recovery of mobilization advances-Rs. 61.485 million***

Clause 60.11 (a) an interest free mobilization advance up to 15% of contract price stated in the letter of acceptance shall be paid by the employer to the contractor upon submission guarantee/bond in the specified form of schedule bank or an insurance company and according to clause (b) this advance shall be recovered in equal installment; first installment at the expiry of third month after the date of payment of first part of advance and the last installment two month before the date of completion of the works.

During audit of different Executive Engineers Works Department Gilgit-Baltistan for the Financial Years 2021-22 and 2022-23, it was noted that various works involving cost of Rs.583.017 million were awarded to various contractors and

mobilization advances of Rs.80.967 million were paid to the contractors which were required to be recovered under provision of contract agreements.

Audit observed that mobilization advance was not recovered timely. This resulted in non-recovery of mobilization advance of Rs. 37.224 million. Details are at **Annexure-9**.

Audit is of the view that non-recovery of advances is violation of contractual provision and was tantamount to undue financial aid to the contractor.

The irregularities were pointed out during May to October 2023. The department replied that partial mobilization advances have been recovered and balance would be recovered in due course of time.

The management has accepted the point of view of the audit.

DAC in its meeting held on 20-23.12.2023 directed for verification of recovered amount and further directed to recover the balance amount at the earliest.

Audit recommends that adjustment/ recovery of the mobilization advance be made besides strengthening the internal controls.

**Note:** *The issue was reported earlier also in the Audit Reports for the Audit Years 2020-21 and 2021-22 vide para number 17.5.10 and 17.4.6 having financial impact of Rs.23.673 million and Rs.44.966 million respectively. Recurrence of same irregularity is a matter of serious concern.*

#### **24.4.8 Overpayment due to non-deduction of rebate – Rs. 1.884 million**

Para 208 of CPWA Code provides that unless in any case, the administration after consultation with Accountant General, directs otherwise, payments for all work done are to be made on the basis of measurements recorded in the Measurement Book, which is a permanent record with the supervisory officer to record date-wise activity, mandatory tests at site.

During audit of the Executive Engineer B&R Division Kharmang for the Financial Year 2021-2022, it was noted that the management awarded the work “Metaling of road from Main Road to Manthoka Waterfall 3 km and construction of road from Manthoka Rongule” to M/s Mr. Muhammad Ali Sukamaidan Skardu at an agreed cost of Rs.69.94 million on 17.08.2019. 11<sup>th</sup> running bill was paid on 30.06.2022 for Rs.44.564 million.

Audit observed that:

- i. The contractor offered rebate of 500% on 250 nos. RCC pipe culverts on the rate of Rs. 453.73. Hence, against the cost of item of work Rs 113,432.50 (250 x 453.73 x 500%), offered rebate of Rs. 567,162 (113,432 x 500%) was

not recovered from the contractor. This resulted in an overpayment of Rs. 0.567 million.

- ii. The management allowed premium of 800% on execution work of two pipe culverts @ Rs.17,529.58 instead of deduction of 800% rebate of Rs.122,707.04 which resulted in an overpayment of Rs.0.245 million.
- iii. Similarly, XEN B&R Skardu offered rebate of Rs.1.072 million, however, no deduction was made from the contractor. This resulted in less deduction of Rs.1.072 million.

Audit is of the view that the overpayment occurred due to non-adherence to the provision of contract agreement/government rules.

The irregularity was pointed out during April 2023. The management replied that recovery will be made in next running bill on actual work basis.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 20-23.12.2023 directed to get the full amount recovered.

Audit recommends that full amount may be recovered of overpaid amount besides strengthening of internal controls.

AP-93/2022-23 and 559/2023-24

**24.4.9 Non-adjustment of secured advance and granting secured advance on perishable item – Rs. 30.956 million**

Para-228 of CPWA Code provides that recoveries of secured advances should not be postponed until the whole of the work entrusted to the contractor is completed. Further, Form-26(II) of CPWA Code, used for maintaining record of secured advance, provides that recovery of secured advance should be made within three months.

During audit of various divisions of Works Department Gilgit-Baltistan for the Financial Years 2021-22 and 2022-23, it was noted that the management allowed secured advances amounting to Rs.30.956 million to the contractors. Details are as under:

S. No	Name of Division	AP-No	Amount	Work/Scheme
1	B&R Division, Shigar	203/ 2022-23	5.90	Imp/Extension of water supply system at Suguldu, Skora, Kashmal & Zeal, District Shigar (Ph-I)” to M/s Muhammad Khan & Brother (Jv) Muhammad Iqbal,
2	B&R Division, Astore	743/ 2023-24	9.670	Const. of Water Supply Scheme at Halqa-I (Portion-II)” to M/S Israil& Brothers
3	B&R Division, Astore	751/ 2023-24	2.887	Const. of RCC Bridge and Approach Road at Thing Pain Freshing Halqa-II, Astore” to M/S Abdul Baqi
4	PHE Division,	841/ 2023-	5.759	Const of Chief Engineer Office Muhamad Afzal & Brothers



	Skardu	24		Const of lift water at chumik, chunpakhor Muhammad Sulaman
				Const of Multi story M/S HAK & Sons
5	B&R Nagar	472/ 2023-24	6.750	Improvement / Re-carpeting of Road from RCC Bridge Ganish to Nagar Proper Muhammad Ali Jinnah
	Total		30.966	

Audit observed as under:

- i. Advance at Sr. No.01 was not adjusted even after a lapse of 10 months after its payment.
- ii. Advance at Sr. No.02 was granted as 2<sup>nd</sup> secured advance without recovery of the first one. Whereas advance at Sr. No.03 was allowed in addition of mobilization advance.
- iii. Advance at Sr. No.04 was not utilized in the nearest period whereas advance at Sr. No.05 was allowed on perishable items.

Audit was of the view that advances were granted in violation of rules just to extend undue financial favor to the contractors.

The irregularities were pointed out during April to November 2023. The management replied that secured advances were allowed under the provisions of contract agreement. Partially it was recovered and balance would be recovered in next running bills.

The management has accepted the point of view of the audit.

DAC in its meeting held on 20-23.12.2023 directed the management to make full recovery form next running bills.

Audit recommends that decision of DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Reports for the Audit Years 2021-22 and 2022-23 vide para number 17.4.9 and 19.4.21 having financial impact of Rs.27.937 million and Rs.3.781 million respectively. Recurrence of same irregularity is a matter of serious concern.*

**24.4.10 Non-recovery of cost of required facilities in violation of contract– Rs.14.026 million**

20.1 and 20.02 of Special Provision of contract provides that “the contractor shall provide site office for usage of Engineer not less than 300 sft covered area fully furnished with furniture computer, printer, fax, telephone, internet facility, stationary etc. with the consent of Engineer/ Employer. Contractor will not be paid for such expenses separately. Contractor will quote his item rates keeping in view of such expenses”. All site facilities provided by the Contractor will become the property of Employer after completion of project/successful completion of Defect Liability Period.

During audit of Executive Engineers and Project Director Works Department Gilgit-Baltistan for the Financial Years 2021-22 and 2022-23, it was noted that the management awarded different works amounting to Rs.2,605.641 million to various contractors.

Audit observed that the contractors did not provide engineer's site facilities as no record substantiate the provision of the facilities. Non-provision of site office and facilities resulted in non-recovery of Rs.14.026 million (approx.). Detail is as under:

(Rs. in million)					
Division	AP-No.	Work	Name of Contractor	Contract Cost	Amount
Naltar Road Project	886/2023-24	Naltar Road Project	M/s NLC	2,104.448	3.0
Building Division, Gilgit	304/2023-24	Elevation of Gilgit Baltistan House Construction of Additional Block at GB House Islamabad	M/s Shah Jahan Associates	219.446	2.226
Building Division, Gilgit	278/ 2023-24	Refurbishment and Reconstruction of the toilets and Improvement of the Kitchen of the GB House, Islamabad	M/s Shah Jahan Associates	48.709	1.485
B&R Hunza	457/2023-24	Construction of Link Roads in Halqa-6 Hunza (CM Special Package for Hunza)	M/s Sher Baz	93.047	3.760
		Improvement / Metaling of Road from Khuzerabad to Khanabad (Ph-II)	M/s Muhammad Ali Jinnah		
B&R Nagar	470/2023-24	Improvement / Re-carpeting of Road from RCC Bridge Ganish to Nagar Proper (Modified)	M/s Muhammad Ali Jinnah	76.088	2.00
B&R Shigar	200/2022-23	Const. of road from Chumik Bridge to Lamsa Shigar via new city Skardu (Ph-I) (Const. of road Total Pump to RCC Bridget Chumik and RCC Bridget to Honton Thang Portion-I)	M/s Tahir & Brothers	63.903	1.555
<b>Total</b>				<b>2,605.641</b>	<b>14.026</b>

Audit was of the view that non-recovery occurred due to weak internal controls.

Audit pointed out non-recovery in April to November 2023. The management replied that the contractor has provided two iron containers in the Naltar Road project. The management further informed that an office already existed at site in the refurbishment of GB House project and there was no need to establish a new one. In other cases, the department replied that the projects involved small works in far flung areas, so the camp offices could not be provided.

The reply was not tenable as the provision of engineers' office and facilities was an inbuilt cost and the contractors saved the amount at the cost of public exchequer.

A DAC in its meeting held on 20-23.12.2023 directed the Project Management of Naltar Road Project to make inventory of the provided facilities and its utilization besides ensuring to taking over the assets and further handing it over to the concerned executive of the Works Department. Para stands till final handing over of the assets by the Project Management. In other cases, the DAC agreed with the contention of audit and directed to recover the amount from the contractors.

Audit recommends the compliance of DAC directives.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 19.4.18 having financial impact of Rs.4.215 million. Recurrence of same irregularity is a matter of serious concern.*

**24.4.11 Overpayment due to non-deduction of cost of stone obtained from excavation – Rs. 21.987 million**

According to rate analysis of Pak PWD Schedule of rates 2012 (item No. 6 P-119) the item of P/L dry uncoursed rubble masonry in retaining wall etc. includes amount of Rs. 2,075.00 % Cft as cost of stone in rate of Rs. 6,917.46 % Cft. Similarly, an item of Providing and laying uncoursed rubble masonry in cement mortar 1:6 in foundation, plinth and basement including scaffolding, curing etc. complete provided for Rs. 11,146.15 % Cft which includes cost of stone for Rs. 1620 %Cft.

During audit of various divisions of Works Department Gilgit-Baltistan for the Financial Years 2021-22 and 2022-23, it was noted that the management awarded various work for construction of road and water supply schemes.

Audit observed that stone obtained from the blasting/excavation was not utilized/ adjusted in other items of work e.g. rubble stone masonry retaining wall/breast wall, backfilling item etc. which resulted in an overpayment of Rs.21.987 million. Details are at **Annexure-10**.

Audit was of the view that overpayment occurred due to weak financial controls and non-application of PWD specification.

Audit pointed out overpayment during April to November 2023. The department replied that in some case that the available stone was utilized while in other places the same could not be utilized due to difficult terrain.

The reply was not accepted as stone obtained from the blasting/excavation was not utilized/ adjusted in other items of work e.g. rubble stone masonry retaining wall/breast wall, backfilling item.

A DAC in its meeting held on 20-23.12.2023 directed to get the record verified where the stone was utilized and recover the due amount in the remaining cases.

Audit recommends compliance of DAC directives regarding verification/recovery of cost of stone besides strengthening the internal controls by documenting the stone utilization report in future.

***24.4.12 Irregular award of works without open competition – Rs. 1,247.855 million***

Rule 12(2) of Public Procurement Rules 2004 provides that all procurement opportunities over three 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 other in Urdu.

During audit of the project "Up-Gradation of Road from RCC Konodas Bridge to Naltar Air Force Base Camp via Nomal (47 Km)" for the Financial Year 2022-23, it was noted that PC-II of the project was prepared in July 2016 by JERs. PC-I was approved for Rs. 2,626.872 million on 17.01.2017 and formal administrative approval was issued on 14.06.2017. The work was awarded to single responsive bidder M/s NLC vide acceptance letter dated 03.08.2018 for Rs. 2,104.448 million. Audit further noted that due to delay in issuance of construction drawings which were issued in December 2019 by the consultant's M/s JERs, revised PC-I and revised administrative approval was approved for Rs.4,286.424 million on 15.02.2021 by CDWP including construction cost of Rs.3,352.303 million.

Audit observed that the bidding process was carried for the procurement of project valuing Rs.2,104.448 million whereas substantial changes in the scope of work i.e. change in length of road, deletion of bridges and increasing in retaining walls structure occurred and revised work cost (i.e. 59.29% above the contract cost  $3,352.303/2,104.448*100$ ) was awarded/executed through the same contractor without fresh tendering through open and fair competition in violation of PPRA Rules.

Audit further observed that the award/execution of work through the existing contractor deprived the government of the benefit of open competition and tendering process. This resulted in irregular award of works in violation of PPRA Rules for Rs. 1,247.855 million.

Audit maintains that the irregularity occurred due to weak internal & management controls.

The irregularity was pointed out during November 2023. The management replied that additional work was executed due to change in design under contract

cluses 52.2 and accordingly approved from the CDWP, which was economical as compared to award of afresh.

The reply was not accepted as the additional work was awarded without open competition in violation of public procurement rules.

A DAC meeting was held on 20-23.12.2023. No-consensus was arrived in the meeting. DAC decided to refer the para to PAC.

AP-881/2023-24

**24.4.13 Loss to government due to award of work at higher rates – Rs.153.338 million**

Rule 4 of Public Procurement Rules 2004 provides that procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

During audit of the project “Up-Gradation of Road from RCC Konodas Bridge to Naltar Air Force Base Camp via Nomal (47 Km)” for the Financial Year 2022-23, it was noted that in the initial bidding process during January, 2018 out of six bidders, M/s Kaybee Construction being 1<sup>st</sup> lowest bidder with its bid for Rs.1,691.838 million against the TS of Rs.2,260.003 million which was canceled by the department with assigning any reason. In subsequent bidding in August, 2018 only two firms participated and work was awarded to M/s NLC being signal responsive bidder for Rs.2,104.448 million.

Audit observed that the work was awarded at a higher cost of Rs.153.338 million as compared to earlier bidding process where there was a healthy competition.

Audit was of the view that the loss occurred due to weak internal controls.

The irregularity was pointed out during November 2023. The management replied that tender was cancelled by Secretary KA&GB and accordingly the work was re-advertised. Procuring committee recommended the award of work to M/s NLC being single responsive bidder to avoid delay in completion of project and cost overrun.

The reply was not accepted as the work was awarded at higher rates in violation of rules.

The DAC in its meeting held on 20-23.12.2023 referred the para to PAC.

AP-883/2023-24

**24.4.14 Non-recovery of penalty from the design consultants on faulty design – Rs.5.0 million**

Clause 3.4 of the consultant's agreement provides that the consultants are liable for the consequence of errors and omissions on their part or on the part of their employees in so far as the design of the Project is concerned to the extent, subject to the conditions that the maximum liability as aforesaid shall not exceed twice the total remuneration of the Consultants for design phase.

During audit of the project "Up-Gradation of Road from RCC Konodas Bridge to Naltar Air Force Base Camp via Nomal (47 Km)" for the Financial Year 2022-23, it was noted that design of the project was prepared by M/s JERs in 2016. The consultant finalized the construction drawings in December 2019 after delay of 2 ½ years. Accordingly, revised PC-I and revised administrative approval was approved for Rs.4,286.424 million on 15.02.2021 by CDWP including construction cost of Rs.3,352.303 million.

Audit observed that no penalty equal to twice the remuneration cost/fees i.e. Rs.5.0 million approx. was imposed on the design consultants which caused loss to government of Rs.1,247.585 million in shape of construction cost and delay of about almost two and half years.

Audit maintains that non-recovery occurred due to weak internal & management controls.

The irregularity was pointed out during November 2023. The management replied that the matter has been taken up with concerned authorities regarding recovery.

The management has accepted the point of view of the audit.

The DAC in its meeting held on 20-23.12.2023 directed the Chief Engineer to provide updated status and action taken under the provision of contract agreement to the audit.

Audit recommends that penalty may be imposed and recovered from the consultants.

AP-884/2023-24

**24.4.15 Irregular execution of works through sub-contractor–Rs.3,352.303 million**

Para 3 of Acceptance Letter No. PD-NR-1/FB/2017-18/30 dated 03.08.2018 provides that the contractor was not allowed as the list of sub-contractors is left blank in Appendix-I to bid of bidding document, if any subletting/contracting is required then prior approval from the competent authority is mandatory.

During audit of the project “Up-Gradation of Road from RCC Konodas Bridge to Naltar Air Force Base Camp via Nomal (47 Km)” for the Financial Year 2022-23, it was noted that the management awarded contract of Rs.2104.448 million to M/s NLC on 03.08.2018. The contractor was paid 17<sup>th</sup> running bill for Rs.3,423.962 million on 26.06.2023.

Audit observed that the M/S NLC executed works involving cost of Rs.3,352.303 million through subletting/subcontracting without approval of the competent authority while the contractor was selected based on its technical and financial capabilities. Execution of the work through petty contractors may compromise the quality of works.

Audit maintains that the irregularity occurred due to weak internal controls.

Audit pointed out the irregularity in November 2023. The management replied that the contractor has executed all work through its own resources except services of independent manufacturers /suppliers / vendors were utilized from open market.

The reply was not satisfactory as the sub-contractors were engaged by M/s NLC without the approval of competent authority in violation of provision of the contract agreement.

A DAC meeting was held on 20-23.12.2023. The DAC referred the para to PAC.

AP-891/2023-24

***24.4.16 Unjustified expenditure on feasibility study - Rs.4.600 million and extra payment on design fee-Rs.33.724 million***

Para 10(i) of GFR-Vol-I states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of B&R Division, Ghizer for Financial Year 2021-22, it was noted that the management awarded work “Provision of greater water supply from Haim and Darmadar Nullah to Gahkuch/Sipli” at cost of Rs.295.008 million to M/S Aurangzeb & Sons on 19.06.2019 on EPC/turnkey basis. The contractor was paid Rs.306.779 million up to the 18<sup>th</sup> running bill on 13.05.2022 including design fee of Rs.33.724 million despite the fact the management has already paid Rs.4.600 million to M/S Modern Consulting Engineering, Rawalpindi for conducting feasibility study of the project.

Audit observed that initially the project was designed on measurement basis. At tendering stage, the project was converted from measurement basis to turnkey

basis with modified cost of Rs.319.580 million, due to conversion the government sustained a loss of Rs.33.724 million on account of design and feasibility which was already carried out.

Audit was of the view that extra amount allowed by the management was due to mismanagement and ineffective implementation of internal controls.

The irregularity was pointed out during May 2023. The management replied that the design and drawing fee amounting to Rs.33.724 million was approved by the DDWP. In 2019, fresh feasibility was proposed to replace old study of 2015 to cater the priorities and site requirements.

The reply was not satisfactory as due to mismanagement extra payment on account of consultancy cost was paid.

DAC in its meeting held on 20-23.12.2023 directed to conduct a fact-finding inquiry and submit a report within one month.

Audit recommends compliance of DAC directives.

AP-246/2022-23

#### ***24.4.17 Irregular substitution of HDPE with GI pipe - Rs.63.691 million***

As per approved PC-I, 70000 rft. High Density Polyethylene (HDPE) pipe of 10inch dia – Pressure Newton (PN)-16 was to be fixed in main lines from source to water storage tank instead of Galvanized Iron (GI) pipe.

During audit of B&R Division, Ghizer for Financial Year 2021-22, it was noted that the management awarded work “Provision of greater water supply from Haim and Darmadar Nullah to Gahkuch/Sipli at cost of Rs.295.008 million including Rs.228.651 million for 10inches HDPE pipe to M/S Aurangzeb & Sons, on 19.06.2019. The contractor was paid Rs.306.779 million upto the 18<sup>th</sup> running bill on 13.05.2022.

Audit observed that the bidder substituted 44640 rft. HDPE pipe with GI pipe as well as lowered the capacity of 16695 rft. Pipe from PN-16 to PN-10 in violation of PC-I and his quoted lump-sum cost breakup BoQ of Rs.228.651million against those items. Despite major changes in scope of work and cost, management not only accepted the BoQ but payment was made accordingly. Due to this substitution, the quality and scope of work were compromised and an extra amount worth Rs.63.691 million (Rs.259.353 – Rs.195.662) was spent.

Audit is of the view that the irregularity occurred due to mismanagement and ineffective implementation of internal controls.



The irregularity was pointed out in May, 2023. The management replied that the scheme was modified keeping in view the design, locations and site requirements and items were substitution to obtain the required result of water pressure.

The reply was not accepted as the payment was made beyond approved scope and agreement cost.

DAC in its meeting held on 20-23.12.2023 directed to conduct a fact-finding inquiry and submit a report within one month.

Audit recommends compliance of DAC directives.

AP-247/2022-23

***24.4.18 Overpayment due to non-deduction of open area and RCC structure of roof from PEB structure – Rs.4.917 million***

Detailed Estimates, technically sanctioned by the Chief Engineer vide letter No.1234 dated 17.05.2022 stipulates that open area and RCC portion needs to be deducted from measurement and payment.

During audit of Executive Engineer Building Division Gilgit for the Financial Year 2022-23, it was noted that the management awarded the work i.e., “Elevation of GB House Islamabad (Left Over Work)” to M/s Shah Jahan Associates and Builders at agreed cost of Rs.232.760 million. 3<sup>rd</sup> running bill was paid on 23.06.2023 with total value of work done Rs.224.038 million.

Audit observed that an item of work “Supply and installation of pre-engineered building (PEB) with LGS (8 mm cement Board) partition and outer wall etc. structure complete in all respect including glass wool filling as per specification as given in drawing and design except civil” was paid to the contractor without deduction of open area and RCC Roof Top of 806 sq.ft. Non-deduction of Open Area and Roof Top Area from PEB structure resulted in an overpayment of Rs.4.917 million (806 sq.ft x Rs.6,100).

Audit is of the view that overpayment was made due to non-adherence to scope of work and weak technical and financial controls.

Audit pointed out overpayment in August 2023. The department replied that the open area will be re-measured/adjusted in the next running bill.

The management has accepted the point of view of the audit.

A DAC in its meeting held on 20-23.12.2023 directed to adjust/ recover the amount and get it verified from audit.

Audit recommends compliance of DAC directives regarding recovery besides strengthening of technical and financial controls.

AP-275/2023-24

**24.4.19 Unjustified payment of price adjustment to contractor – Rs.7.648 million**

According to clause 70.1 of particular conditions of contract Part-II, the amount payable to the contractor shall be adjusted in respect of the rise or fall in the cost of specified materials.

During audit of Elevation of GB House, Islamabad, it was noted that the project was awarded to M/s Shah Jahan Associates (JV) M/s Sultan Mehmood & Sons at agreed cost of Rs.219.446 million on 23.10.2018. 13<sup>th</sup> running bill was paid on 22.06.2022 with total value of work done Rs.228.083 million. Chief Engineer, PWD, Gilgit approved the case of price adjustment for Rs.18.529 million on 19.07.2023.

Audit observed that price adjustment was paid to another contractor M/s Shah Jahan Associates & Builder working on a work “Elevation of GB House, Islamabad” instead of legitimate contractor M/s Shah Jahan Associates (JV) M/s Sultan Mehmood & Sons against their work “Elevation of Gilgit Baltistan House Construction of Additional Block at GB House Islamabad”. This resulted in an unjustified payment of Rs.7.648 million.

Audit was of the view that irregularity occurred due to weak internal controls.

The irregularity was pointed out during August 2023. The management replied that the price adjustment paid to contractor as per provision provided in 2<sup>nd</sup> revised PC-1 scope.

The reply was not satisfactory as the payment was made to another contractor.

DAC in its meeting held on 20-23.12.2023 directed to recover/adjust the objected amount.

Audit recommends for early compliance of DAC directives.

AP-276/2023-24

**24.4.20 Loss to government due to imprudent decision/execution of cost building structure than concrete structure – Rs.38.090 million**

Para 10 (i) of GFR states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Executive Engineer Building Division Gilgit for the Financial Year 2022-23, it was noted that the management awarded the work i.e., “Elevation of GB House Islamabad (Left Over Work)” to M/s Shah Jahan Associates and Builders vide acceptance letter on 09.06.2022 at agreed cost of Rs.232.760 million. 3<sup>rd</sup> running bill was paid on 23.06.2023 with total value of work done Rs.224.038 million. The 2<sup>nd</sup> Modified PC-I was enhanced up to Rs.521.200 million due to inclusion of 5<sup>th</sup> floor on PEB basis and other enhancement.

Audit observed that due to execution of prefabricated structure PEB building on 5<sup>th</sup> Floor, government sustained a loss of Rs.38.00 million as compared to solid concrete structure with the rates of the same contractor at the same location. This resulted in loss to government of Rs.38.00 million.

Cost of Fifth Floor (PEB) LGS		Cost of One (1) Floor in Concrete Structure	
Civil Work	69,958,650.00	Civil	178,891,870.00
Plumbing	2,564,962.00	Plumbing	14,898,794.00
Electrical	5,229,444.00	Electrical	25,655,047.00
Total	77,753,056.00	Total	219,445,711.00
5500 Sq. Ft	14,136.92	Escalation	18,529,015
=77.753 -39.662		Total Floor (6)	237,974,726.00
		Cost of One (1) Floor	39,662,454.33
Difference of Cost one Floor	38,090,601.67	5500sq. ft	7,211.36

Audit was of the view that irregularity occurred due to weak internal controls.

The irregularity was pointed out during August 2023. The management replied that due to sustainability / weight balance pre-fabricated construction was proposed and due to rate fluctuation the cost increased.

The reply was not accepted as the management did not carry out rate analysis before finalization of structure to be built.

A DAC meeting was held on 20-23.12.2023. The DAC referred the Para to PAC.

AP-280/2023-24

**24.4.21 Irregular execution of work beyond approval of building plan by CDA – Rs.77.753 million**

According to para 2.2.3 of CDA Zoning Building Control Regulation, 2005, any construction started/carried out without prior approval of the Authority shall be liable to be removed (partly or wholly) at the risk and cost of owner(s)/allottee/occupant(s) or and imposition of penalty.

During audit of Executive Engineer, Building Division Gilgit for the Financial Year 2022-23, it was noted that the management awarded the work i.e., “Elevation of GB House Islamabad (Left Over Work)” to M/s Shah Jahan Associates and Builders vide acceptance letter on 09.06.2022 at agreed cost of Rs.232.760 million. 3<sup>rd</sup> running bill was paid on 23.06.2023 with total value of work done

Rs.224.038 million. The 2<sup>nd</sup> Modified PC-I was enhanced up to Rs.521.200 million due to inclusion of 5<sup>th</sup> floor on PEB basis and other enhancement.

Audit observed that the department constructed 5<sup>th</sup> floor of PEB building in violation of CDA approval dated 17.04.2019. This resulted irregular execution of work of Rs.77.753 million.

Audit is of the view that irregularity occurred due to weak contract management & financial controls.

The management replied that the department will submit a completion report to CDA alongwith built-up drawings by incorporating all additions/alterations for approval through the consultant.

The management has accepted the point of view of the audit.

DAC in its meeting held on 20-23.12.2023 directed that the case may be initiated for approval by the CDA through the consultants.

Audit recommends for compliance of DAC directives.

AP-283/2023-24

#### ***24.4.22 Irregular purchase of electric appliances-Rs 1.755 million***

According to clause 6.09 of PAK PWD Code 1982, detailed estimates technically sanctioned amounts to no more than a guarantee that the proposals are structurally sound, and that the estimates are accurately calculated and based on adequate data. Such sanction shall be accorded by the officer of the Pakistan Public Works Department authorized to do so. Due care should be taken to incorporate the detailed requirements so that at the execution stage no major changes which are considered essential might be allowed by the competent authority.

During audit Executive Engineer Building Division Gilgit for the Financial Year 2022-23, it was noted that the management awarded the work i.e., “Elevation of GB House Islamabad (Left Over Work)” to M/s Shah Jahan Associates and Builders at agreed cost of Rs.232.760 million. 3<sup>rd</sup> running bill was paid on 23.06.2023 with total value of work done Rs.224.038 million. The payment includes an amount of Rs.1.775 million on account of supply of electric appliances.

Audit observed that the contractor was required to provide branded refrigerators of 6 cu.ft. Whereas, the contractor installed refrigerators of an unknown brand with lower specification of 5 cu.ft in violation of contractual obligations. It was further observed that the refrigerators installed has no after sale service center in Islamabad. This resulted in overpayment of Rs.675,000 approx. (Rs.65,000 – Rs.40,000 approx.=Rs.25000 x 27 Nos= Rs.675,000).

Audit further observed that 25 refrigerators of the same lower specification were also provided in another work “Refurbishment and Reconstruction of the Toilets and Improvement of Kitchen of the GB house Islamabad” which were delivered on site and would be claimed later.

Audit is of the view that overpayment was made due to non-adherence to scope of work and weak technical & financial controls.

The irregularity was pointed out during August 2023. The management replied that the contractor was approached for replacement of items as per contract agreement, the items would be replaced and report in this regard will be provided to audit.

The management has accepted the point of view of the audit.

DAC in its meeting held on 20-23.12.2023 took serious notice of the supply of electric appliances against specification and directed to replace the items in accordance with the approved specifications.

Audit recommends that decision of the DAC may be implemented.

AP-284/2023-24

***24.4.23 Unjustified acceptance of excess price adjustment claim – Rs.18.529 million***

Item No. 3 & 4 of standard procedure formula for price adjustment provides that construction schedule should be provided by the contractor as required in the contract. Price adjustment shall be applicable as payable in full for the original scheduled completion period. While computing price adjustment beyond the scheduled completion period, in the event the rate is reduced, then that reduced rate will be applied.

During audit of Executive Engineer Building Division Gilgit for the Financial Year 2022-23, it was noted that the management awarded the work i.e., “Elevation of GB House Islamabad (Left Over Work)” to M/s Shah Jahan Associates and Builders at agreed cost of Rs.232.760 million. 3<sup>rd</sup> running bill was paid on 23.06.2023 with total value of work done Rs.224.038 million. The Chief Engineer, GB-PWD, Gilgit approved the case of price adjustment for Rs.18.529 million on 19.07.2023.

Audit observed that the price adjustment was calculated on market based items which was not allowed in accordance with standard procedure formula for price adjustment and was calculated beyond the original completion period. This resulted in unjustified acceptance of excess price adjustment claim for Rs.18.529 million.

Audit is of the view that the acceptance of excess claim occurred due to weak financial controls.

The irregularity was pointed out during August, 2023. The management replied that the competent authority approved the price adjustment for Rs.18.529 million out of which an amount of Rs.7.648 million was paid to contractor.

The reply was not accepted as price adjustment was workout on market based items which was not allowed in accordance with standard procedure formula for price adjustment.

DAC in its meeting held on 20-23.12.2023 directed the department to recalculate and adjust the excess claim of the contractor.

Audit recommends earlier compliance of DAC directives.

AP-291/2023-24

***24.4.24 Unjustified payment on similar items in two separate works - Rs.4.595 million***

Para 10 (i) of GFR states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

During audit of Executive Engineer Building Division Gilgit for the Financial Year 2022-23, it was noted that the management awarded the work i.e., “Elevation of GB House Islamabad (Left Over Work)” to M/s Shah Jahan Associates and Builders at agreed cost of Rs.232.760 million. 3<sup>rd</sup> running bill was paid on 23.06.2023 with total value of work done Rs.224.038 million includes supply of furniture, Air Conditioners, tread mill, W.C bath, lights, plants, repairing of doors and windows, LED TV etc.

Audit observed that similar items involving cost of Rs.4.495 million were also purchased from another project “Maintenance and supply of items at Chief Minister Camp Office & Residence at Islamabad” executed through M/s Shah Jahan Associates and Builders as evident vide pages 024 to 035 of M B No.15099.

Audit is of the view that duplication of items cannot be ruled out as the same items were provided at the same location for the same dignitaries from two different projects.

The observation was pointed out during August 2023. The management replied that the mentioned items were procured under repair & maintenance of 2021-22 while the other items were procured under project work as per contract agreement.

The reply was not accepted as purchase was made for same dignitaries at the same time and location from two different works.

A DAC in its meeting held on 20-23.12.2023 directed to conduct a fact-finding inquiry to probe the matter and share the outcome with Audit.

Audit recommends that decision of the DAC may be implemented.

AP-303/2023-24

#### **24.4.25 Unjustified expenditure against emergency works – Rs.365.683 million**

In term of Section 5 of Finance Act, 2022 of Government of Gilgit-Baltistan, written approval of the Government is required to declare emergency under Section-24(1) of Gilgit-Baltistan Disaster Management Act, 2017 to deal with emergency related procurements and services under Rule-42-D(iii) of Public Procurement Rules, 2004.

During audit of Secretary, Works Department Gilgit for Financial Year 2022-23, it was noted that the management issued administrative approval of 11 emergency works and released funds of Rs.365.683 million to various B&R/PHE Divisions which were utilized by respective office.

Audit observed that damages to public infrastructures occurred as a result of Monsoon Flood-2022 (from 22.07.2022 to 06.08.2022). Whereas emergency in these cases was declared in Feb, 2023 and May, 2023 (after a lapse of more than 7 to 11 months). Furthermore, approval/ratification for declaration of these emergency works was not sought from Gilgit-Baltistan Cabinet. Emergency against identified works was declared in order to avoid normal tendering process and in violation of Finance Act, 2022.

Audit was of the view that irregularity occurred due to non-adherence to public procurement rules and provision of Finance Act, 2022 and ineffective implementation of internal controls.

The irregularity was pointed out during July 2023. The management replied that emergency was declared by the District Emergency Committee.

The reply was not satisfactory as the damages were occurred during July & August 2022, whereas the emergency was declared in February and May 2023.

DAC in its meeting held on 20-23.12.2023 directed the department to take up the matter with Home & Prison Department for further clarification.

Audit recommends compliance of DAC directives besides strengthening the financial controls.

AP-363/2023-24

**24.4.26 Irregular award of work of extra items without open competition –  
Rs.199.316 million**

Para 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million Pakistani 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 Executive Engineer, Building Division, Gilgit for the Financial Year 2022-23, it was noted that the management awarded following works to different contractors at a cost of Rs.138.203 million. Details are as under:

<b>(Rs. in million)</b>					
<b>S. No.</b>	<b>Name of Project</b>	<b>Contractor</b>	<b>Contract Cost</b>	<b>Revised cost</b>	<b>Extra work-</b>
1.	Land scaping and strengthening of Agriculture Secretariat	M/s Muhammad Hussain & Sons	2.900	6.956	4.056
2.	Maintenance and supply items at Chief Minister Camp Office and Residence at Islamabad	M/s Shah Jahan Associates	4.595	13.512	8.025
3.	Strengthening of Governor Secretariat	M/s Safdar Hussain & Brothers	58.000	99.820	41.820
4.	Construction of three story family suits at existing civil secretariat Gilgit	M/s Zeal Enterprises	69.819	189.013	119.194
5.	Renovation/Alteration of Kitchen at CM House at Chinar Bagh, Gilgit	M/s Afsar Jan	2.889	29.110	26.221
<b>Total</b>			<b>138.203</b>	<b>338.411</b>	<b>199.316</b>

Audit observed that the management awarded the additional works valuing Rs.199.316 million to the same contractor without tendering.

Audit is of the view that the award of work without open competition deprived the government from the benefit of competitive rates.

The irregularity occurred due to non-adherence to the provisions of public procurement rules.

The irregularity was pointed out during September, 2023. The management replied that deviation / extra items statement / revised estimates have been approved by the higher authority against each work and payment against extra items regularized.

The reply was not accepted as the additional work was awarded without adopting open competition.

The DAC in its meeting held on 20-23.12.2023 decided to refer the para to PAC.



Audit recommends that responsibility may be fixed for the irregularity.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 19.4.7 having financial impact of Rs.4.429 million. Recurrence of same irregularity is a matter of serious concern.*

AP-423/2023-24

**24.4.27 Doubtful payment due to over writing/counterfeiting figures – Rs.6.052 million**

Rule 2(f) of Public Procurement Rules 2004 provides that “fraudulent practices” which means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

During audit of Executive Engineer, PHE/WASA Gilgit, for the Financial Year 2022-23, it was noted that the management awarded a work “Greater Water Supply Scheme Sub-Division (Water Supply Bonner Das and Minimarg) including Sub-Work-I Juglote Sai, Sub-Work-II Const of Water Supply System Soniyar, Sub-Work-III, Construction of Water Supply system Darote Sai and Sub-Work-IV Construction of Water Supply System Doyan colony” for Rs.106.808 million to M/s Khyber Grace Pvt. Ltd. on 30.08.2022 against the estimated cost of Rs.131.492 million i.e. 18.77% below on engineer’s estimates.

Audit further noted an overwriting of the rate and amount in item No. 03 from Rs.1315 per rft to Rs.1,815 per rft in Sub-Work-II Const of Water Supply System under sub-head main pipe line in the BOQ. The same was erased/re-written with whitener from Rs. 6.263 million to 8.645 million. The item was paid vide page 034 of MB No.688 for a quantity of Rs.5,960 rft @ Rs.1,815 per rft for Rs.10.817 million. Moreover, under the head Construction of Track for Main Pipe Line, the percentage of dry work was changed from 30% to 130% by inserting 1 before 30%. This fact is substantiated that no other sub-head has dry work of more than 60%.

Audit observed that the contractor was overpaid by counterfeiting in violation of the rules for Rs.6.052 million (2.980+3.072).

Audit maintains that the overpayment occurred due to weak financial and internal controls.

Audit pointed out overpayment in August 2023. The management replied that the work is in progress and the over payment will be recovered in the next running bill and correction will be made as per contract agreement.

The management admitted the irregularity.

DAC in its meeting held on 20-23.12.2023 directed to constitute an inquiry committee to probe into the matter and to come-up with clear recommendations.

Audit recommends that the matter needs to be investigated and corrective action may be taken.

AP-531/2023-24

#### ***24.4.28 Irregular award of work by counterfeiting – Rs.54.499 million***

Rule 2(f) of Public Procurement Rules 2004 provides that “fraudulent practices” which means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.

During audit of Executive Engineer B&R Hunza for the Financial Year 2022-23, it was noted that the management awarded a work “Construction of Sports Complex and Gymnasium at Hunza” at an agreed cost of Rs.53.750 million on 02.02.2022 to M/s Amir Haider & Sons against TS Estimates of Rs.52.506 million. The work was required to be completed within 24 months. Administrative Approval of the Work was approved by GB-DDWP for Rs.59.612 million including Rs.53.56 million for building & civil work.

Audit further noted that:

- i. Six bidding documents were sold which were changed to seven after cutting on the comparative statement.
- ii. Bidding documents revealed that the bid was issued to M/s Shah Khalid & Brothers JV Aamir Haider and Sons which was overwritten through whiter/fluid on first page of contract agreement as well as in comparative statement. The bid was negotiated and reduced premium from 180% above to 70% above and 86% above to 80% above.
- iii. Under head Internal electrification, an item “Providing and fixing of solar system i/c Batteries charger inverter all accessories’ rate was fabricated from Rs.70,000 to Rs.470,000.

Similarly, Executive Engineer B&R Division Hunza during the Financial Year 2022-23, paid an amount of Rs.0.750 million to M/s Muhammad Aslam during execution of a project “Construction of A class dispensary Reshit, Chupursan”. The payment was made by overwriting/counterfeited the rates and amount figures in sub-head water supply recorded in page no. 60,61,94 & 95 of MB No.2280.

Audit observed that bidding documents were fabricated and counterfeited rates were inserted.

Audit maintains that irregularities occurred due to weak financial and internal controls.

The irregularities were pointed out during August 2023. The management replied that the contractor has rebated the premium voluntarily from 180% to 70%

and 86% to 80% above. However, a fact-finding committee is being constituted to probe the matter in both the cases.

The management has accepted the point of view of the audit.

A DAC in its meeting held on 20-23.12.2023 took a very serious note and directed to conduct a fact-finding inquiry which shall submit its report within one month. DAC further directed that the Inquiry Committee shall also identify the person(s) at fault and fix responsibility and be proceeded against under E&D rules.

Audit recommends that the decision of the DAC may be implemented.

AP-458 and 589/2023-24

#### ***24.4.29 Irregular award of work at higher rate- Rs.35.148 million***

As per para 6.17 & 7.124(d) of Pak. PWD Code, maximum permissible limit for acceptance of tender over technical sanctioned estimates is 15%.

During audit of Executive Engineer, Nagar for the Financial Year 2022-23, it was noted that the management awarded a work Construction of Water Supply from Ghashumaling to Chalt Pian Halqa-IV Nagar to M/S Khan Engineering Contractor JV Safdar Hussain & Brothers at cost of Rs.35.148 million against the technical sanction estimates of Rs.26.925 million.

Audit observed that the bid was accepted at higher rates i.e. 31% (Rs.35.148–Rs.26.925=Rs.8.233 million) above the estimated cost and beyond the permissible limit of fifteen percent. This resulted in irregular award of work.

Audit was of the view that irregularity occurred due to acceptance of bid at higher rate.

Audit pointed out irregularity during August 2023. The management replied that the work was awarded to the lowest bidder. However, the cost of the project is within 15% permissible limit of PC-I.

The reply was not accepted as the bid was accepted at higher rate beyond 15% permissible limit of technical sanction.

A DAC in its meeting held on 20-23.12.2023 did not agree with the view point of the concerned Executive Engineer and directed to constitute a fact-finding committee with direction to submit a report within one month.

Audit recommends that decision of the DAC may be implemented.

AP-478/2023-24

**24.4.30 Loss to government due to wastage of resources on consultancy services without requirement – Rs.4.0 million**

Chief Engineer PWD vide its letter No. CE-2(1)/PS/2019-20/800 dated 13<sup>th</sup> April 2020 addressed to the Secretary Works Department Gilgit informed that costing, drawing and design has already been made part of PC-I and there was no need of consultancy services.

Audit noted that the Executive Engineer PHE/WASA Gilgit paid Rs.4.0 million to M/s IGES International JV GSK Engineering on account of consultancy charges for drawing design, BoQs and tender documents etc”.

Audit observed that the office made payment for consultancy services which was already part of PC-I and was executed by the department itself.

Audit was of the view that payment of consultancy services for already executed activity resulted in loss to government of Rs.4.0 million. Audit maintains that loss occurred due to weak financial controls.

Audit pointed out loss in August 2023. The management replied that design of water supply system is a complex process. Consultancy services were required for detailed design, preparation of bidding documents and BoQs.

The reply was not accepted as the consultancy service was part of project executed by the department itself.

A DAC in its meeting held on 20-23.12.2023 directed to constitute a committee to conduct fact-finding inquiry in the matter. A report in this regard shall be submitted within one month with clear recommendations.

Audit recommends that the decision of the DAC may be implemented.

AP-530/2023-24

**24.4.31 Overpayment due to non-deduction of cost of sorting and stacking – Rs.28.092 million**

As per Pak PWD Specification 28.1-11, material obtained from the item ‘Excavation or cutting in hard rock by blasting, including sorting and stacking the excavated stuff complete’ will be close stacked. If any material is un-stackable, payment @ 50% of the quoted rate for hard rock is admissible.

During audit of various Executive Engineers Works Department Gilgit Baltistan for the financial year 2021-22 and 2022-23, it was noted that road construction and boundary wall works were awarded to various contractors.

Audit observed that certain excavation items were measured and paid but rates of the items against the component of sorting out and stacking of serviceable and unserviceable material was not reduced / adjusted to the extent of 47.5% -50% as the same was not shown for utilization towards other items of work e.g. retaining masonry walls. This resulted an overpayment of Rs.28.092 million. Details are at **Annexure-11**.

Audit is of the view that the overpayment of Rs.28.092 million occurred due to non-adherence to the rules and inefficient implementation of the financial controls.

The irregularity was pointed out in April to November 2023. The department replied that stone was utilized towards other items of work where possible.

The reply was not accepted as stacking of serviceable and unserviceable material was not reduced / adjusted in accordance with approved percentage.

A DAC meeting was held on 20-23.12.2023. The DAC directed to effect recovery on account of cost of sorting & stacking and get it verified from Audit.

Audit recommends that decision of the DAC may be implemented.

**Note:** *The issue was reported earlier also in the Audit Report for the Audit Year 2022-23 vide para number 19.4.25 having financial impact of Rs.1.452 million. Recurrence of same irregularity is a matter of serious concern.*

## CHAPTER-25

### IMPACT AUDIT

#### 1. Socio-economic Impacts of Farm to Market Road (FMR) Under Economic Transformation Initiative (Thallay Valley Baltistan), Gilgit-Baltistan

##### 1.1 Introduction

Impact Audit gauges outcomes attributable to an initiative, program or project. It focuses on ultimate outcomes or wider impact as envisaged through the project. This audit has been conducted as a new initiative as per the direction of the Auditor-General of Gilgit-Baltistan for ushering in a new era of audit which focuses on analyzing the real time benefit of a government initiative for the people.

The Economic Transformation Initiative in Gilgit-Baltistan is jointly sponsored by the Government of Gilgit Baltistan, the International Fund for Agriculture Development (IFAD), and the Italian Agency for Development Cooperation (IACS). The project was launched in 2016. The main objective of the initiative was to enhance the economic conditions of the region by increasing incomes, reducing poverty, and alleviating malnutrition in rural areas. The program was aimed to achieve these goals by implementing a holistic and demand-driven approach consisting of three major components:

- i. Infrastructure Development: This component mainly focuses on enhancing infrastructure in rural areas of the region, specifically through irrigation development and the improvement of Farm to Market Roads. Its aim is to create a favorable environment for agricultural growth and income generation.
- ii. Value Chain Development: This component covers establishment of a value chain fund, provision of technical assistance, mobilizing social support for farmer organizations, extending support to these organizations through government agencies like agriculture research and agriculture extension departments, and facilitating land titling.
- iii. Policy Support: This component of the project involves offering policy support across various development areas.

##### 1.2 Introduction of Scheme

In Baltistan region the Thallay valley is known for its production of quality potatoes. The valley is situated at 32 km from the district headquarter Khaplu of district Ghanche and is connected through a jeep-able road. The valley consists of 16 hamlets and 1246 households forming a cumulative population of 12,460 individuals. The farthest settlement of the area is Khasumik. Majority of the

population is associated with agriculture for earning their livelihoods. Around 85% of the population is engaged in growing potatoes, which is the main cash crop for the locals. Potato is one of the main sources of income for the locals besides their ordinary farming and other skilled and unskilled jobs. According to the information provided, Thallay valley produces more than 1000 metric tons (15000 bags of 100 kg) of potato each year which is the backbone of the local economy.

ETI under its Regional Coordination Unit, Baltistan (RCUB), has completed 21 FMR schemes with total length of 83.98 km involving cost of Rs.260.390 million. In addition, four bridges having length of 123.122 meters linking the roads with markets were also completed. At present 7438 households are benefiting from these schemes.

Thallay Broq is also one of the FMR schemes in Baltistan Region which has been completed in two different phases and handed over to the community by ETI-GB along with a bridge. Details are as below.

Details	Thallay Phase-I Doqbar and Baqma	Daltir Bridge	Olmo Chumik Phase-II
Date of signing of MOU	02.10.2018	27.07.2020	25.09.2020
Start date	22.10.2018	04.09.2020	28.09.2020
House holds	893		
Command Areas	624 acres		
FMR length (km)	10.52 KM	1.130	7.7
Approved cost (Million)	20.747	5.411	19.578
Completion cost (Million)	20.747	5.628	20.701
Completion date	31.08.2020	18.2021	31.12.2021

### 1.3 Background

Infrastructure plays a vital role in successful implementation of policies relating to the any sector. An adequate infrastructure network is an essential component of the economy and has direct impact on socio economic development of the society. Among the basic infrastructure, especially roads are the major contributors to the Socio-Economic development and economic growth. The road network connection leads to increased accessibility, mobility, and connectivity. That in turn increases transport operations, stimulates economic activities, and subsequent economic growth and ultimately eradicates poverty.

In the rural areas of Gilgit-Baltistan, lack of well-maintained roads is a major constraint as most of the people from the rural areas are not connected to the market directly. Therefore, an intervention namely Farm to Market Road (FMR) was launched during 2016-17 across Gilgit-Baltistan connecting certain rural areas of the region to the local markets.

Through this study an effort was made to evaluate the overall outcomes of the intervention and its impact on social-economic development of the area in general and on Thally Broq valley in particular.

Thally Broq FMR is a 18.76 km road scheme that includes two phases and a bridge. The first phase was initiated in 2018 in two villages' i.e. Doqbar and Boqma while the Bridge scheme was executed in Daltir. The second phase of FMR was executed in Olmo Chumic through which the areas included in the phase-1 FMRs were connected. During the execution period of the scheme, ETI-GB also paid Rs.13.92 million in shape of labour wages to the local community.

In the long-term, the scheme is impacting people's lives in the shape of increase in annual income from agricultural produce. This initiative made connection of a disconnected and abandoned area to the market. It has also brought several affirmative results including reduction of work burden from women besides improving their health condition. It also helped in reducing the travelling time to a great extent and making the area accessible for agriculture besides promotion of tourism.

#### 1.4 Infrastructure Development

**Farm to Market Road (FMR):** Farm to market road is a sub-component of Infrastructure for value chain development and was allocated US\$19.56 million which is 19% of the base cost of the project. The component was aimed at improving critical road linkage for linking the production areas to valley roads and main roads. The sub-component is meant for up-grading of 600 km of shingle compacted roads. Existing pony tracks were to be upgraded to jeep-able roads (40%) and jeep-able roads to truck-able roads (60%). In addition, a lump sum provision of 220 meters of bridges was made. Completion of roads will be aligned with development of value chains in various areas and land development under irrigation component.

In the 1<sup>st</sup> phase from 2016-22, a total of 71 schemes involving cost of Rs.1,403.250 million relating to farm to market road were executed in three regions. Details are as under:

Region	No of schemes	House hold	Length of FMR	Cost
Astore	30	11,896	167.486	724.396
Gilgit	19	7,824	133.177	418.464
Baltistan	22	7,438	83.98	260.390
<b>Total</b>	<b>71</b>	<b>27,158</b>	<b>384.643</b>	<b>1403.25</b>

Similarly, in the 1<sup>st</sup> phase from 2016-22, RCC and suspension bridges having cumulative length of 324 meters involving cost of Rs.185.653 million were constructed in three regions under FMR initiative. Details are as under;

Region	Name of	Structure	Length	Beneficiaries	Cost
--------	---------	-----------	--------	---------------	------



	<b>scheme</b>		<b>(meter)</b>		<b>(million)</b>
Diamer	Balonga	RCC	14.00	400	9.100
Diamer	Gayot	RCC	17.23	600	10.338
Diamer	Gayal	RCC	19.00	800	12.350
Diamer	Fina Fachung	RCC	35.00	500	22.750
Diamer	Dalipur C-Truss Bridge	Truss Bridge	15.24	200	3.562
Gilgit	Sherqila Bridge	RCC	31.10	902	18.600
Gilgit	Hasis Bridge	RCC	42.00	4000	25.200
Gilgit	Pingal Bridge	Wooden Suspension Bridge	27.44	298	21.788
Baltistan	Thalley	RCC	33.00	305	21.450
Baltistan	Kandey	Suspension	40.00	144	10.052
Baltistan	Thalley	Truss Bridge	12.00	893	3.542
Baltistan	Hushey Bridge	Wooden Suspension Bridge	38.11	125	26.92
<b>Total</b>			<b>324.12</b>	<b>9167</b>	<b>185.652</b>

## **1.5 Impact of the Programme**

### **1.5.1 Overall impact**

The ETI with support of an international consultant carried out an impact study during March to June, 2022 to evaluate the current socio-economic conditions and living standards and to collect ETI-GB beneficiaries' perception of changes attributable to project. The team selected representative sample of 1,034 households on scientific basis to draw a reliable conclusion on the changes perceived by sample beneficiaries on a number of important variables.

According to results of study the overall project success was evidenced by the large number of beneficiaries as 73% of beneficiaries being highly satisfied with project services and 74% expressed that the services provided under the program were extremely relevant to their needs. The survey findings also showed that ETI-GB has been successful in improving the income of the majority of its beneficiaries (73%), half of which reported a large or very large increase in income (50% compared with the pre-project situation). The reported average monthly income, overall, is twice as high as the minimum monthly wage in Gilgit-Baltistan. Also, even though only 24% were able to accumulate savings in the past year, the reported average savings are worth two months of income.

Similarly, according to the study a drastic reduction of the proportion of households classified as chronically and extremely poor (from 32% to 4%) was pointed out. This was measured in the small sub-sample of beneficiaries for whom baseline data was available. Besides poverty score results, ETI-GB's intervention has also brought improvement in health conditions of beneficiary households as the proportion of households with access to both healthcare and medicine is much better and higher as compared with pre-project situation. Moreover, some proportion of households has also experienced some degree of improvement in the children's schooling situation. The large majority of female heads of households also felt that

their family was more respected in the community, are more confident to participate in community affairs and market their production, or feel that they can earn enough income to feed their families.

### **1.5.2 FMR Economic Impact**

The FMR component of the project focused on developing support infrastructure, including rural roads. In the 1<sup>st</sup> phase from 2016-22, the 71 schemes having length of 384.64 KM involving cost of Rs.1,403.250 million have been completed and 27,158 households are benefiting. Similarly, in the 1<sup>st</sup> phase RCC and suspension bridges having cumulative length of 324 meters involving cost of Rs.185.653 million were constructed in three regions under FMR initiative.

During survey regarding economic opportunities, 95% of FMR beneficiaries agree (55% strongly) that there are now more marketing opportunities for their agricultural production, while 94% agree (46% strongly) that there are new income generating activities that have developed in their community. Further, 83% of FMR beneficiaries agree (34% strongly) that they are now able to generate cash from agriculture, which they were not able to do before. In terms of opened access to goods and services, 91% of FMR beneficiaries agree (60%strongly) that it is now easier for middlemen to come and buy their products, while 90% agree (34% strongly) that it is now easier to access agricultural inputs.

The FMR beneficiaries largely perceived that this intervention has opened numerous economic opportunities besides access to goods and services. Improved mobility resulted in increase in annual agriculture income- production of cash crop, fodder. Abandoned fields were brought under cultivation of cash crop. FMR has also created short term employment for local skilled and unskilled laborers. The survey results indicate that the workload on women and children and time spending for traveling to the area has also been drastically reduced, and agricultural activities are now flourishing.

The female beneficiaries in Danal Fina, Diamer district highlighted the additional impact that the road had on the local population who worked on its construction. The road construction created job opportunities for more than 4,000 individuals on a daily wage basis for almost a year which helped many unemployed individuals to earn their livelihood. During the global pandemic COVID-19, this scheme remained operational and became the main source of income for the people of Fina”.

### **1.5.3 Selection of scheme**

Gilgit Baltistan is a remote mountainous region where agriculture productivity is generally low due to poor access to quality inputs and huge harvest losses. Gilgit-Baltistan faces challenges of density due to low population, small holdings, and scattered individual production. It also faces the challenge of distances within the region and from main markets and consumption centers with poor

infrastructure and transport facilities the Government of Gilgit-Baltistan launched a development project “Economic Transformation Initiatives” with collaboration of IFAD. The main objective was to make substantial increase in irrigated crop area and production and improved connectivity with markets through strategic investment in economic infrastructure. Farm to Market Road (FMR) component was aiming at improving critical road linkage for the supported value chains for linking the production areas to valley roads and main roads. The sub-component focuses on up gradation/construction of 600 km of shingle compacted roads and 300-meter bridges.

The main produce of Thallay is potatoes due to the suitability of soil and related factors, enhancing its quality and taste. Therefore, due to its demand in the market and best economic returns, potatoes are the best option for the locals. Moreover, unlike other crops, potatoes are readily accepted in the market.

The Auditor-General of Gilgit-Baltistan initiated impact Audit to gauge the effectiveness of investment made by government in different sectors. Therefore, considering the quantum of investment and significance of the FMR on socio-economic development of the region, the topic was included in Audit Plan 2023-24.

## **1.5.4 Objectives**

### **1.5.4.1 Audit objectives**

The main objective of the audit was to examine the changes that the project has introduced in the areas and their impact on socio economic condition of the beneficiaries. The objectives include

- i. Whether the connectivity has improved.
- ii. Whether the production of agriculture produce increased.
- iii. Whether the FMR has created job and other economic opportunities for the people of the areas.
- iv. How, the beneficiaries of the area viewed this initiative.

### **1.5.4.2 Objectives of the Project**

The main objective of the project was to make substantial increase in irrigated crop area, increase in production besides improved connectivity with markets. The objectives of the FMR component of the project were to provide improved access to markets through upgraded road links. The FMR objectives include.

- i. Improving critical road linkage for connecting the production areas to valley roads and main roads.
- ii. Up-grading of 400 km of shingle compacted roads.
- iii. Up gradation of existing pony racks to jeep-able roads.

- iv. Up gradation of jeep-able roads to truck-able roads.
- v. Construction of bridges at different location.
- vi. Enhance the economic conditions of the region by increasing incomes and reducing poverty.

### **1.5.5 Scope**

ETI under its Regional Coordination Unit, Baltistan (RCUB), has completed 21 FME schemes with total length of 83.98 KM involving cost of Rs.260.390 million. At present 7438 households are benefiting from this initiative. In addition, four bridges having length of 123.122 meters linking the roads with markets were also completed.

## **2. Stakeholders and government organizations identified as directly/indirectly involved**

- Federal Ministry of Planning, Development and special initiative, Islamabad – Provide overall policy guidelines for road infrastructure in line with other parts of the country.
- Finance Department Gilgit-Baltistan – provide budgets/funds for the project through regular budgetary mechanism.
- Planning & Development Department Gilgit-Baltistan – coordination with higher fora for approval of the projects.
- PWD Department Gilgit-Baltistan – Responsible for repair and maintenance of road constructed in the area under FMR.
- IFAD – Provides funds according to agreed terms and conditions.
- Agriculture Department – Implementation partner.
- AKRSP – Provide support in some area.
- SMT – Social Mobilizer Team of the area.
- Agriculture Cooperative Societies

## **3. Field Audit Activity**

### **3.1 Methodology**

The objective of study was to evaluate the outcome and impact of the Farm to Market Road. The data relating to program criteria, policy and expenditure was obtained from Project Coordinator and Regional Programme Coordinator. As primarily, the people of the area were the beneficiaries of the scheme, therefore a sample of households was selected with the help of ETI regional office Baltistan. Primary data was obtained through participatory approach by direct interview of the beneficiaries. Moreover, a semi structured questionnaire was devised for collection of data. Both quantitative and qualitative data was collected using the questionnaire

and having discussions and personal interview of the individual beneficiaries. Physical observation of FMR and group discussions alongwith a team of ETI was also made to analyze the perception of beneficiaries and to acquire an in-depth information and detail of the scheme.

## **3.2 Audit Analysis**

### **3.2.1 Details of the FMRs**

The Phase -I FMR is located in Doqbar and Baqma region. Doqbar village is located on the right bank of Thallay nallah where jeep-able track for road already existed and used by the community to transport their produce to the Modunkhor main road. The road laid in the path of watercourse at three places managed by a temporary bridge and two culverts. The proposed FMR in Daltir connected the main road Mondunkhor to the village of Doqbar. However, Baqma is located at the left side of the main Thallay Nullah. The road passes concurrent to the main Khaplu-Thallay Broq road originating in Baqma before the connection-point at the main Khaplu-Thallay Broq road where it meets and converges at the main road. During summers, the road remained blocked intermittently due to flooding in the nullah crossing its path in winters. To overcome this issue, the ETI-GB constructed a link road in the region. The link road constructed under the ETI-GB program in Thallay Broq, Ghanche Baltistan was completed in two phases in 2022. The total length of the link road is 17.63 kilometers, while two hanging wooden bridges, one of which is 33 feet long and the other 31 feet, have also been built. Due to lack of a link road and bridge, it was not possible to move agricultural commodities from the fields to the markets. Moreover, the patients, especially women, had to face problems reaching health facilities. The ETI program has fulfilled a long-standing need of the local population, for which the residents were grateful to ETI and the Government of Gilgit-Baltistan as observed by audit during the visit of the area.

### **3.2.2 Pre-road-conditions**

During visit of the area, Mr. Yahya Khan General Secretary, Social Mobilizer Team (SMT) apprised the audit team that due to non-availability of road in the valley the farmers had to consume most of their time on traveling to field in sowing and harvesting season. The use conventional agriculture practices instead of machines thus the farmers were getting little reward as compared to their efforts. Before the intervention of ETI-GB in the region, the area had a challenging and steep road, affecting the transportation of potatoes and other produce. Before construction of road each farming household sold 15 to 18 bags of potato each year on average. Cost of transportation per 100 kg bag from Thallay Broq to Daghoni Bridge, used to be Rs.500 due to poor road network, consequently the framers paid around 17% of the

value of one bag in shape of transportation charges. The accumulative transportation cost was Rs.8.03 million ( $893 \times 18 \times 500 = 8.03$  million). In addition to this the household required employing all adult members for days to transport their produce from field to valley road, which was intensive in labor and required human resource and time.

Furthermore, in absence of road infrastructure the formers could not cultivate their entire farmland to maximize the production which has now become possible for them after using agriculture machinery. The representative of the SMT also informed the audit team that before construction of the road, the area witnessed several accidents of loaders as temporary local tracks were constructed on self-help basis for transportation. Due to lack of road infrastructure, the farmers were reluctant to cultivate potato and other agriculture produce owing to high transportation and input cost. They stated that occurrence of 5-7 major accidents with injuries as well as loss of vehicle owners and farmers was a routine matter during sowing and harvesting season in the valley. Moreover, in case of health emergencies it was most difficult for people of the area to take their patients to hospital.

### **3.2.3 Results of the Intervention**

The rural communities of the Thallay Valley have generally been provided comfort and convenience of travelling on new road as compared with earth tracks. They also recognized that besides increasing agricultural activities, other business activities will flourish with the passage of time. The scheme has not only improved mobility and agriculture activities in the areas but has also created short term employment for local skilled and unskilled laborers. Beneficiaries generally realized that the workload on women and children, and time spending for traveling to the area has also significantly been reduced, and agricultural activities are now flourishing. Since the area is also rich with natural beauty and has a corridor that connects the valley with Shiger via trekking, a new source of income in terms of tourism has emerged for the beneficiaries.

#### **3.2.3.1 Improved Accessibility**

The newly constructed road provided a convenient and fast mode of transportation, connecting the remote rural areas of the valley to settled areas/market (Blagar) enabling farmers to transport inputs timely through vehicles to market during harvesting season. Due to availability of road the farmers are now using comparatively modern machinery like tractors and other mode of transportation instead of conventional methods. The existing improved connectivity has not only reduced the travelling time to great extent but also promoted social and economic

development of the rural area and made it easier for people to access essential services like healthcare, education, and employment opportunities.

### **3.2.3.2 Cost Saving**

Road is an important form of infrastructure in rural areas which provides cheap and easy access to farmers for marketing their produce and to bring input to the farmland. According to survey carried by ETI, before the intervention, the farmers of the area were paying almost 17 to 20 % of the produce as transportation cost which was reducing their profit margin. However, the existing intervention has led to substantial cost savings for the farmers community. According to the notables of the area, an estimated annual reduction of Rs.4 to 5 million was noted in transportation cost after completion of the project. Consequently, the reduction in cost of transportation ultimately resulted in increase of profit and earning of the beneficiaries of the FMR.

### **3.2.3.3 Enhanced safety**

Besides other economic benefits, an improved road condition ensures safety of the users. The representative of the community accompanying the audit team during field visit informed that there is a remarkable decrease in loader trolley accidents which was a regular feature before the intervention.

### **3.2.3.4 Economic Growth**

A well-maintained rural road infrastructure assures farmers that their crops can be marketed, which, in turn, encourages increase in commercial production. The primary objective of the initiative, besides provision of improved accessibility, was also to improve the economic conditions of the people particularly those associated with agriculture in Thallay valley. Before construction of road the potato production in the area was from 10,000 to 12,000 bags (of 100 kg). However, massive increase in production of potato was witnessed after construction of road. According to farmers and SMT now the Thallay valley is producing approximately more than 4000 metric tons (40,000 bags of 100 kg) of potato each year. The sale price of each bag in local market is 7000 to 8000 and therefore, the accumulative sale impact comes to Rs.280 to 320 million every year. On an average each farming household sells 45 bags of potato each year and as a result, each farmer is now earning Rs. 315,000 to Rs.360,000 per year.

### **3.2.3.5 Promotion of Tourism**

Tourism is a vital source of income for most of the people in Gilgit-Baltistan. The region having an unmatched natural beauty and rich cultural heritage, has a unique potential for tourism development. Tourism sector has the potential to contribute to economic growth and improve the livelihoods of the local communities. The tourism infrastructure particularly road network and hospitality related infrastructure are of paramount importance for tourism development in Gilgit-Baltistan. The strategic location of Gilgit-Baltistan, coupled with the implementation of mega projects under China Pakistan Economic Corridor (CPEC), the region has gained more importance with reference to sustainable infrastructure.

Thallay valley with approximately 20 km length is unique in its landscape and blessed with rich natural beauty. After construction of road, it has gained more attention of local, domestic and international tourists. The valley also connects District Shigar with District Khaplu through a walking track. The local residents of the area informed the audit team that some local and international tourists have visited the valley for trekking adventure. However, most of the tourists visited the valley to enjoy the distinct landscape and its scenic beauty. The region, including Thallay Broq and the famous Thallay La (Pass), is becoming a popular tourist destination for national and international trekkers. With the passage of time, a substantial increase is expected in number of local, national and international tourists which will further boost the local economy.

The FMR, therefore, has not only connected the farmlands with the markets but has also explored new source of income for locals through tourism. Opening of small seasonal rest houses was also witnessed during visit of the areas. The improved access to valley has initially opened up new avenues for economic growth of small business however, with the passage of time it will expand and further stimulate the local economy.

### **3.2.3.6 Mode of transportation shift**

Before, construction of road, the main means of transport was small tractor trolleys with limited loading capacity besides horse/pony which were used for transportation of inputs up and produce to the villages. These means were neither reliable nor cost effective. However, after construction of road, the farmers are now using comparatively big tractor trolleys and mini trucks with substantial loading capacity with more convenience, speed, and reliability. The General Secretary of SMT stated that the local transporters and agriculture machinery owners have benefitted a lot from the intervention through transportation, cultivation, and



threshing, leading to cost reduction and time savings besides substantial increase in earning of the farmers.

### **3.2.3.7 Time Efficiency**

A representative of community Mr. Ahmed Ali apprised the audit team that earlier the people used to travel to farmland by foot and on horses and therefore, most of their time was wasted in travelling. The farmers were spending about 3 to 4 hours to reach valley from surrounding villages due to poor steep and sloppy track. However, now it hardly takes 25 to 30 minutes to reach the main valley. The time saved is spent on agriculture and other productive activities. After construction of the road, most of the farmers have purchased their own mode of transportation including motorcycles etc. At present it is easier for them to manage daily farming tasks efficiently and conveniently besides managing other social responsibilities. Therefore, the time efficiency factor contributed significantly in poverty reduction and increase in earnings.

### **3.2.3.8 Improved Agriculture Practices**

Road infrastructure in the valley has direct impact on agriculture practices in the valley. Prior to the intervention farmers were using indigenous and conventional methods, for cultivation and harvesting of agricultural products which were time consuming. The Farm to Market Road has made it possible for farmers to use modern agricultural techniques. Consequently, the availability of machinery and improvement in the agriculture practices has reduced human workload and now the farming has become an easy occupation for the people. Consequently, the improved agricultural practices have increased the farm household incomes, overall social welfare and economic development.

### **3.2.3.9 Employment of locals**

Roads in Thallay valley has opened up more areas and stimulated economic and social growth. Construction activities in the areas have provided various new opportunities for employment of local labour force. During construction of infrastructure schemes in Baltistan Region the, ETI paid around Rs.176 million as wages to local skilled and unskilled labors in Baltistan Region. Only the labour relating to Thallay valley generated income of Rs.17 million during executing of FMR projects in the areas. In future with the opening of tourism, further employment opportunities will be available to the locals.

### **3.2.3.10 Wider Community Impact**

Beneficiaries while sharing their view informed the Audit team that the intervention has yielded significant and positive results for the community. According to them almost 830 households are benefiting from these schemes in the valley. The improved roads have positively impacted the entire valley population of around 10,000 individuals and surrounding villages. The intervention has facilitated economic growth and significantly improved the quality of life for the residents of Thallay Valley, making it a model for successful community development initiatives. The SMT express their satisfaction and gratitude for the projects. The community satisfaction level is a sign of positive impact of the scheme.

### **3.2.3.11 Improved Assets**

Every intervention brings some unintended positive results as well construction of road and bridges have led to substantial increase in price of land in the area as stated by the representative of the community. Besides increase in agricultural activities, the valley also provide a tracking corridor for District Shigar besides other tourism activities, and therefore, this aspect has further increase the commercial value of land as the people have now started construction of hotel, guesthouses etc. It was noted that the interest of beneficiaries has increased in such a way that people are now distributing communal lands to households for agriculture purpose. The local representative stated that numerous parties and individuals are now approaching locals for sale/lease of land in the valley for construction of rest houses etc.

### **3.2.3.12 Community Satisfaction:**

The main purpose of the initiative was to provide improved access, increase in agricultural activities and to improve the socio-economic condition of the residents of the area. The FMR has direct impact on socio economic development of beneficiaries of the area. Therefore, the community satisfaction is said to be the key factor in determining the successful implementation of the scheme. During visit of area, the residents of Thallay Valley expressed their satisfaction and gratitude for the road construed under ETI-GB initiative. The beneficiaries of the area through their SMT were of the view that earlier they did not produce more because they had no way to access local and national markets. However, the improved road has made the availability of inputs easier and stated that there is substantial increase in agricultural activities.

#### **4. Additional Benefits**

- i. Overall transportation costs for potatoes have decreased by 45%.
- ii. Transportation accidents have been substantially reduced.
- iii. Mini tractor trolleys used for transportation have been replaced with mini trucks.
- iv. Motorbikes have become the preferred mode of transportation for farm work.
- v. Improved road conditions enabled easier access to health facilities during emergencies.
- vi. Improved access to transport for fuel wood and fodder.
- vii. Reclamation of approximately 50% of abandoned land for potato production.
- viii. Workload on women and children and time spending on traveling from the villages to Broq has decreased and as a result, people are actively participating in agricultural activities.

#### **5. Recommendations**

The newly constructed FMR is of great significance for the area and contributing a lot in improving livelihood and socio-economic development of the beneficiaries. In order to ensure the long term sustainability and to take the utmost benefits from the investment, the following recommendations are made.

- i. The FMR is constructed from Baltoro to Khamuik, however, there are some wooded bridges at Nallah in Chundu, Tangheri and Parangus villages which require to be replaced with RCC for better connectivity and smooth flow of traffic.
- ii. The GB-PWD has taken over the road for routine repair and maintenance. However, the mutation of land in favour of Government has not been made so far which require to be expedited as with the passage of time it can create legal complications.
- iii. Land sliding is a regular feature in the area therefore, special measures may be taken to deal promptly with such situations for smooth functioning of the road.
- iv. Capacity of line departments may be enhanced to cope with the repair and maintenance issues in an effective manner.
- v. A comprehensive policy may be formulated to ensure long-term sustainability and positive impact of the FMRs.
- vi. The executing agencies may ensure that all development activities are carried out with due regard to environmental sustainability to protect the region's natural resources particularly the natural forest.
- vii. An effective monitoring and evaluation system may be established in order to track the long-term impact of the program, ensuring achievement of the

objectives in an efficient and effective manner.

- viii. Overall quantitative and qualitative impact assessment may be carried at government level on scientific basis to quantify the impact of different components including FMRs.
- ix. With improvement and development of road infrastructure in remote areas and increase in agricultural activities there is an immense demand of seed and other related inputs which is mostly purchased from down country. Therefore, in order to meet the requirement, a mechanism may be devised for storage of seed and inputs at different points in the region for further timely supply to the farmers.
- x. It has been observed that mostly hybrid varieties of imported seed are used in the region which are costly and in some cases unreliable as well. Due to suitability of soil and environment the quality of potato produced in the region is unique in quality and taste. Therefore, the indigenous seed may be encouraged with the collaboration of Agriculture Department for promoting organic crops to meet the increasing demand.

## **6. Conclusion**

Thallay Valley being remote area was disconnected from the main town and local market. Due to non-availability of proper access, the major part of fertile land in valley was uncultivated and used for grazing in summer season. Eventually accessibility has brought farmers back to abandoned lands, resulting in increased agricultural activities and the cultivation of cash crops especially potatoes. This project has improved income of people, reduced the workload on women and children and enhanced agricultural practices by providing access to quality seeds and fertilizers. As a result, beneficiaries have not only become economically affluent but are also now considering permanent settlement in the area. The intervention has contributed to the development of the assets, increased of land values besides opening of new avenues for tourism. It has also positively impacted local laborers, transporters, and machinery owners, providing employment opportunities and economic benefits. These developments are not only improving living standards but also contributing to long-lasting economic growth in the areas and region as well.

The FMR initiative in the valley has proven to be a transformative force, significantly impacting the socio-economic conditions of the beneficiaries. Through the construction of Farm-to-Market Roads, this initiative has not only improved infrastructure but has also brought multiple positive changes across various aspects of the local economy and society.



## Annexure-1 MfDAC Paras

S No.	DP#	Year	Subject	Rs. in million	Formation	Station	PAOs
1	5	2022-23	Irregular Expenditure on POL and Maintenance of official vehicles	4.314	Secretary Agriculture, Livestock and Fisheries	Gilgit	Agriculture Department
2	6	2022-23	Irregular payment of TA/DA out of Development fund	1.203	Secretary Agriculture, Livestock and Fisheries	Gilgit	Agriculture Department
3	7	2022-23	Non hiring of monitoring firm slow pace of project activities	-	Secretary Agri, Livestock and Fisheries	Gilgit	Agriculture Department
4	46	2022-23	Irregular expenditure on civil work	3.500	Deputy Director Agriculture	Ghanche	Agriculture Department
5	309	2023-24	Irregular expenditure on procurement of Drugs medicines	2.864	Deputy Director Live stock and Dairy Development	Nagar	Agriculture Department
6	310	2023-24	Non-conduct of livestock Census	-	Deputy Director Live stock and Dairy Development	Nagar	Agriculture Department
7	311	2023-24	Abnormal delay in execution of the project	6.556	Deputy Director Live stock and Dairy Development	Gilgit	Agriculture Department
8	312	2023-24	Non existence of monitoring mechanism and non submission of progress reports of Project	10.424	Deputy Director Live stock and Dairy Development	Gilgit	Agriculture Department
9	320	2023-24	Annual recurring loss of revenue to the government due to non-development of land	1.163	Deputy Director Agriculture	Hunza	Agriculture Department
10	321	2023-24	Irregular expenditure met from development funds	0.429	Deputy Director Agriculture	Hunza	Agriculture Department
11	322	2023-24	Non-Mutation of land against paid Compensation	25.300	Deputy Director Agriculture	Nagar	Agriculture Department
12	323	2023-24	Un-authorized execution of civil structure work	32.370	Deputy Director Agriculture	Nagar	Agriculture Department
13	324	2023-24	Non-Preparation of Completion Reports /PC-IV if Schemes	89.000	Deputy Director Agriculture	Nagar	Agriculture Department
14	326	2023-24	Non-achievement of the objectives of the project.	40.000	Director Live Stock	Gilgit	Agriculture Department
15	327	2023-24	Abnormal delay in execution of the project	163.134	Director Live Stock	Gilgit	Agriculture Department
16	328	2023-24	Non-existence of monitoring mechanism and non submission of progress of projects	24.476	Director Live Stock	Gilgit	Agriculture Department
17	329	2023-24	Non-deduction of withholding tax	1.335	Director Live Stock	Gilgit	Agriculture Department
18	500	2023-24	Non completion of project as per PC-I	31.060	Deputy Director Live Stock	Skardu	Agriculture Department
19	501	2023-24	Unjustified expenditure on procurement of feeds	1.281	Deputy Director Live Stock	Skardu	Agriculture Department
20	502	2023-24	Irregular expenditure without provision in PC-I	0.868	Deputy Director Live Stock	Skardu	Agriculture Department
21	503	2023-24	Unjustified expenditure on Generic Consumable	3.310	Deputy Director Agriculture	Skardu	Agriculture Department

22	504	2023-24	Irregular expenditure on purchase of motor cycle	0.229	Deputy Director Agriculture	Skardu	Agriculture Department
23	505	2023-24	Abnormal delay in execution of the project	4.350	Deputy Director Agriculture	Skardu	Agriculture Department
24	506	2023-24	Irregular expenditure on POL from development projects	0.263	Deputy Director Agriculture	Skardu	Agriculture Department
25	507	2023-24	Irregular expenditure on repair of maintenance on vehicles from development project	0.465	Deputy Director Agriculture	Skardu	Agriculture Department
26	508	2023-24	Non-completion of the project as per PC-I	5.000	Deputy Director Agriculture	Ghanche	Agriculture Department
27	509	2023-24	Excess expenditure on supply of fruit plants	1.156	Deputy Director Agriculture	Ghanche	Agriculture Department
28	510	2023-24	Un-justified expenditure on purchase of solar water pump	0.800	Deputy Director Agriculture	Ghanche	Agriculture Department
29	511	2023-24	Non-existence of monitoring mechanism and non submission of progress of projects	1.200	Deputy Director Agriculture	Ghanche	Agriculture Department
30	570	2023-24	Non-completion of the project as per PC-I	59.000	Director Agriculture	Skardu	Agriculture Department
31	571	2023-24	Non-existence of monitoring mechanism and non submission of progress reports of projects	2.500	Director Agriculture	Skardu	Agriculture Department
32	572	2023-24	Excess Expenditure on procurement of Jar filling machine	0.705	Director Agriculture	Skardu	Agriculture Department
33	792	2023-24	Loss of Rs.2.789 million on repair & maintenance of confiscated / tempered vehicle	2.789	Secretary Agriculture	Gilgit	Agriculture Department
34	11	2022-23	Non-Declaration of the Status of the Department and non-Allocation of Business	-	Director General Anti-Corruption	Gilgit	Anti-Corruption Department
35	13	2022-23	Irregular payment on account of difference of amount for purchase of Vehicles	4.953	Director General Anti-Corruption	Gilgit	Anti-Corruption Department
36	14	2022-23	Miss procurement due award of contract of composite rates	6.745	Director General Anti-Corruption	Gilgit	Anti-Corruption Department
37	58	2022-23	Unauthorized Opening of Banks account	-	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
38	688	2023-24	Un-authorized opening of bank account	-	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
39	691	2023-24	Non-reporting of loss	19.173	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
40	692	2023-24	Irregular & unauthorized expenditure on POL & repair of vehicles retained in excess of authorization, recovery thereof .	8.853	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
41	693	2023-24	Recovery of honoraria paid in excess of one basic pay and to the employees other than Secretary Cabinet, Gilgit.	2.246	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department

42	694	2023-24	Irregular, unauthorized and inadmissible payment of electric charges of the residences of Ministers, Advisors & Special Assistant to CM, recovery thereof .	0.533	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
43	695	2023-24	Irregular, unauthorized and inadmissible payment of newspaper charges, recovery thereof.	0.237	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
44	696	2023-24	Unauthorized expenditure on entertainment charges resulted into a loss to Public Exchequer .	1.531	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
45	697	2023-24	Irregular and uneconomical expenditure due to mis-procurement of miscellaneous/other items .	1.531	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
46	698	2023-24	Un-justified expenditure .	8.749	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
47	699	2023-24	Irregular expenditures on TA/DA .	2.251	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
48	700	2023-24	Irregular expenditure on account of rent of office building(s) .	1.992	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
49	701	2023-24	Irregular & uneconomical expenditure on printing charges .	0.563	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
50	702	2023-24	Irregular payment of rent of residential accommodation .	0.180	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
51	703	2023-24	Recovery of loss resulted due to overpayment of TA/DA claims	0.034	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
52	774	2023-24	Loss resulted due to award of procurement contract of stationery items miscellaneous/other items oil/lubricants and spare parts of vehicles at higher rates recovery thereof	4.692	Secretary Cabinet Gilgit-Baltistan	Gilgit	Cabinet Department
53	148	2022-23	Irregular expenditure on POL and maintenance of official vehicles	4.075	DG Chairman inspection Team	Gilgit	Chairman Inspection Team
54	151	2022-23	Missing stock items	0.24	DG Chairman inspection Team	Gilgit	Chairman Inspection Team
55	573	2023-24	Doubtful expenditure on POL	0.09	Addl. District and Session Judge	Skardu	Chief Court
56	574	2023-24	Irregular expenditure on procurement of books	0.180	Addl. District and Session Judge	Skardu	Chief Court
57	677	2023-24	Improper maintenance of Secret Service Funds record Rs	1.000	Chief Court	Gilgit	Chief Court
58	724	2023-24	Unauthorized expenditure against pool vehicles - Rs.14.202 million	-	CM Secretariat, Gilgit	Gilgit	CM Office
59	725	2023-24	Unjustified expenditure on establishment of Chief Minister's GB's Camp Office at Islamabad.	21.617	CM Secretariat, Gilgit	Gilgit	CM Office
60	726	2023-24	Whereabouts of consumable items not known .	25.358	CM Secretariat, Gilgit	Gilgit	CM Office



61	727	2023-24	Irregular & unauthorized expenditure against Miscellaneous Items –.	0.437	CM Secretariat, Gilgit	Gilgit	CM Office
62	728	2023-24	Overpayment of Transfer Grant/Unauthorized & Unjustified payment of Air Fare Monetization .	0.682	CM Secretariat, Gilgit	Gilgit	CM Office
63	33	2022-23	Miss procurement due award of contract of composite rates	-	Deputy Director Education	Ghizer	Education Department
64	34	2022-23	Non- obtaining of performance Guarantee 10% of the contract	9.267	Deputy Director Education	Ghizer	Education Department
65	36	2022-23	Un-justified Expenditure of	36.551	Deputy Director Education	Ghizer	Education Department
66	37	2022-23	Irregular expenditure without formulation of policy	16.585	Deputy Director Education	Ghanche	Education Department
67	38	2022-23	Unjustified expenditure	1.895	Deputy Director Education	Ghanche	Education Department
68	39	2022-23	Misclassification of expenditure	1.590	Deputy Director Education	Ghanche	Education Department
69	41	2022-23	Non-conduction of Monitoring & Evaluation of the Project	109.128	Deputy Director Education	Ghanche	Education Department
70	47	2022-23	Non-holding of Board meetings	-	Principal Public School and College Jutial	Gilgit	Education Department
71	48	2022-23	Non-formulation of Regulation	-	Principal Public School and College Jutial	Gilgit	Education Department
72	175	2022-23	Non-Formulation for Rules and Regulations of Cadet College Skardu	-	Cadet College	Skardu	Education Department
73	466	2023-24	Undue financial aid to Contractor without execution of Work	0.350	Principal Govt. Inter College Basin	Gilgit	Education Department
74	779	2023-24	Overpayment due to Non-adjustment of cost of Dismantle Materials.	0.700	XEN Works Division Education	Gilgit	Education Department
75	780	2023-24	Extra payment due to Non-adjustment of Quantity of Earth/Stone available at Site.	0.146	XEN Works Division Education	Gilgit	Education Department
76	781	2023-24	Extra-payment against cutting/excavation and earth filling items due to application of incorrect rates.	0.110	XEN Works Division Education	Gilgit	Education Department
77	786	2023-24	Non-adjustment of Cost of Stone in rubble masonry work.	0.354	XEN Works Division Education	Gilgit	Education Department
78	791	2023-24	Mis procurement of Works.	10.971	XEN Works Division Education	Gilgit	Education Department
79	1	2022-23	Non Renewal of NCP and Regular vehicles	-	ETO	Diamer	Excise & Taxation Department
80	2	2022-23	Irregular unauthorized indexation of NCP vehicles in violation of Supreme Appellate court's Orders	-	ETO	Diamer	Excise & Taxation Department
81	601	2023-24	Non preparation of Assets inventories and irregular expenditure	403.259	Secretary Finance	Gilgit	Finance Department

82	258	2022-23	Issuance of wheat to flour mill without agreement	-	Civil Supply Officer	Shigar	Food Department
83	259	2022-23	Loss due to less deposit of sale proceeds of wheat and gunny bags into Government Treasury recovery thereof	0.147	Civil Supply Officer	Shigar	Food Department
84	261	2022-23	Recovery due to shortage of 47,259 kg wheat	-	Civil Supply Officer	Shigar	Food Department
85	262	2022-23	Delivery of wheat less than approved allocation/Quota	-	Civil Supply Officer	Shigar	Food Department
86	265	2022-23	Whereabouts of miscellaneous items not known	0.486	Civil Supply Officer	Shigar	Food Department
87	268	2022-23	Irregular Expenditure on Account of repair/maintenance of transport amounting	1.556	Civil Supply Officer	Ghizer	Food Department
88	514	2023-24	Overpayment on account of regular allowance	0.522	Civil Supply Officer	Ghanche	Food Department
89	520	2023-24	Overpayment on account of regular allowance	5.731	Civil Supply Officer	Skardu	Food Department
90	577	2023-24	Irregular expenditure on off road vehicles	1.881	Secretary Food Department	Gilgit	Food Department
91	578	2023-24	Unjustified expenditure on vehicle of other than Secretary, Food Department, Gilgit	0.224	Secretary Food Department	Gilgit	Food Department
92	579	2023-24	Recovery on account of excess payment of POL charges	0.042	Secretary Food Department	Gilgit	Food Department
93	43	2022-23	Unauthorized retention of vehicle	2.749	Central Karakoram National Park	Skardu	Forest Department
94	319	2023-24	Irregular expenditure on account of Repair of Transport out of FWF Fund	1.950	Secretary Forest Wildlife & Environment	Gilgit	Forest Department
95	544	2023-24	Non recovery of rooted fee issued to community individuals from government & private nurseries	144.425	Divisional Forest Officer	Gilgit	Forest Department
96	155	2022-23	Irregular Expenditure on Internees due to Non formulation of internship Policy	3.986	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
97	156	2022-23	Irregular expenditure on procurement of Spares and Repair of vehicles without adopting open competition	7.917	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
98	158	2022-23	Irregular appointment of Business Mobilizer	-	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
99	159	2022-23	Irregular appointment of Community Development Officers	2.433	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
100	160	2022-23	Irregular appointment of Advisors	2.107	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
101	162	2022-23	Un-authorized Retention of 3% service/insurance charges deducted from loan granted for micro-financing activities	1.078	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP

102	163	2022-23	Improper Functioning of Partnership & Fund Raising Section	12.085	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
103	164	2022-23	Irregular Appointment of Director	-	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
104	165	2022-23	Irregular appointment of NRM Officer	0.461	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
105	166	2022-23	Irregular appointment of Staff	-	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
106	167	2022-23	Non Recovery Adjustment of Advance Payment	1.044	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
107	168	2022-23	Non recovery of Penalty amount from the Vendors	1.247	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
108	169	2022-23	Irregular and Un-authorized Payment of TA/DA	2.139	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
109	171	2022-23	Irregular payment without Completion of Work	1.450	Gilgit-Baltistan Rural Support Program (GBRSP)	Gilgit	GBRSP
110	147	2022-23	Mis-Procurement of repair/maintenance of vehicles and misc/others	10.890	Governor Gilgit-Baltistan	Gilgit	Governor Office
111	76	2022-23	Mis-procurement of Medicines Drugs and Intravenous Fluids	7.300	City Hospital	Gilgit	Health Department
112	77	2022-23	Issuance of Medicines to Health Facilities prior to the receipt of Certificate by Central Drug Testing Laboratory	10.800	District Health Office	Gilgit	Health Department
113	78	2022-23	Irregular expenditure in violation of public procurement Rules	5.936	District Health Office	Gilgit	Health Department
114	80	2022-23	Un-necessary Blockage of government funds on sick development schemes	6.372	District Health Office	Gilgit	Health Department
115	81	2022-23	Mis-procurements of Medicines, Drugs & Intravenous Fluid	7.970	District Health Office	Gilgit	Health Department
116	82	2022-23	Irregular procurements of equipment amounting	10.890	District Health Office	Ghanche	Health Department
117	350	2023-24	Un-Justified Expenditure of	30.660	M,S SSGH Hospital	Gilgit	Health Department
118	352	2023-24	Irregular expenditure on POL and maintenance of official vehicles	3.487	M,S SSGH Hospital	Gilgit	Health Department
119	353	2023-24	Non-Registration of vehicles in Excise Department	-	M,S SSGH Hospital	Gilgit	Health Department
120	354	2023-24	Un-Justified Expenditure of	24.756	M,S 30 Bed Hospital Jagir Basin Govt. Hospital	Gilgit	Health Department
121	355	2023-24	Over payment on account of regular allowances	0.892	M,S 30 Bed Hospital Jagir Basin Govt. Hospital	Gilgit	Health Department

122	356	2023-24	Irregular expenditure on POL and maintenance of official vehicles	4.601	M,S 30 Bed Hospital Jagir Basin Govt. Hospital	Gilgit	Health Department
123	432	2023-24	Irregular collection of admission/registration fees from students	4.016	Principal HRDC	Skardu	Health Department
124	435	2023-24	Irregular expenditure on repair of office building	3.389	Secretary Health	Gilgit	Health Department
125	436	2023-24	Non-obtaining of adjustment accounts	78.000	Secretary Health	Gilgit	Health Department
126	437	2023-24	Non-obtaining of adjustment accounts	94.050	Secretary Health	Gilgit	Health Department
127	440	2023-24	Irregular expenditure on account of POL	15.397	Secretary Health	Gilgit	Health Department
128	586	2023-24	Irregular Expenditure on Account of purchase of plant & machinery (Medical & lab Equipment) amounting	9.725	Civil Hospital Aliabad	Hunza	Health Department
129	588	2023-24	Irregular/Misclassification of Expenditure amounting to	30.839	Civil Hospital Aliabad	Hunza	Health Department
130	646	2023-24	Irregular expenditure over and above the approved budget	22.537	Secretary Health	Gilgit	Health Department
131	647	2023-24	Unauthorized expenditure and creation of liability of	14.310	Secretary Health	Gilgit	Health Department
132	794	2023-24	Abnormal delay due to non-conducting of monitoring & evaluation and non-preparation & non-submission of PC-III during project's execution	190.000	MS District Headquarter Hospital	Ghizer	Health Department
133	795	2023-24	Non-preparation & non-submission of PC-IV of the Scheme titled "Provision of Biomedical Gadgets for DHQ Hospital Gahkuch" costing to	20.000	MS District Headquarter Hospital	Ghizer	Health Department
134	796	2023-24	Non-obtaining of adjustment accounts	13.500	MS District Headquarter Hospital	Ghizer	Health Department
135	798	2023-24	Irregular appointment of 10 Doctors against non-created posts	24.583	MS District Headquarter Hospital	Ghizer	Health Department
136	799	2023-24	Irregular appointments of 40 Contingent Paid Staff	16.027	MS District Headquarter Hospital	Ghizer	Health Department
137	802	2023-24	Unjustified and doubtful expenditures on purchase of diet of patient	3.828	MS District Headquarter Hospital	Ghizer	Health Department
138	803	2023-24	Doubtful expenditure on local purchase of medicines	2.800	MS District Headquarter Hospital	Ghizer	Health Department
139	804	2023-24	Irregular and unjustified expenditure on POL and repair & maintenance of vehicles	3.230	MS District Headquarter Hospital	Ghizer	Health Department
140	805	2023-24	Loss resulted due to award of procurement contract of miscellaneous/other items, diet for patients and plant & machinery at higher rates, recovery thereof	2.630	MS District Headquarter Hospital	Ghizer	Health Department

141	806	2023-24	Unauthentic withdrawal of Non-practicing Allowance	1.195	MS District Headquarter Hospital	Ghizer	Health Department
142	807	2023-24	Loss resulted due to non-replacement & non-imposition of penalty on delivery of substandard medicines, recovery thereof	0.318	MS District Headquarter Hospital	Ghizer	Health Department
143	808	2023-24	Loss resulted due to short delivery/supply of medicines, recovery thereof	0.054	MS District Headquarter Hospital	Ghizer	Health Department
144	809	2023-24	Non printing of identification mark at packing strips and bottles received through local distributors	-	MS District Headquarter Hospital	Ghizer	Health Department
145	810	2023-24	Late deposit of Government receipt	1.018	MS District Headquarter Hospital	Ghizer	Health Department
146	843	2023-24	Non appointment on key posts of Doctor(s)/Specialist(s), General Nurse, ASV & Technicians in the DHO Office, Ghizer	-	District Health Officer	Ghizer	Health Department
147	844	2023-24	Non-conducting of monitoring & evaluation and non-preparation & non-submission of PC-III during execution of scheme.	22.203	District Health Officer	Ghizer	Health Department
148	847	2023-24	Irregular and unjustified expenditure on POL and repair & maintenance of vehicles.	3.230	District Health Officer	Ghizer	Health Department
149	848	2023-24	Doubtful expenditure on local purchase of medicines.	0.300	District Health Officer	Ghizer	Health Department
150	849	2023-24	Loss resulted due to non-replacement & non-imposition of penalty on delivery of substandard medicines, recovery thereof.	0.095	District Health Officer	Ghizer	Health Department
151	850	2023-24	Irregular appointment of Contingent Paid Staff .	0.175	District Health Officer	Ghizer	Health Department
152	851	2023-24	Unauthentic withdrawal of Non-practicing Allowance	0.563	District Health Officer	Ghizer	Health Department
153	852	2023-24	Non printing of identification mark at packing strips and bottles received through local distributors	-	District Health Officer	Ghizer	Health Department
154	853	2023-24	Late deposit of Government receipt.	0.445	District Health Officer	Ghizer	Health Department
155	854	2023-24	Loss resulted due to non-imposition of penalty on late delivery of medicines and recovery of liquidated damages.	0.087	District Health Officer	Ghizer	Health Department
156	855	2023-24	Unauthorized Opening of Bank Account	-	District Health Officer	Gilgit	Health Department
157	857	2023-24	Abnormal delay in completion of project titled "Establishment / construction of MCH Centre at Naltar Paen & provision of missing facilities in Child Labor Room DHQ Hospital Gilgit" costing	8.000	District Health Officer	Gilgit	Health Department

158	858	2023-24	Un-authorized payment in excess of PM Assistance Package	7.500	District Health Officer	Gilgit	Health Department
159	859	2023-24	Non appointment on key posts of Technicians, General Nurse, LHV & District EPI Coordinator in the DHO Office, Gilgit	-	District Health Officer	Gilgit	Health Department
160	860	2023-24	Irregular expenditure against 1% Contingencies DHO Office from projects due to non-submission of PC-III.	2.311	District Health Officer	Gilgit	Health Department
161	861	2023-24	Loss resulted due to non-replacement & non-imposition of penalty on delivery of substandard medicines, recovery thereof.	0.382	District Health Officer	Gilgit	Health Department
162	862	2023-24	Irregular and unjustified expenditure on POL and repair & maintenance of vehicles .	4.227	District Health Officer	Gilgit	Health Department
163	863	2023-24	Unauthentic withdrawal of Non-practicing Allowance.	0.674	District Health Officer	Gilgit	Health Department
164	864	2023-24	Doubtful expenditure on local purchase of medicines	0.500	District Health Officer	Gilgit	Health Department
165	865	2023-24	Non printing of identification mark at packing strips and bottles received through local distributors	-	District Health Officer	Gilgit	Health Department
166	866	2023-24	Late deposit of Government receipt & non-reconciliation from treasury office.	1.498	District Health Officer	Gilgit	Health Department
167	65	2022-23	Where about of miscellaneous items not known	2.475	Superintendent of Police	Shigar	Home & Prison Department
168	66	2022-23	Mis-procurement due to splitting-up of expenditure	1.045	Superintendent of Police	Shigar	Home & Prison Department
169	67	2022-23	Un-authorized opening of bank account	-	Superintendent of Police	Shigar	Home & Prison Department
170	68	2022-23	Loss due to less deposit of license fee into Government treasury/ bank	-	Superintendent of Police	Shigar	Home & Prison Department
171	69	2022-23	Loss due to un-justified award of tender for	0.581	Superintendent of Police	Ghanche	Home & Prison Department
172	71	2022-23	Irregular payment of Pay and allowance	-	Assistant Commissioner	Daghoni	Home & Prison Department
173	72	2022-23	Un-authorized expenditure on account of POL and repair of vehicles	1.749	Assistant Commissioner	Daghoni	Home & Prison Department
174	141	2022-23	Unnecessary purchases without any use resolving in blockage of funds	5.400	Central Police	Gilgit	Home & Prison Department
175	142	2022-23	Irregular issuance of Laptops to P&DD Officers	1.260	Central Police	Gilgit	Home & Prison Department
176	145	2022-23	Loss to Government due to non award of Land	16.564	Deputy Commissioner	Ghizer	Home & Prison Department
177	146	2022-23	Irregular advance for Shandur Festival of	3.174	Deputy Commissioner	Ghizer	Home & Prison Department
178	183	2022-23	Abnormal delay in payment of land compensation	13.695	Deputy Commissioner	Shigar	Home & Prison Department

179	184	2022-23	Non-maintenance of cash book non recording of financial transactions	92.520	Deputy Commissioner	Shigar	Home & Prison Department
180	361	2023-24	Irregular expenditure of out of 2% contingencies of development scheme	5.000	Police Training College	Gilgit	Home & Prison Department
181	429	2023-24	Irregular and unauthorized collection of license fee in cash	3.081	Superintendent of Police	Gilgit	Home & Prison Department
182	430	2023-24	Irregular and unauthorized collection of Traffic Challan fee in cash	8.376	Superintendent of Police	Gilgit	Home & Prison Department
183	465	2023-24	Shortcomings /Deficiencies in the Recruitment of constables during the period.	-	SP Office	Hunza	Home & Prison Department
184	515	2023-24	Non Recovery of fixed daily allowance and conveyance allowance during leave period	0.325	Superintendent of Police	Ghanche	Home & Prison Department
185	516	2023-24	Irregular expenditure in violation of public procurement Rules	1.295	Superintendent of Police	Ghanche	Home & Prison Department
186	524	2023-24	Non-recovery of fixed daily allowance and conveyance allowance during leave period	0.268	Superintendent of Police	Skardu	Home & Prison Department
187	525	2023-24	Short fall in achievement of target	0.860	Superintendent of Police	Skardu	Home & Prison Department
188	526	2023-24	Unauthorized expenditure on account of diet food charges	2.999	Superintendent of Police	Skardu	Home & Prison Department
189	527	2023-24	Overpayment on account of regular allowance	7.537	Superintendent of Police	Skardu	Home & Prison Department
190	566	2023-24	Irregular Expenditure on Disaster and Mitigation Work	10.000	Commissioner Baltistan Division	Skardu	Home & Prison Department
191	567	2023-24	Wasteful expenditure on exhibition, festivals and sarfarnaga rally	2.504	Commissioner Baltistan Division	Skardu	Home & Prison Department
192	568	2023-24	Irregular expenditure on account of Stationery Celebration others & Repair of Transport	5.529	Commissioner Baltistan Division	Skardu	Home & Prison Department
193	608	2023-24	Non achievement of revenue targets	57.248	Secretary Home and Prison	Gilgit	Home & Prison Department
194	609	2023-24	Delay in execution of project and cost over-run	45.532	Secretary Home and Prison	Gilgit	Home & Prison Department
195	610	2023-24	Irregular purchase of printer	7.532	Secretary Home and Prison	Gilgit	Home & Prison Department
196	611	2023-24	Non achievement of objectives of project-and cost over-run	60.380	Secretary Home and Prison	Gilgit	Home & Prison Department
197	612	2023-24	Non deduction of sales tax	1.487	Secretary Home and Prison	Gilgit	Home & Prison Department
198	613	2023-24	Non obtaining of performance guarantee	4.834	Secretary Home and Prison	Gilgit	Home & Prison Department
199	614	2023-24	Unjustified payment on account of cost of resident engineer	1.912	Secretary Home and Prison	Gilgit	Home & Prison Department
200	615	2023-24	Doubtful unsupported expenditure on purchase of POL	9.500	Deputy Commissioner	Gilgit	Home & Prison Department
201	616	2023-24	Doubtful expenditure on Disaster and Mitigation Work	4.990	Deputy Commissioner	Gilgit	Home & Prison Department

202	617	2023-24	Irregular expenditure on purchase of fire wood	18.932	Deputy Commissioner	Gilgit	Home & Prison Department
203	618	2023-24	Irregular expenditure on hiring residential accommodation	10.995	Deputy Commissioner	Gilgit	Home & Prison Department
204	622	2023-24	Unauthorized retention of public money	435.536	Deputy Commissioner	Gilgit	Home & Prison Department
205	624	2023-24	Unjustified expenditure on diet/feeding charges	11.999	Deputy Commissioner	Gilgit	Home & Prison Department
206	643	2023-24	Improper functioning of Video Surveillance System due to lack human resources	-	Safe City Program	Gilgit	Home & Prison Department
207	644	2023-24	Mis- procurement of machinery and equipment for functioning of security cameras	1.499	Safe City Program	Gilgit	Home & Prison Department
208	645	2023-24	Irregular expenditure on repair of machinery and equipment of security cameras	2.999	Safe City Program	Gilgit	Home & Prison Department
209	831	2023-24	Irregular payment of death compensation of.	2.700	Deputy Commissioner	Ghanche	Home & Prison Department
210	867	2023-24	Non-recording of expenditures due to improper maintenance of Cash Book	36.244	AIG Special Branch	Gilgit	Home & Prison Department
211	868	2023-24	Irregular and unjustified expenditure on POL and repair & maintenance of vehicles	11.971	AIG Special Branch	Gilgit	Home & Prison Department
212	869	2023-24	Unauthorized expenditure due to splitting-up purchase orders & non-obtaining the sanction of competent authority	11.327	AIG Special Branch	Gilgit	Home & Prison Department
213	870	2023-24	Irregular expenditure on Secret Service	8.500	AIG Special Branch	Gilgit	Home & Prison Department
214	871	2023-24	Mis-procurement of office stationery, miscellaneous items and repair & maintenance of vehicles, motoreycles, generators etc.	5.888	AIG Special Branch	Gilgit	Home & Prison Department
215	872	2023-24	Irregular appointments of Contingent Paid Staff	4.901	AIG Special Branch	Gilgit	Home & Prison Department
216	873	2023-24	Non-reporting of loss	3.068	AIG Special Branch	Gilgit	Home & Prison Department
217	874	2023-24	Irregular expenditure on feeding charges for snuffer	1.294	AIG Special Branch	Gilgit	Home & Prison Department
218	875	2023-24	Whereabouts of miscellaneous items not known	1.146	AIG Special Branch	Gilgit	Home & Prison Department
219	876	2023-24	Irregular expenditure due to non-maintenance of log book of generator	0.759	AIG Special Branch	Gilgit	Home & Prison Department
220	877	2023-24	Irregular expenditure on account of rent of office building(s)	0.705	AIG Special Branch	Gilgit	Home & Prison Department
221	878	2023-24	Irregular & unauthorized expenditure on POL & repair of vehicle other than Special Branch, recovery thereof – Rs.	0.241	AIG Special Branch	Gilgit	Home & Prison Department
222	879	2023-24	Irregular payment of cash award	0.200	AIG Special Branch	Gilgit	Home & Prison Department



223	880	2023-24	Recovery due to non-deduction of 20 Days Fixed DA and Conveyance Allowance from the employees who were on leave	0.134	AIG Special Branch	Gilgit	Home & Prison Department
224	16	2022-23	Irregular / doubtful Expenditure on Maintenance of Official Vehicles	1.370	Chief Officer Municipal Committee	Gilgit	LG&RD Department
225	17	2022-23	Un-justified Expenditure of	1.548	Chief Officer Municipal Committee	Gilgit	LG&RD Department
226	18	2022-23	Non following the criteria for expenditure and saving related to local income	-	Chief Officer Municipal Committee	Gilgit	LG&RD Department
227	19	2022-23	Irregular doubtful Expenditure on maintenance of Official Vehicles	3.245	Chief Office District Council	Gilgit	LG&RD Department
228	20	2022-23	Un-justified Expenditure of	14.580	Chief Office District Council	Gilgit	LG&RD Department
229	21	2022-23	No following the criteria for expenditure and saving related to local income	2.850	Chief Office District Council	Gilgit	LG&RD Department
230	22	2022-23	Unauthorized opening of bank account	-	Chief Office District Council	Gilgit	LG&RD Department
231	24	2022-23	Irregular Expenditure on POL and Maintenance of official vehicles	2.294	Deputy Director LG&RD	Ghizer	LG&RD Department
232	26	2022-23	Irregular opening and maintenance of Bank Account	1.185	Municipal Corporation	Skardu	LG&RD Department
233	27	2022-23	Un-justified Expenditure on Admin Establishment Charges and Development Scheme out of Local Income	4.830	Municipal Corporation	Skardu	LG&RD Department
234	28	2022-23	Irregular Expenditure on the Civil Work	0.669	Municipal Corporation	Skardu	LG&RD Department
235	29	2022-23	Irregular Expenditure on the Civil Work	0.402	Municipal Corporation	Skardu	LG&RD Department
236	30	2022-23	Irregular opening and maintenance of Bank Account	1.563	Municipal Committee	Ghanche	LG&RD Department
237	31	2022-23	Non-imposition/recovery of liquidated damages	0.947	Deputy Director LG&RD	Diamer	LG&RD Department
238	32	2022-23	Non following the criteria for expenditure and saving related to local income	-	Municipal Committee	Diamer	LG&RD Department
239	73	2022-23	Un-justified Expenditure of	2.411	Deputy Director LG&RD	Hunza	LG&RD Department
240	74	2022-23	Non- Completion of Schemes valuing	26.350	Deputy Director LG&RD	Hunza	LG&RD Department
241	126	2022-23	Irregular execution of work	4.981	Deputy Director LG&RD	Shigar	LG&RD Department
242	127	2022-23	Unauthorized Opening of Banks account	-	Deputy Director LG&RD	Shigar	LG&RD Department
243	128	2022-23	Non authorization of official vehicles	-	Deputy Director LG&RD	Shigar	LG&RD Department
244	131	2022-23	Non-authorization of official vehicles	-	Deputy Director LG&RD	Shigar	LG&RD Department
245	137	2022-23	Irregular payment out of security deposit	0.479	Deputy Director LG&RD	Ghanche	LG&RD Department

246	138	2022-23	Un-authorized opening of bank account	-	Deputy Director LG&RD	Ghanche	LG&RD Department
247	140	2022-23	Non-authorization of official vehicles	-	Deputy Director LG&RD	Ghanche	LG&RD Department
248	174	2022-23	Un Justified payment of Admin and Operational Charges without Approval Execution of Development Scheme under ARDP 2020-21	4.578	DD LG&RD Baltistan Region	Skardu	LG&RD Department
249	315	2023-24	Irregular expenditure over and above the original approved budget	1.130	Deputy Director LG&RD	Skardu	LG&RD Department
250	384	2023-24	Irregular expenditure in violation of public procurement Rules	18.740	Director Local Council Board	Gilgit	LG&RD Department
251	386	2023-24	Irregular payment of additional Work in violation of Admin Approval	2.315	Deputy Director LG&RD	Hunza	LG&RD Department
252	387	2023-24	Non recovery of Insurance Premium due to non-effecting of Insurance Policy against the work	0.128	Deputy Director LG&RD	Hunza	LG&RD Department
253	389	2023-24	Non revalidation of performance Guarantee	3.246	Deputy Director LG&RD	Hunza	LG&RD Department
254	393	2023-24	Non approval of variation order /statement of extra excess and substituted items from competent authority	3.982	Deputy Director LG&RD	Nagar	LG&RD Department
255	394	2023-24	Non recovery of Insurance Premium due to non-effecting of Insurance Policy against the work	0.476	Deputy Director LG&RD	Nagar	LG&RD Department
256	395	2023-24	Irregular award of work in violation of PPRA Rules	43.296	Deputy Director LG&RD	Nagar	LG&RD Department
257	396	2023-24	Non-revalidation of performance security Bond	2.289	Deputy Director LG&RD	Nagar	LG&RD Department
258	397	2023-24	Non imposition deduction of Liquidated damages due to non completion of work Timely	2.040	Deputy Director LG&RD	Nagar	LG&RD Department
259	521	2023-24	Irregular expenditure on POL and maintenance of official vehicles	8.458	Secretary LG&RD	Gilgit	LG&RD Department
260	522	2023-24	Non-Conducting of Monitoring and Evaluation of the Project Technical Inspection of the projects worth	955.376	Secretary LG&RD	Gilgit	LG&RD Department
261	523	2023-24	Overpayment on account of regular allowance	0.278	Secretary LG&RD	Gilgit	LG&RD Department
262	359	2023-24	Irregular expenditure on POL and maintenance of official vehicles	16.044	Secretary Minerals, industries, Commerce & labour	Gilgit	Mines & Minerals Department
263	360	2023-24	Un-Justified Expenditure of	2.071	Secretary Minerals, industries, Commerce & labour	Gilgit	Mines & Minerals Department
264	403	2023-24	Non inclusion of NATCO functions schedule II of Gilgit Baltistan Rules of Business 2009	-	Northern Areas Transport Corporation	Gilgit	NATCO

265	409	2023-24	Incurrence of Operating Loss due to non-preparation of annual Budget	463.935	Northern Areas Transport Corporation	Gilgit	NATCO
266	114	2022-23	Unauthorized payment to the contractor without work done	3.000	Skardu Development Authority	Skardu	Planning Department
267	115	2022-23	Irregular payment of excess quantities	1.555	Skardu Development Authority	Skardu	Planning Department
268	116	2022-23	Irregular expenditure of out of 2% contingencies of development scheme	6.908	Skardu Development Authority	Skardu	Planning Department
269	119	2022-23	Irregular expenditure on account of procurement of office equipment	0.787	Skardu Development Authority	Skardu	Planning Department
270	121	2022-23	Unauthorized payment to the contractor without work done	6.000	Skardu Development Authority	Skardu	Planning Department
271	122	2022-23	Unauthorized payment on the contractor without work done	1.052	Skardu Development Authority	Skardu	Planning Department
272	330	2023-24	Non-adjustment of vouched Accounts against advance payment made against Land Acquisition and non Mutation of Acquired land in the name of GB Government	26.991	Gilgit Development Authority	Gilgit	Planning Department
273	333	2023-24	Non-adjustment of Mobilization Advance	43.779	Gilgit Development Authority	Gilgit	Planning Department
274	336	2023-24	Overpayment to contractor due to non-conversion of borrow material into solid measurement worth	1.214	Gilgit Development Authority	Gilgit	Planning Department
275	338	2023-24	Loss to govt due to buying vehicle and machinery rate over and above the PC I and Market Rate	13.408	Gilgit Development Authority	Gilgit	Planning Department
276	339	2023-24	Unjustified payment of salaries to employees of office	0.914	Gilgit Development Authority	Gilgit	Planning Department
277	340	2023-24	Overpayment due to non-deduction of available material	0.863	Gilgit Development Authority	Gilgit	Planning Department
278	341	2023-24	Unjustified payment due to bringing earth from borrow instead of unitizing available earth	0.175	Gilgit Development Authority	Gilgit	Planning Department
279	342	2023-24	Non-Re-validation of Performance Guarantee worth	5.903	Gilgit Development Authority	Gilgit	Planning Department
280	343	2023-24	non-deposit of the pension contribution	1.121	Gilgit Development Authority	Gilgit	Planning Department
281	629	2023-24	Non-obtaining of Performance Guarantee within stipulated time/prior to the commencement of work	20.392	Economic Transformation Initiative ETI Gilgit-Baltistan	Gilgit	Planning Department
282	630	2023-24	Non-Imposition of liquidated damages Charges on the Contractor	11.179	Economic Transformation Initiative ETI Gilgit-Baltistan	Gilgit	Planning Department

283	633	2023-24	Non handing over of completed ILD Schemes to the Village Agriculture Cooperative	101.104	Economic Transformation Initiative ETI Gilgit-Baltistan	Gilgit	Planning Department
284	635	2023-24	Non recovery of advance payment from VCTAT ASF	3.308	Economic Transformation Initiative ETI Gilgit-Baltistan	Gilgit	Planning Department
285	679	2023-24	Unauthentic Payments against Non-Existent Items	20.485	Skardu Development Authority	Skardu	Planning Department
286	680	2023-24	Loss to Government due to Selection of Consultant on Non-transparent Basis	12.474	Skardu Development Authority	Skardu	Planning Department
287	681	2023-24	Irregular award of Consultancy Work	52.500	Skardu Development Authority	Skardu	Planning Department
288	682	2023-24	Loss to Government due to Non-Compliance to the Provisions of Gilgit-Baltistan City Development Act, 2020	51.300	Skardu Development Authority	Skardu	Planning Department
289	684	2023-24	Undue financial aid to Contractor against unauthentic measurement	7.000	Skardu Development Authority	Skardu	Planning Department
290	685	2023-24	Non recovery of Insurance Premium	0.411	Skardu Development Authority	Skardu	Planning Department
291	686	2023-24	Undue financial aid to contractor in the shape of advance payment and without recording detail measurement	9.287	Skardu Development Authority	Skardu	Planning Department
292	687	2023-24	Payment against Unexecuted Works	5.274	Skardu Development Authority	Skardu	Planning Department
293	639	2023-24	Non-recovery of outstanding dues	2.944	Gilgit Baltistan House	Islamabad	S&GAD Department
294	640	2023-24	Unjustified allocation of heavy fleet of vehicles at the disposal of Gilgit Baltistan House	-	Gilgit Baltistan House	Islamabad	S&GAD Department
295	650	2023-24	Non-determining type of staff car to be used by the entitled officers in the rules	-	Secretary S&GAD	Gilgit	S&GAD Department
296	705	2023-24	Non-determining type of staff car to be used by the entitled officers	-	Secretary S&GAD	Gilgit	S&GAD Department
297	345	2023-24	Irregular expenditure on POL and maintenance of official vehicles	9.289	Senior Member Board of Revenue	Gilgit	SMBR
298	346	2023-24	Unauthorized opening of bank account	42.804	Senior Member Board of Revenue	Gilgit	SMBR
299	347	2023-24	Un-Justified expenditure of	0.960	Senior Member Board of Revenue	Gilgit	SMBR
300	59	2022-23	Irregular payment of Cash Reward	1.864	Social Welfare Officer	Astore	Social Welfare Department
301	60	2022-23	Irregular expenditure without approval of FD	3.619	Social Welfare Officer	Astore	Social Welfare Department
302	61	2022-23	Irregular payment of Deputation Allowance	4.461	Social Welfare Officer	Astore	Social Welfare Department

303	62	2022-23	Irregular payment of Pay and allowance	-	Social Welfare Officer	Astore	Social Welfare Department
304	63	2022-23	Irregular payment of Pay and allowance	74.110	Social Welfare Officer	Astore	Social Welfare Department
305	64	2022-23	Irregular payment through DDO	1.298	Social Welfare Officer	Astore	Social Welfare Department
306	349	2023-24	Irregular expenditure on POL and maintenance of official vehicles	6.066	Secretary Social Welfare & Women Development Gilgit-Baltistan	Gilgit	Social Welfare Department
307	576	2023-24	Splitting of procurement to avoid the tender	0.998	Directorate of Women Development	Gilgit	Social Welfare Department
308	54	2022-23	Non formulation of policy in line with National policy and Strategy for Fisheries and Aquaculture Development in Pakistan	-	Director Tourism	Gilgit	Tourism Department
309	55	2022-23	Irregular expenditure	9.730	Director Tourism	Gilgit	Tourism Department
310	56	2022-23	Where about of Documentary Charges not known	0.400	Director Tourism	Gilgit	Tourism Department
311	83	2022-23	Delay in completion of Development Scheme	71.728	Director Tourism	Gilgit	Tourism Department
312	84	2022-23	Blockage/Wastage of Government money due to non functional of Development Scheme	1.066	Director Tourism	Gilgit	Tourism Department
313	85	2022-23	Loss due to non deduction of Service Charges @10	0.122	Director Tourism	Gilgit	Tourism Department
314	86	2022-23	Loss to government due to use of substandard material	7.290	Director Tourism	Gilgit	Tourism Department
315	87	2022-23	Undue favor and excess payment to contractor	1.000	Assistant Director Tourism	Skardu	Tourism Department
316	88	2022-23	Misuse of Public funds	0.600	Assistant Director Tourism	Skardu	Tourism Department
317	89	2022-23	Wasteful expenditure on exhibition, festivals and sarfarnga rally	5.321	Assistant Director Tourism	Skardu	Tourism Department
318	105	2022-23	Non-recovery of secured advance	2.592	XEN W&P	Nagar	Water and Power Department
319	106	2022-23	Irregular opening of banks account	2.112	XEN W&P	Nagar	Water and Power Department
320	109	2022-23	Irregular and unjustified payment on account of dollar parity against procurement of Turbo Generator Set (TG) sets from China	7.000	XEN W&P	Nagar	Water and Power Department
321	110	2022-23	Non-obtaining of insurance of works	1.115	XEN W&P	Nagar	Water and Power Department
322	113	2022-23	Irregular award of work of repair and maintenance of transformer	5.508	XEN W&P	Nagar	Water and Power Department
323	208	2022-23	Award of works through negotiating tendering without recording justification and reasons in writing for determination of nature of urgency	4.700	XEN Generation Water & Power	Gilgit	Water and Power Department
324	211	2022-23	Forming of estimates without market surveys/quotations	27.345	XEN Generation Water & Power	Gilgit	Water and Power Department

325	220	2022-23	Loss to Government due to auction of scrap items on composite rates basis	1.193	XEN GB HEW	Gilgit	Water and Power Department
326	221	2022-23	Non-farming of Recruitment Service Recruitment Rules	-	XEN GB HEW	Gilgit	Water and Power Department
327	223	2022-23	Irregular payment of extra/substitute items	11.010	XEN GB HEW	Gilgit	Water and Power Department
328	225	2022-23	Award of contracts at higher rates due to regrouping and splitting of works	1.180	XEN W&P	Ghizer	Water and Power Department
329	226	2022-23	Loss to the government due to misappropriation of 6,466 litter diesel	1.551	XEN W&P	Ghizer	Water and Power Department
330	227	2022-23	Non-deduction of income tax U/S 153(1) © (execution of contracts) of income Tax ordinance,2001	9.144	XEN W&P	Ghizer	Water and Power Department
331	228	2022-23	Irregular payment on account of mobilization advance without opening of LC	16.417	XEN W&P	Ghizer	Water and Power Department
332	230	2022-23	Unjustified award of works on non competitive rates under emergency cover	20.777	XEN W&P	Ghizer	Water and Power Department
333	231	2022-23	Loss recovery of cost of dismantled copper wire	0.660	XEN W&P	Ghizer	Water and Power Department
334	270	2022-23	Overpayment due to allowing excavation of items at higher rates	2.629	EXN Civil Eng Division	Diamer	Works Department
335	369	2023-24	Loss to Government due to non billing against 168.889 GWH Generated Units available for Sale	1,013.334	XEN W&P (Operations)	Gilgit	Water and Power Department
336	370	2023-24	Non-preparation of inventories of physical assets causing unauthentic and unjustified payment against O&M cost	210.219	XEN W&P (Operations)	Gilgit	Water and Power Department
337	372	2023-24	Whereabouts of supplies of 1640 Meters and 23,700 meter ABC Cable & allied accessories Not Known	38.169	XEN W&P (Operations)	Gilgit	Water and Power Department
338	374	2023-24	Repair of Step down Transformers through Contactors instead of GBHEW	29.963	XEN W&P (Operations)	Gilgit	Water and Power Department
339	375	2023-24	Non-Testing of Design and Standard of AMR Meters	24.168	XEN W&P (Operations)	Gilgit	Water and Power Department
340	376	2023-24	Unjustified expenditure against restoration Works under the umbrella of Extreme Emergency	17.020	XEN W&P (Operations)	Gilgit	Water and Power Department
341	377	2023-24	Unjustified and doubtful expenditure against repair of 11 KVA HT penal against flood damages	3.258	XEN W&P (Operations)	Gilgit	Water and Power Department
342	380	2023-24	Extra payment against providing and facing of HT poles	0.558	XEN W&P (Operations)	Gilgit	Water and Power Department

343	381	2023-24	Non-recovery of in-built cost against insurance policies (works & third party)	0.251	XEN W&P (Operations)	Gilgit	Water and Power Department
344	382	2023-24	Non-recovery of in-built cost against insurance policies (works & third party)	0.403	XEN W&P (Operations)	Gilgit	Water and Power Department
345	482	2023-24	Non-recovery/adjustment of secured advance	3.965	XEN W&P	Hunza	Water and Power Department
346	486	2023-24	Irregular expenditure on account of hiring of diesel generator sets and transformers	37.230	XEN W&P	Hunza	Water and Power Department
347	488	2023-24	Irregular award of work of repair and maintenance of transformer	3.187	XEN W&P	Hunza	Water and Power Department
348	490	2023-24	Unauthorized creation for liability	145.025	XEN W&P	Nagar	Water and Power Department
349	491	2023-24	Un-due financial aid to the contractor in kind of premature release of retention money	2.600	XEN W&P	Nagar	Water and Power Department
350	492	2023-24	Non-Imposition/deduction of Liquidated Damages due to Non-Completion of Work timely	2.461	XEN W&P	Nagar	Water and Power Department
351	497	2023-24	Non-fixing of protective equipment with HT Cables VCP Panels	3.800	XEN W&P	Nagar	Water and Power Department
352	499	2023-24	Irregular award of work of repair and maintenance of transformer	7.534	XEN W&P	Nagar	Water and Power Department
353	550	2023-24	Undue Financial Aid to the Contractor in shape of Secured Advance Rs. 4.669 million in addition to mobilization Advance 7.984	12.653	Civil Engineering W&P Baltistan Division	Skardu	Water and Power Department
354	551	2023-24	Overpayment due to non deduction of available material	0.157	Civil Engineering W&P Baltistan Division	Skardu	Water and Power Department
355	651	2023-24	Un-due financial aid to the contractor in kind of premature release of retention money	6.555	XEN W&P	Skardu	Water and Power Department
356	653	2023-24	on imposition of liquidated damages	4.559	XEN W&P	Skardu	Water and Power Department
357	666	2023-24	Irregular expenditure due to reduction of scope of PC-I without approval of competent forum – Rs.36.737 million	36.737	XEN W&P	Skardu	Water and Power Department
358	667	2023-24	Irregular expenditure due to reduction of scope of PC-I without approval of competent forum	14.135	XEN W&P	Skardu	Water and Power Department
359	668	2023-24	Irregular expenditure due to reduction of scope of PC-I without approval of competent forum	5.956	XEN W&P	Skardu	Water and Power Department
360	669	2023-24	Non-recovery/adjustment of mobilization advance	2.000	XEN W&P	Skardu	Water and Power Department
361	670	2023-24	Non-recovery/adjustment of mobilization advance	2.000	XEN W&P	Skardu	Water and Power Department

362	671	2023-24	Unjustified expenditure against emergency works through Single Bid	7.750	XEN W&P	Skardu	Water and Power Department
363	673	2023-24	Irregular award of work	2.298	XEN W&P	Skardu	Water and Power Department
364	675	2023-24	Irregular expenditure due to reduction of scope of PC-I without approval of competent forum	9.802	XEN W&P	Skardu	Water and Power Department
365	676	2023-24	Irregular expenditure due to reduction of scope of PC-I without approval of competent forum	9.799	XEN W&P	Skardu	Water and Power Department
366	707	2023-24	Under-utilization of Hydel Power Stations as compared to the installed capacity	-	Xen W&P	Shigar	Water and Power Department
367	708	2023-24	Irregular execution of development projects	12.295	Xen W&P	Shigar	Water and Power Department
368	709	2023-24	Irregular award of contract without obtaining technical sanction	37.686	Xen W&P	Shigar	Water and Power Department
369	730	2023-24	Loss to Government due to Non-Billing of Rs.7.078 GWh units available for Sale.	28.312	XEN W&P	Astore	Water and Power Department
370	732	2023-24	Loss to Government due to less generation of electricity than installed capacity and less recovery against the sales of Electricity.	172.144	XEN W&P	Astore	Water and Power Department
371	734	2023-24	Irregular Award of Work due to Non-Calling of Tenders – Rs.22.577 million Loss to Government due to Award of work on Non-Competitive Rates – Rs.3.579 million	26.156	XEN W&P	Astore	Water and Power Department
372	735	2023-24	Non recovery of Insurance Premium due to non-effecting of Insurance Policy against the work-Rs	1.587	XEN W&P	Astore	Water and Power Department
373	737	2023-24	Non adjustment/recovery of transportation charges from the Contractor	0.896	XEN W&P	Astore	Water and Power Department
374	738	2023-24	Mis-procurement of Works	19.487	XEN W&P	Astore	Water and Power Department
375	765	2023-24	Loss to Government due to Generation of Electricity less than the Installed Capacity .	804.429	XEN Water and Power Generation	Gilgit	Water and Power Department
376	766	2023-24	Non-preparation of inventories of physical assets causing unauthentic and unjustified payment against O&M Costs against 13 Hydro Power Stations .	117.551	XEN Water and Power Generation	Gilgit	Water and Power Department
377	767	2023-24	Un-authentic Payment due to Framing of Estimates without Market Survey / Analysis of	7.474	XEN Water and Power Generation	Gilgit	Water and Power Department



			Rates.				
378	768	2023-24	Unjustified payment on account of removal of debris/channelization of Nullah through Contractors instead of by engaging departmental labor and machinery-Rs.	5.302	XEN Water and Power Generation	Gilgit	Water and Power Department
379	769	2023-24	Loss to Government due to non-adjustment of cost of replaced items received during repair & maintenance of different Hydro Power Houses (HPSS).	2.960	XEN Water and Power Generation	Gilgit	Water and Power Department
380	770	2023-24	Doubtful expenditures on supply of HT outgoing panel Valve i/c Hydraulic System.	2.000	XEN Water and Power Generation	Gilgit	Water and Power Department
381	771	2023-24	Unjustified payment on account of hiring of Private Excavator along-with replacement cost of tyres and tubes.	2.160	XEN Water and Power Generation	Gilgit	Water and Power Department
382	773	2023-24	Loss to Government due to Less Adjustment of Cost of Replaced Items.	.0650	XEN Water and Power Generation	Gilgit	Water and Power Department
383	412	2023-24	non conduct of Monitoring of Development Scheme	1,454.333	Secretary Water Management	Gilgit	Water Management and Irrigation Department
384	414	2023-24	Irregular Expenditure on TA/DA Pol out of development project	1.636	Secretary Water Management	Gilgit	Water Management and Irrigation Department
385	415	2023-24	Irregular unjustified expenditure on account of Pol repair and maintenance charges	7.084	Secretary Water Management	Gilgit	Water Management and Irrigation Department
386	416	2023-24	Irregular expenditure on repair of vehicle	1.100	Secretary Water Management	Gilgit	Water Management and Irrigation Department
387	8	2022-23	Irregular expenditure in violation of public procurement Rules	1.051	Secretary Works Department	Gilgit	Works Department
388	9	2022-23	Unauthorized allocation of vehicles to other Department	-	Secretary Works Department	Gilgit	Works Department
389	10	2022-23	Irregular expenditure on POL and maintenance of official vehicles	13.017	Secretary Works Department	Gilgit	Works Department
390	94	2022-23	Unjustified payment due to bringing earth from borrow instead of unitizing available earth	0.505	XEN B&R Division	Gilgit	Works Department
391	95	2022-23	Overpayment to contractor	2.287	XEN B&R Division	Gilgit	Works Department
392	100	2022-23	Overpayment to the contractor	2.658	Director WASA/PHE	Gilgit	Works Department

393	102	2022-23	Loss to government due to non-procurement of vehicle on time amounting	2.000	Director WASA/PHE	Gilgit	Works Department
394	103	2022-23	Un-due financial aid to the contractor in kind of premature release of retention money	2.600	XEN W&P Nagar	Nagar	Works Department
395	197	2022-23	Loss to the government due to award work to the 3rd lowest Bidder	8.457	XEN B&R Division	Shigar	Works Department
396	199	2022-23	Non-Adjustment of cost paid on rectifying loss/damages accorded due to blasting on site	0.999	XEN B&R Division	Shigar	Works Department
397	201	2022-23	Unauthorized payment due to non-existence of paid vouchers against procurement and incorporation of 60 grade steel and MS for precast purpose in work	309.221	XEN B&R Division	Shigar	Works Department
398	202	2022-23	Non-deposit of Income Tax deducted at source	7.089	XEN B&R Division	Shigar	Works Department
399	214	2022-23	Excess payment on escalation charges	2.379	XEN Civil Eng Division Skardu	Skardu	Works Department
400	216	2022-23	Undue financial aid to contractor in the shape of secured advance in addition on mobilization advance	2.560	XEN Civil Eng Division	Skardu	Works Department
401	232	2022-23	Overpayment due to allowing excess premiums on steel and RCC Cement Work	11.246	XEN Civil Eng Division	Gilgit	Works Department
402	237	2022-23	Non-Imposition deduction of Liquidated Damages due to Non-Completion of Work Timely	143.616	XEN Civil Eng Division	Gilgit	Works Department
403	239	2022-23	Doubtful payment due to unauthentic measurement of work done	37.000	XEN Civil Eng Division	Gilgit	Works Department
404	241	2022-23	Irregular and unauthorized payment against price adjustment	0.716	XEN Civil Eng Division	Gilgit	Works Department
405	244	2022-23	Extra payment due to measuring paying extra quantity of sub base over existing surface	9.123	XEN B&R	Ghizer	Works Department
406	248	2022-23	Unjustified payment on account of removal of debris/repair of roads through Contractors instead of by engaging departmental labor and machinery	0.824	XEN B&R	Ghizer	Works Department
407	252	2022-23	Undue financial aid to contractor in the kind of accepting mobilization bond instead of bank guarantee against mobilization advance	44.251	XEN B&R	Ghizer	Works Department
408	253	2022-23	Non adjustment/receipt of vouched accounts against advance payment of land acquisition and non mutation of acquired land in the name of GB Government	190.175	XEN B&R	Ghizer	Works Department

409	256	2022-23	Unjustified expenditure on POL against usage of heavy machinery (tractors/wheel dozers )	0.749	XEN B&R	Ghizer	Works Department
410	269	2022-23	Overpayment of price adjustment	3.603	EXN Civil Eng Division	Diamer	Works Department
411	271	2022-23	Undue financial aid to shape of secured advance	2.169	EXN Civil Eng Division	Diamer	Works Department
412	272	2022-23	Irregular and unauthorized expenditure on additional work	10.629	EXN Civil Eng Division	Diamer	Works Department
413	273	2022-23	Extra payment on HEPE pipe and earth work	0.948	EXN Civil Eng Division	Diamer	Works Department
414	277	2023-24	unjustified execution of work without re-rating on excess quantity	12.585	Elevation of GB House ISB Building Division	Gilgit	Works Department
415	279	2023-24	Non approval of variation order /statement of extra excess and substituted items from competent authority	45.101	Elevation of GB House ISB Building Division	Gilgit	Works Department
416	281	2023-24	Non implementation of energy framework to achieve saving in electricity expenditure	3.000	Elevation of GB House ISB Building Division	Gilgit	Works Department
417	282	2023-24	Unauthentic/unjustified payment on account of procurement of furniture/furnishing items/Installation of Fire Fighting system Internal Electrification	108.409	Elevation of GB House ISB Building Division	Gilgit	Works Department
418	285	2023-24	Irregular payment to consultant firms in violation of contract's timelines and non-recovery of loss from the consultant on account of price adjustment	2.054	Elevation of GB House ISB Building Division	Gilgit	Works Department
419	286	2023-24	Excess payment to consultant beyond contract agreement	2.912	Elevation of GB House ISB Building Division	Gilgit	Works Department
420	287	2023-24	Delay in award of work due to non-observance of the GB PWD Procurement Guidelines	48.708	Elevation of GB House ISB Building Division	Gilgit	Works Department
421	288	2023-24	Acceptance of higher items based on market instead of violable scheduled items	1.232	Elevation of GB House ISB Building Division	Gilgit	Works Department
422	289	2023-24	Non deduction of taxes from Consultancy firm	1.562	Elevation of GB House ISB Building Division	Gilgit	Works Department
423	290	2023-24	Undue financial benefit by granting mobilization advance to the already mobilized contractor 7.306 and non recovery of mobilization advance 4.383	11.689	Elevation of GB House ISB Building Division	Gilgit	Works Department
424	292	2023-24	Non-confirmation of deposit of government taxes and duties	23.666	Elevation of GB House ISB Building Division	Gilgit	Works Department
425	293	2023-24	Non-Recovery of Rent Charges from the Contractor for the usage of GB House premise during the execution of works	3.240	Elevation of GB House ISB Building Division	Gilgit	Works Department

426	294	2023-24	Irregular Award of work due to publication of corrigendum in local newspapers	48.708	Elevation of GB House ISB Building Division	Gilgit	Works Department
427	295	2023-24	non recovery of income tax	33.040	Elevation of GB House ISB Building Division	Gilgit	Works Department
428	298	2023-24	Non-recovery of Water Charges from the Contractor	2.943	Elevation of GB House ISB Building Division	Gilgit	Works Department
429	300	2023-24	Non-accountable/auction/recovery of Dismantled material	2.253	Elevation of GB House ISB Building Division	Gilgit	Works Department
430	301	2023-24	Overpayment due to non-execution of item due to incorporation of other item of work	0.098	Elevation of GB House ISB Building Division	Gilgit	Works Department
431	302	2023-24	Non-confirmation of deduction/deposit of General Sales Tax	6.030	Elevation of GB House ISB Building Division	Gilgit	Works Department
432	303	2023-24	Unjustified payment on similar items in two separate works for dignitaries	4.595	Elevation of GB House ISB Building Division	Gilgit	Works Department
433	305	2023-24	Undue benefit to the contractor dating initial stage of execution	59.481	Elevation of GB House ISB Building Division	Gilgit	Works Department
434	306	2023-24	Wasteful expenditure on installation and testing of generator	2.300	Elevation of GB House ISB Building Division	Gilgit	Works Department
435	307	2023-24	Undue favor to Contractor and unnecessary blockade of funds is procurement of Furniture and other accessories before execution of Civil Works	38.439	Elevation of GB House ISB Building Division	Gilgit	Works Department
436	308	2023-24	Overpayment without execution or work	2.710	Elevation of GB House ISB Building Division	Gilgit	Works Department
437	362	2023-24	Unauthorized declaration of emergency	663.877	Secretary Works Department	Gilgit	Works Department
438	364	2023-24	Un-realistic & Less Realization of Receipt of Rent of Buildings	176.256	Secretary Works Department	Gilgit	Works Department
439	365	2023-24	Loss due to Non-functioning of Government Rent House	13.311	Secretary Works Department	Gilgit	Works Department
440	366	2023-24	Non-preparation on inventories of physical assets	43.573	Secretary Works Department	Gilgit	Works Department
441	367	2023-24	Non-conduct of inquiries and blacklisting of contractors against sick project	1,174.443	Secretary Works Department	Gilgit	Works Department
442	368	2023-24	Non-conduct of inquiry against sick project	4.266	Secretary Works Department	Gilgit	Works Department
443	417	2023-24	Irregular sanctioning of expenditure	26.594	XEN Building Division	Gilgit	Works Department
444	418	2023-24	Irregular transfer re-appropriation of funds	29.715	XEN Building Division	Gilgit	Works Department
445	419	2023-24	Irregular execution of works	81.705	XEN Building Division	Gilgit	Works Department
446	422	2023-24	Irregular payment of price escalation adjustment	5.051	XEN Building Division	Gilgit	Works Department

447	424	2023-24	Irregular payment due to execution of extra items of work without approval of the competent authority and without open competition	11.599	XEN Building Division	Gilgit	Works Department
448	425	2023-24	Doubtful payment on work done	16.843	XEN Building Division	Gilgit	Works Department
449	426	2023-24	Irregular payment on account of premature release of security deposit	5.000	XEN Building Division	Gilgit	Works Department
450	427	2023-24	Irregular payment due to extra items of work without approval of the Competent authority	18.335	XEN Building Division	Gilgit	Works Department
451	442	2023-24	Irregular payment against work done but not measured	26.126	XEN B&R Division	Gilgit	Works Department
452	443	2023-24	Non adjustment of Advance	2.880	XEN B&R Division	Gilgit	Works Department
453	446	2023-24	Irregular payment over and above the technical sanction	1.199	XEN B&R Division	Gilgit	Works Department
454	450	2023-24	Overpayment due to allowing excavation of items at higher rates	5.152	XEN B&R Division	Gilgit	Works Department
455	456	2023-24	Loss to government due to allowing higher rate items of sub grade	11.119	XEN B&R Division	Hunza	Works Department
456	459	2023-24	Irregularities in contract management	67.670	XEN B&R Division	Hunza	Works Department
457	461	2023-24	Delay in implementation of work in violation of admn approval	174.680	XEN B&R Division	Hunza	Works Department
458	463	2023-24	Non implementation of PC-1 and non achievement of core deliverables	3.650	XEN B&R Division	Hunza	Works Department
459	468	2023-24	Overpayment due to allowance extra thickness of murum over base	2.758	EXN B&R Division PWD	Nagar	Works Department
460	469	2023-24	Unauthorized payment beyond scope of work and admn approval	1.154	EXN B&R Division PWD	Nagar	Works Department
461	471	2023-24	Unauthentic payment due to non-conducting availability of test reports of	95.434	EXN B&R Division PWD	Nagar	Works Department
462	473	2023-24	Overpayment due to excess measurement of item of sub base	1.353	EXN B&R Division PWD	Nagar	Works Department
463	474	2023-24	Non-encashment of mobilization advance guarantee and less recovery of advance	18.361	EXN B&R Division PWD	Nagar	Works Department
464	475	2023-24	Non obtaining of performance bank guarantee	8.772	EXN B&R Division PWD	Nagar	Works Department
465	476	2023-24	Unjustified expenditure on repair	284.789	EXN B&R Division PWD	Nagar	Works Department
466	477	2023-24	Irregularities in Award of Contractor	10.537	EXN B&R Division PWD	Nagar	Works Department
467	528	2023-24	Unauthorized payment due to unauthorized execution of work beyond technical sanction estimates	22.538	XEN PHE/WASA Division	Gilgit	Works Department

468	529	2023-24	Irregular award of works 24.256 million and unjustified payment without receipt of supplies of workshop machinery 12.375	24.256	XEN PHE/WASA Division	Gilgit	Works Department
469	532	2023-24	Non encashment of mobilization advance guarantee and less recovery of advance	5.900	XEN PHE/WASA Division	Gilgit	Works Department
470	533	2023-24	Irregular award of works	30.477	XEN PHE/WASA Division	Gilgit	Works Department
471	534	2023-24	Non-encashment of performance guarantee & non-termination of contract	11.289	XEN PHE/WASA Division	Gilgit	Works Department
472	536	2023-24	Non-conducting of water Quality Test on Water Filtration Plants	-	XEN PHE/WASA Division	Gilgit	Works Department
473	538	2023-24	Non recovery of Insurance Premium due to non-effecting of Insurance Policy against the work	9.843	XEN PHE/WASA Division	Gilgit	Works Department
474	540	2023-24	Loss to government due to supply of HDPE pipe through contractor and unauthorized record measurement of HDPE pipe	159.076	XEN PHE/WASA Division	Gilgit	Works Department
475	541	2023-24	Non Accountal of Supplied material items equipment worth	46.564	XEN PHE/WASA Division	Gilgit	Works Department
476	552	2023-24	Wasteful Expenditure on incomplete developmental scheme	166.741	XEN B&R Division	Skardu	Works Department
477	554	2023-24	Overpayment to contractor by not deducting the stone cost	1.047	XEN B&R Division	Skardu	Works Department
478	555	2023-24	Overpayment to contractors due to application for higher rates	0.236	XEN B&R Division	Skardu	Works Department
479	556	2023-24	Overpayment to contractors due to application for higher rates	0.238	XEN B&R Division	Skardu	Works Department
480	557	2023-24	Overpayment due to non deduction of available material	0.442	XEN B&R Division	Skardu	Works Department
481	560	2023-24	Unjustified payment due to bringing earth from borrow instead of unitizing available earth	0.468	XEN B&R Division	Skardu	Works Department
482	561	2023-24	Overpayment to the contractor due to non-conversion of borrowed material into solid measurement	2.160	XEN B&R Division	Skardu	Works Department
483	563	2023-24	Non-imposition of liquidated damages for delay in completion of works	8.783	XEN B&R Division	Skardu	Works Department
484	565	2023-24	Irregular payment against work done but not measured	11.434	XEN B&R Division	Skardu	Works Department
485	581	2023-24	Non-recovery of cost of test pile & pile load test	1.250	XEN B&R PWD	Nagar	Works Department
486	584	2023-24	Unjustified expenditure and undue financial benefit to contractor	27.000	XEN B&R PWD	Nagar	Works Department
487	585	2023-24	Overpayment due to allowing higher rates of HDPE pipes 11.850	-	XEN B&R PWD	Nagar	Works Department

488	591	2023-24	Irregular acceptance of Insurance Guarantee instead of Bank Guarantee /CDR	25.151	XEN B&R PWD	Hunza	Works Department
489	592	2023-24	Unauthorized execution of work without testing	14.902	XEN B&R PWD	Hunza	Works Department
490	593	2023-24	Overpayment beyond execution of actual work	1.081	XEN B&R PWD	Hunza	Works Department
491	595	2023-24	Non-disposal/auction of unserviceable vehicles/machinery	2.000	XEN B&R PWD	Hunza	Works Department
492	596	2023-24	Non-realization of revenue from Workshop and non-preparation of proformas accounts of workshop	1.600	XEN B&R PWD	Hunza	Works Department
493	657	2023-24	Delay in execution/completion of development project	17.805	XEN B&R	Kharmang	Works Department
494	658	2023-24	Non-recovery/adjustment of mobilization advance	30.021	XEN B&R	Kharmang	Works Department
495	659	2023-24	Unauthorized execution of work	1.541	XEN B&R	Kharmang	Works Department
496	660	2023-24	Unauthorized execution of excess quantities of work	1.020	XEN B&R	Kharmang	Works Department
497	661	2023-24	Unauthorized execution of excess quantities of work	8.608	XEN B&R	Kharmang	Works Department
498	662	2023-24	Unauthorized execution of excess quantities of work	2.722	XEN B&R	Kharmang	Works Department
499	664	2023-24	Overpayment to contractor on account of premium -	0.390	XEN B&R	Kharmang	Works Department
500	711	2023-24	Irregular award of work to ineligible bidders and non-availability of grievance redressal report – Rs. 175.740 million	175.740	XEN B&R PWD	Nagar	Works Department
501	712	2023-24	Non-realization of revenue of government buildings (Rest Houses)	10.800	XEN B&R PWD	Nagar	Works Department
502	714	2023-24	Non-implementation and follow up of the decision order of inquiry	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
503	715	2023-24	Non-implementation of recommendation of GRC	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
504	716	2023-24	Non-maintenance of proceedings of GRC and its follow up	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
505	717	2023-24	Non-implementation of general guidelines for transparent bidding under tender policy 2022-23	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
506	718	2023-24	Violation of PPRA Rules due to non-constitution of grievance redressal committee	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
507	719	2023-24	Non-implementation of decision of cabinet regarding standardization of market rates	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
508	720	2023-24	Non-enforcement of government decision due to non-incorporating of bank guarantee against mobilization advance in NIT/bids	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department

509	721	2023-24	Non-implementation of GB Cabinet decision due to non-maintenance of special performance report of engineers	-	Chief Engineer B&R, Gilgit Region	Gilgit	Works Department
510	739	2023-24	Undue financial aid to contractor against supply of Road Making Machinery -.	52.250	XEN B&R	Astore	Works Department
511	740	2023-24	Unauthorized payments due to unauthentic measurements/non-recording of detailed measurements .	57.501	XEN B&R	Astore	Works Department
512	741	2023-24	Extra payment due to measuring extra height of Retaining/Breast Walls .	6.998	XEN B&R	Astore	Works Department
513	742	2023-24	Misappropriation of public money against non-existent items -.	19.612	XEN B&R	Astore	Works Department
514	744	2023-24	Loss to Government due to unrealistic receipt against rent of government buildings.	10.595	XEN B&R	Astore	Works Department
515	745	2023-24	Unauthorized Payment without approval of contract agreements .	8.101	XEN B&R	Astore	Works Department
516	746	2023-24	Non-preparation of inventories of physical assets causing unauthentic and unjustified payment against repair & machinery equipment.	7.613	XEN B&R	Astore	Works Department
517	747	2023-24	Non-insurance of works resulting into extending undue financial benefit to Contractor .	4.232	XEN B&R	Astore	Works Department
518	748	2023-24	Overpayment due to measuring extra quantity of metaling works .	2.365	XEN B&R	Astore	Works Department
519	749	2023-24	Non-insurance of works resulting into extending undue financial benefit to Contractors.	6.149	XEN B&R	Astore	Works Department
520	750	2023-24	Overpayment due to measuring extra quantity of metaling works.	0.765	XEN B&R	Astore	Works Department
521	752	2023-24	Unauthorized expenditure due to non-seeking of approval by the competent forum .	185.605	XEN B&R	Shigar	Works Department
522	753	2023-24	Unauthentic Payment due to non-conducting of Piling Tests.	462.195	XEN B&R	Shigar	Works Department
523	755	2023-24	Extra Payment against Extra Lift, Lead & Hammering & Chiseling Work without Provision in the contract agreement/technical sanctioned estimates/PC-I .	13.997	XEN B&R	Shigar	Works Department
524	756	2023-24	Extra payment due to measuring excessive quantities of blasting work .	6.257	XEN B&R	Shigar	Works Department
525	758	2023-24	Unauthorized and unjustified provision of Price Adjustment in the Revised PC-I .	17.442	XEN B&R	Shigar	Works Department
526	760	2023-24	Unjustified release of retention money during Work-in-Progress.	31.852	XEN B&R	Shigar	Works Department



527	762	2023-24	Unjustified Release of Retention Money in Violation of Contractual Obligations.	7.589	XEN B&R	Shigar	Works Department
528	815	2023-24	Irregular payment against work done but not measured.	10.138	XEN B&R	Ghanche	Works Department
529	824	2023-24	Non adjustment of Mobilization Advance.	33.496	XEN B&R	Ghanche	Works Department
530	826	2023-24	Irregular award of work of repair and maintenance of transformer.	2.406	XEN B&R	Ghanche	Works Department
531	834	2023-24	Overpayment due to allowing excavation items at higher rates.	0.498	EXN PHE	Skardu	Works Department
532	835	2023-24	Overpayment due to allowing excavation items at higher rates.	1.159	EXN PHE	Skardu	Works Department
533	836	2023-24	Unjustified Expenditure on various items without provision of PC-I.	4.299	EXN PHE	Skardu	Works Department
534	839	2023-24	Overpayment to contractor.	0.304	EXN PHE	Skardu	Works Department
535	842	2023-24	Unjustified Expenditure on various items excess provision of TS.	1.753	EXN PHE	Skardu	Works Department
536	882	2023-24	Loss to government due to non-reduction of rates on varied quantities	46.291	Naltar to konodas Road project	Gilgit	Works Department
537	885	2023-24	Unauthentic calculation and overpayment on account of Price adjustment	69.394	Naltar to konodas Road project	Gilgit	Works Department
538	889	2023-24	Overpayment due to incorrect application of bitumen density	8.921	Naltar to konodas Road project	Gilgit	Works Department
539	890	2023-24	Non-recovery of bank charges of obtaining less performance guarantee as well as risk uncovered period of performance guarantee	0.624	Naltar to konodas Road project	Gilgit	Works Department
540	893	2023-24	Non-recovery of dismantled material from structures	10.730	Naltar to konodas Road project	Gilgit	Works Department
541	894	2023-24	Irregular execution of work beyond scope of project	6.001	Naltar to konodas Road project	Gilgit	Works Department
542	896	2023-24	Excess payment due to non-verification of taxes	2.368	Naltar to konodas Road project	Gilgit	Works Department
543	897	2023-24	Irregular execution of work beyond drawing/design	0.488	Naltar to konodas Road project	Gilgit	Works Department
544	898	2023-24	Non-provision of tourist points/facilities in scope of project and non-construction of bus/lay bay	-	Naltar to konodas Road project	Gilgit	Works Department
545	899	2023-24	Unauthentic quality of pavement surface due to non-conducting of IRI test of road	-	Naltar to konodas Road project	Gilgit	Works Department

**Annexure-2 Para No. 5.4.5**

**Irregular payment on account of TA/DA**

S. No	Name Of Employee	Designation	Period	Days	Amount	Cheque No.
1	Mr. Ali Rehmet	PSO	22-06-2022 to 27-06-2022	12	100,000	0593889
2	-do-	-do-	28-08-2022 to 05-09-2022	08	105,403	0555420
3	-do-	-do-	01-12-2022 to 26-12-2022	16	157,440	0589534
4	-do-	-do-	15-01-2022 to 25-01-2022	10	129,593	0544836
5	-do-	-do-	06-12-2021 to 13-12-2021	12	99,027	0544837
6	-do-	-do-	13-03-2022 to 29-03-2022	12	126,549	0544835
7	-do-	-do-	03-05-2022 to 15-05-2023	12	101,030	0611653
8	Mr. Kashif Ali Shigri	PSO-II	05-06-2019 to 04-10-2019	147	383,000	05861
9	-do-	-do-	03-06-2022 to 23-06-2022	14	156,674	0555419
10	-do-	-do-	03-07-2022 to 03-08-2022	12	138,820	0555622
11	-do-	-do-	31-08-2022 to 31-12-2022	14	215,271	0607490
12	-do-	-do-	04-04-2022 to 09-05-2022	24	200,000	0549346
13	-do-	-do-	30-01-2023 to 08-02-2023	09	93,126	0600502
14	Mr. M Maraj Jalil	CSO	12-03-2023 to 30-03-2023	16	128,880	0593508
15	-do-	-do-	03-05-2023 to 15-05-2023	09	143,946	0610470
16	-do-	-do-	29-03-2023 to 14-04-2023	09	81,120	0597189
17	Mr. Saud Ahmed	PSO to Secy	07-03-2022 to 01-04-2022	25	108,000	552149
18	-do-	-do-	08-09-2022 to 24-09-2022	16	45,000	0568603
19	Mr. Altaf Hussain	In-Charge Camp Office Astore	02-02-2022 to 25-02-2022	17	80,000	0596928
20	-do-	-do-	20-03-2022 to 04-04-2022	15	85,000	0596929
Total					<b>2,592,964</b>	

**Detail of journeys performed by Chief Minister, GB as per his TA/DA Claims**

S. No	Name Of Employee	Designation	Period
1	M. Khalid Khursheed Khan	Chief Minister	(i) 3 <sup>rd</sup> to 7 <sup>th</sup> July, 2022 (5 days) (ii) 28 <sup>th</sup> July to 2 <sup>nd</sup> August, 2022 (6 days)
2	M. Khalid Khursheed Khan	Chief Minister	(i) 5 <sup>th</sup> to 8 <sup>th</sup> Oct, 2022 (4 days) (ii) 11 <sup>th</sup> to 12 <sup>th</sup> Oct, 2022 (2 day) (iii) 15 <sup>th</sup> Oct to 16 <sup>th</sup> Oct, 2022 (2 days)
3	M. Khalid Khursheed Khan	Chief Minister	14 <sup>th</sup> Jan, 2023 to 8 <sup>th</sup> Feb, 2023 (26 days)

**Annexure-3 Para No. 22.4.3**

**Non-obtaining/revalidation of performance security/bank guarantees**

<b>S.No.</b>	<b>Name of works</b>	<b>Name of Contractors</b>	<b>Contract Cost</b>	<b>Work done upto 30.06.2022</b>	<b>10% performance Security</b>
1.	Shifting of 3.5 MW HPP Maqpoon Bridge to (02 MW at Soq & 01 MW at Ph-V Kachura Skardu (Civil work)	M/s Rasool Shaha	88.454	45.303	8.845
2.	S/F of Penstock pipe accessories allied	M/s AAJ Sons (Pvt) Ltd	306.266	13.145	30.627
3.	Const. of 02 MW JPP at Lachat Ghanch (Const. power house Tailrace chowkidar Hut overseer Wuarter compound wall (PH) Fencing Around forbay and settling Tanks etc.	M/s Haji Muhammad Zawar Ali & Sons sermik with (JV) Ghulam Ali songs	2.978	14.863	0.298
4.	Const of power channel foreby waste way s Tank Intake structure Approach road RCC culvert and Restoration of Existing Public Channel	M/s Haji Muhammad Ali & Sons and Haji M. Ibrahim with Bireno Associates (JV)	111.859	31.288	11.186
5.	Const. of 02 MW HPP at Balaygond Ph-II (stage-II) Const of RCC slab in sliding area of power channel re-const of public chanel and of public chanel and restoration of drinking water supply network for balaygond & Cradle bridge at Head work	M/s Ghulam Abbas & Brother Hussainabad	25.771	3.866	2.577
6.	Const. of approach road from UC Haldi bridge to Balaygond chowk on left bank of Hushey river and Hushey road to head work stage-I	M/s Murad & Sons	5.187	5.000	0.519
7.	Const of extension of power house i/c TG sets foundation extension of tailrace const. of pannel room & duty room for operational staff and compound wall of power complex etc.	M/s Ahmed Ali & Brothers JV Muhammad Iqbal wazir and Sons with Sosar Construction Enterprises	29.321	5.000	2.932
8.	Const. of 02 MW HPP at Sermik Ph-IV Skardu (Hydraulic Civil work)	M/s Hussain Enterprises	63.081	69.433	6.308
<b>Total</b>			<b>632.917</b>	<b>187.898</b>	<b>63.292</b>

**Annexure-4 Para No. 22.4.4**

**Non-recovery of mobilization advance**

**(Amount in million)**

<b>S No.</b>	<b>AP No.</b>	<b>Name of Formation</b>	<b>Name of Work</b>	<b>Contractor</b>	<b>Contract Cost</b>	<b>Mobilization advance paid</b>	<b>Mobilization advance outstanding</b>
1.	240/2022-23	Civil Engineering Division, W&P, Gilgit	Construction of 1.5 MW HPP Budalas (Forebay, Waste way & Protective work/equipment)	M/S Fida Ali Construction Co	37.903	11.371	8.891
2.	242/2022-23	-do-	Construction of 02 MW HPP at Ishkoman PH-II (penstock pipe I/C Civil Work)	M/S Hussain Ali & Sons	300.629	20.000	4.962
3.	243/2022-23	-do-	Construction of 1.5 MW HPP Budalas (weir/Head works, Power Channel & approach Road)	M/S Shoukat Ali & Sons	80.511	11.657	11.657
4.	480/2023-24	Executive Engineer W&P Hunza	Construction of 02 MW HPP at Battura Passu (supply/fixing of Areal Bundled Cable)	M/s Ahmed Global Construction Company	137.491	33.823	33.823
5.	495/2023-24	Executive Engineer Nagar	Construction of 1.5 MW HPP at Budlas Nagar (supply/installation of 2x940KVA Step up transformer i/c all accessories)	M/s Ghulam Mehdi Khan & Sons	7.033	2.110	2.110
6.	496/2023-24	-do-	Construction of 1.5 MW Hydro Power Project at Budalas (supply, installation, commissioning & test running of 200KW turbo generation set)	M/s Mushtaq Ali & Sons	79.610	23.883	23.883
7.	483/2023-24	Executive Engineer W&P Hunza	Construction of 01 MW HPP Chipurson Hunza (supply/installation commissioning and test running of TG set)	M/s Mushtaq Ali (JV) Bireno Associates	52.520	15.756	15.756
8.	481/2023-24	-do-	Construction of 02 MW HPP at Battura Passu (supply/fixing of smart meters & CT operated meters)	M/s Irfan Brothers JV M/s Micro Tech Industries	125.201	31.177	31.177
9.	665/2023-24	Executive Engineer W&P Division,	Supply/installation of transformer monitoring and protection system	M/s KBK Electronics (Pvt) Ltd	36.737	11.081	11.081

		Kharmang	on existing PMTS and smart energy meter and establishment of AMR Server				
10.	494/2023-24	Executive Engineer W&P Nagar	Construction of 0.2 MW HPP at Hispar Nagar (supply/installation, commissioning and test running of TG Set	M/s Janan & Sons	26.600	7.980	7.980
						<b>Total</b>	<b>151.320</b>

**Annexure-5 Para No. 24.4.3**

**Non-recovery of liquidated damages**

(Rs. in million)

S. No.	AP No.	Division	Scheme/Works	Contractor Name	Contract Amount/ Payment	Amount of LD
1	91/2022-23	B&R Division, Kharmang	Various	Various	297.900	29.790
2	656/2023-24		Various	Various	289.732	28.973
4	98/2022-23	PHE Division, Gilgit	Various	Various	118.167	11.817
5	539/2023-24		Various	Various	271.058	27.106
7	249/2022-23	B&R Division, Ghizer	Provision of greater water supply from Haim and Drmadar Nullah to Gahkuch/Sipli	M/S Aurangzeb & Sons	295.008	29.501
8	254/2022-23		Improvement of road from RCC bridge Hunder to RCC bridge Umalsat, Yasin	M/S Ahmed Saeed Associates	58.837	5.884
9	817/2023-24	B&R, Division Ghanche	Various	Various	830.178	83.018
10	754/2023-24	B&R Division Shigar	Construction of 270 Meters RCC Bridge at Chumik, Skardu	M/S Sultan Mehmood	472.221	47.222
11	761/2023-24		Various	Various	212.185	21.219
12	837/2023-24	PHE/WASA Division Skardu	Various	Various	593.122	59.312
13	892/2023-24	Naltar Road Project	Up-Grading of Road from RCC Konodas Bridge to Naltar Air Force Base Camp via Nomal (47 Km)	M/s NLC	3352.303	335.230
14	895/2023-24		Procurement of Snow Clearance Machinery	M/S Shaheen and Sons	83.593	8.359
15	296/2023-24	Building Division, Gilgit	Elevation of GB House, Islamabad	M/s Shah Jahan	281.47	28.147
16	421/2023-24		Construction of three story family suits at existing civil secretariat Gilgit	M/s Zeal Enterprises	368.425	36.843
17	445/2023-24	B&R Division Gilgit	Various	Various	504	50.409
18	594/2023-24		Various	Various	74.569	7.457
19	464/2023-24	B&R Division, Hunza	Widening/Metaling of Road from PWD Rest House Karimabad to Baltit Fort Chowk etc.	Majeed Ullah Baig	29.526	2.953
20	562/2023-24	B&R Division, Skardu	Various	Various	87.825	8.783
<b>Total</b>					<b>8,220.211</b>	<b>822.021</b>

**Annexure-6 Para No. 24.4.4**

**Non-revalidation of performance guarantees in violation of contract agreements**

(Rs. in million)							
Division	S. #	Name of Work	Date of start	Stipulated date of completion	Contract Cost (Rs. in million)	Performance Guarantee	AP No.
XEN PHE/WA SA Division Gilgit	1	Upgradation of water supply scheme Kashrote (Provision of 8" dia pipe from Barmas (M/S Abdul Jalal)	22.11.2018	21.09.2019	19.558	1.9558	99
	2	Infrastructure improvement of Fruit Nursery Sakarkoi in District Gilgit (M/S Mohammad Hussain & Sons)	24.12.2019	23.12.2020	7.940	0.794	
XEN PHE/WA SA Division Gilgit	3	Construction of water storage tank at Rashi Het Chirah Bagrote Halqa-III Gilgit	16-05-22	21-04-23	3.034	0.3034	537
	4	Const: of water storage tank at Rahimabad Halqa-III Gilgit	23-05-22	05-08-23	5.473	0.5473	
	5	Up-Gradation of water supply complex Barmas Gilgit (Modified)	21-07-20	22-07-22	49.702	4.9702	
	6	Construction of Proctive near Baseen Upper RCC Bridge along Kargah Nullah	30-08-22	20-05-23	11.793	1.1793	
	7	Up-Gradation of water supply scheme at Minawar and Parri (Revised)	25-10-19	21-10-20	20.629	2.0629	
	8	Purchase of Accessories and by Units for lift pumps and Establishment of E&M Workshop for Repair Maintenance of lift pumps for Gilgit Region.	16-08-22	15-04-23	24.256	2.4256	
	9	Imp. of water Supply Network in District Gilgit.			156.171	15.617	
XEN B&R Ghanche	10	Const of office for Deputy Commissioner	08.04.2020	08.04.2022	8.00	0.8	818
	12	Const of 03 No. Civil Supply Bulk Depot at sub division Dagoni at Soq	20.10.2021	20.10.2022	15	1.5	
	13	People's Youth Programme-Initiative on Youth and Sports Infrastructure Development.	12-01-18	12-01-20	10.568	1.057	
	14	Construction of road in GBA 24	26.11.2019	26.11.2021	25	2.5	
	15	Const.of link Road in Halqa-II Ghanche (Ph-II)	16-10-2019	16-10-2021	53	5.3	
	16	Const of 2400 rft link road Muhalla Garbong to Khasergrong & kunowa	6.2013	6.2014	2.4	0.24	
	17	Const of Roads in GBA 22			42	4.2	
	18	Imp/Wud/Metalling of road from Dumsun to Karmading	28.06.2021	28.06.2023	145	14.5	
	19	Const of link road in Halqa-II Ghanche Ph-I	16.10.2019	15.10.2020	31	3.1	
	20	Const.of Truckable Road from Gole to Kunis (Ph-II)	03-12-20	03-11-22	19.867	1.987	
	21	Const.of 140 Mtr RCC Bridge Over Hushey River at Machulo to Haldi.	22-05-2019	21-05-2022	319.054	31.905	
	22	Conversion of small suspension bridges into RCC in Baltistan Region.	26-04-2019	25-04-2021	106.116	10.612	
	23	Up-gradation of A Class Dispensary Ghowari into 10 Bed. Hospital Ghanche	31-12-2018	30-12-2020	23.299	2.33	

	24	Extension of Truckable road from Daghoni to Thalley Broq Ph-II	26-09-2018	25-09-2020	23.094	2.31	
	25	Const.of link road in Halqa-II Ghanche Ph-I	18-09-2017	17-09-2019	6.78	0.68	
PHE Skardu	26	Establishment of doctor hostels for Baltistan Region	23.10.2020	22.10.2022	106.631	10.663	838
	27	Const of 10 beded burn untir (Ph-I) City hospital Skardu	09.09.2019	08.09.2021	80.800	8.08	
	28	Provision Oxygen to Wards from Oxygen Plant in RHQ	19.07.2022	18.07.2023	12.081	1.208	
	29	Imp of existing water supply thowar Roundu. Tenjus and supply of clean drinking water for GBLA-8 Skardu	21.06.2021	20.06.2023	145.638	14.564	
	30	Const of Multi Story Residential RCC building for Civil Servants at Satellite town Skardu	21.06.2021	20.06.2023	200.000	20	
	31	Const. of W/S channel scheme at Kachura and Soq Nullah	06.04.2021	05.04.2021	12.000	1.2	
	32	Construction of 13 Nos Filtration Plants in Skardu, Mehdiabad and Roundu Valley	24.07.2018	23.07.2019	35.972	3.597	
XEN Building Division Gilgit	33	Various works			349.05	34.905	420
XEN B&R PWD Hunza	34	Various works			450.85	45.085	460
XEN B&R Division Skardu	35	Construction of ware house of Excise and Taxation in 03 Division of GB	5.11.2017	4.11.2018	27.985	2.799	564
	36	Construction of court cum Residential Accommodation for Civil judge in 5 newly created sub division	2.6.2016	1.6.2017	53.562	5.356	
	37	Promotion of Poultry Breed Improvement of Poultry in GB	16.10.2017	15.10.2018	6.278	0.628	
XEN B&R PWD Nagar	38	Various works			559.282	55.9282	713
		Total			<b>3168.863</b>	<b>316.8897</b>	
Elevation of GB House ISB Building Division Gilgit	39	Elevation of GB House, Islamabad (Left Over Work)			23.275	2.3275	297
	40	Refurbishment and Reconstruction of Toilets and Improvement of Kitchen of the GB House, Islamabad			48.708	4.8708	
		Total			71.983	7.1983	
		<b>Grand Total</b>			<b>3240.85</b>	<b>324.088</b>	



**Annexure-7 Para No. 24.4.5**

**Non-recovery of insurance premium**

(Rs. in million)					
S No.	AP No.	Office	Work	CA Amount	Premium cost (1%)
1	747	XEN B&R Astore	Imp/metalling of Main City Roads Astore and Re-metalling of Chief Secretary Road, Louse Halqa-II, Astore	368.059	3.680
2	749		Const. of 26 Mtr RCC Bridge at Kakhan i/c Approach Road, Astore-I	33.739	0.337
3			Const. of Water Supply Scheme at Halqa-I, Astore (Portion-II)	46.054	0.461
4			Const. of Water Supply Scheme at Halqa-I (Portion- I)	46.950	0.470
5			Const. of Water Supply Scheme at Halqa-I (Portion-III)	37.186	0.372
6			Const. of Water Supply Scheme at Halqa-I (Portion-IV)	46.408	0.464
7			Const. of Water Supply at Makyal, Istamay&NowgamAstore – Portion –II	27.788	0.278
8			Const. of Water Supply Scheme at Qamri, Gorikot&QamriBala and Pain Astore	11.141	0.111
9			Const. of 30 Mtr. RCC Bridge at Makiyal I/C Approach Raod	53.643	0.536
10			Imp./metalling of existing road from AVR to Doyan project-II, Astore (05 KM)	47.765	0.478
11			Const. of RCC Bridge &ApproachRaod at Thaingi Pain Pershing Halqa-II, Astore	18.758	0.188
12			Const. of RCC Bridge at Shikang Via Polo Ground, Astore	65.939	0.659
13			“Imp/metalling of existing road from AVR to Dashkin (Portion-I), Astore	100.313	1.003
14	819	XEN B&R Ghanche	Construction of link road in GBA 23 Ghanche (Ph-I)	6.806	0.068
15			Construction of link road in GBA 24 Ghanche (Ph-I)	14.631	0.146
16			Construction of link road in GBA 23 Ghanche (Ph-II)	9.844	0.098
17			Construction of link road in GBA 23 Ghanche (Ph-IV)	1.408	0.014
18			Construction of link road in GBA 24 Ghanche (Ph-VI)	3.021	0.030
19			Construction of link road in GBA 24 Ghanche (Ph-III)	6.448	0.065
20			Construction of link road in GBA 23 Ghanche (Ph-III)	19.566	0.196
21			Construction of link road in GBA 24 Ghanche (Ph-III)	7.708	0.077
22			Construction of link road in GBA 24 Ghanche (Ph-IV)	6.591	0.066

23			Construction of link road in GBA 23 Ghanche (Ph-V)	5.856	0.059
24			Construction of link road in GBA 24 Ghanche (Ph-V)	7.143	0.071
25			Construction of link road in GBA 23 Ghanche (Ph-VI)	4.487	0.045
26			Construction of link road in GBA 24 Ghanche (Ph-VII)	6.218	0.062
27			Construction of link road in GBA 24 Ghanche (Ph-VIII)	6.695	0.067
28	299	XEN Building Division Gilgit	Elevation of GB House, Islamabad (Left Over Work)	23.275	0.233
29			Refurbishment and Reconstruction of Toilets and Improvement of Kitchen of the GB House, Islamabad	48.708	0.487
30	538	XEN PHE/WASA Division Gilgit	Provision of Clean Drinking water for Jalalabd GBA-III Gilgit	25.326	0.253
31			Const: of Water Supply for Mohammadabad Hospital & Toroki Muhallah Oshikhand Dass Halqa-III Gilgit	16.477	0.165
32			Const:/ Imp. Of Water Supply Scheme at Dasso Haramosh Halqa-III Gilgit	13.934	0.139
33			Construction of water storage tank at Rashi Het Chirah Bagrote Halqa-III Gilgit	3.034	0.030
34			Imp. Of existing water supply Muhammadabad & Const: of Water Storage tank at Water supply complex Shikas Danyore Halqa-III Gilgit	9.731	0.097
35			Const: of water storage tank at Rahimabad Halqa-III Gilgit	5.473	0.055
36			Imp:/Const: of water supply for Jutal and Barchi Haramosh Halqa-III.	11.290	0.113
37			Up-Gradation of water supply complex Barmas Gilgit (Modified)	49.702	0.497
38			Construction of Proctive near Baseen Upper RCC Bridge along Kargah Nullah	11.793	0.118
39			Construction of Proctive Bund at Faizabad Chilmishdass	21.209	0.212
40			Up-Gradation of water supply scheme at Minawar and Parri (Revised)	20.629	0.206
41			Purchase of Accessories and by Units for lift pumps and Establishment of E&M Workshop for Repair Maintenance of lift pumps for Gilgit Region.	24.256	0.243
42			Const: of water supply scheme for Nomal	188.022	1.880
43			Improvement of existing water supply system at Chamugarh Halqa-III Gilgit	37.666	0.377
44			Imp. of water Supply Network in District Gilgit.	156.170	1.562
45			Greater water supply scheme, Juglote Sub Division Bouner Dass and Minimarg.	261.258	2.613

46	582	XEN B&R PWD Nagar	Works under ADP 2022-23 for ongoing works and new schemes	713.427	7.134
47	590	XEN B&R PWD Hunza	Various works	834.571	8.346
48	663	XEN B&R Kharmang	Construction of DHQ Hospital Kharmang	109.123	1.091
			<b>Total</b>	<b>3,595.239</b>	<b>35.952</b>

**Annexure-8 Para No. 24.4.6**

**Overpayment due to non-deduction of voids from dry uncoursed rubble masonry**

(Rs. in million)

S. No.	Division	AP No.	Name of Work	Name of Contractor	Qty Voids @35% cft	Overpayment
1	B&R Division Kharmang	92	Metalling of road from main road to Mantho water fall 3 km and construction of road from Mantho Rongule	Mr. Muhammad Ali Sukamaidan	24,281.37	1.997
2	B&R Division, Gilgit	452	Const of link road in Halqa II	M/S Majeed & Sonse	972.22	0.155
3			Construction of link roads in Halq-I Gilgit	Shams ur Rehman	1085	0.161
4	PHE Division Gilgit	101	Construction of water supply scheme Halqa-I Gilgit, (Development Scheme ADP No. 903)		6172	0.619
5	B&R Division, Ghizer	255	missing facilities in existing Picnic Spot at Sosot i/c protective bund	M/S Shaheen Shah	1100	0.11
<b>Total</b>					<b>33,610.59</b>	<b>3.042</b>

**Annexure-9 Para No. 24.4.7**

**Non-recovery of mobilization advance timely**

(Rs. in million)

<b>S. No.</b>	<b>Division</b>	<b>AP- No.</b>	<b>Name of Work</b>	<b>Contract Cost</b>	<b>Amount of Mob Advance</b>	<b>Non Recovery of Mob Adv</b>
1	XEN B&R Ghizer	251	improvement of major internal road network in district Ghizer	76.768	6.500	0.280
2	XEN B&R Division Skardu	553	Construction of Bypass Road from Radio Pakistan Chowk to SCO Mess Skardu Ph-I (Portion-II)”	53.906	8.086	4.043
3	XEN B&R Kharmang	658	Construction of RCC Bridge over Indus river at Changmer District Kharmang	413.943	60.621	30.021
4	XEN B&R Gilgit	443	Re-metalling of Road from KIU to Danyore RCC bridge I/C Retaining Wall at Zulfiqar Abad Side	38.400	5.760	2.880
			<b>Total</b>	<b>583.017</b>	<b>80.967</b>	<b>37.224</b>

**Annexure-10 Para No. 24.4.11**

**Overpayment due to non-deduction of cost of stone obtained from excavation**

(Rs. in million)						
S. No.	Division		AP No.	Work	Name of Contractor	Amount
1	B&R	Division, Ghizer	250	Const. of truckable road (22 ft) from Umalsat to Darkut and Harap to Thoi (Const. of truckable road at Umalsat to Darkut, Yasin)	M/S Mir Baz & Brothers	1.624
2	B&R	Division, Ghizer	245	Improvement of major internal road network in District Ghizer	M/S Alamgir Builders JV Song Ali & Sons	4.271
3	B&R	Division, Shigar	757	Const. of Road from Chumik Bridge to Lamsa Shigar via New City Skardu (Portion-III)	M/S Ghulam Abbas Gultari	2.08
4	B&R	Division, Shigar	759	Const. of Road from Chumik Bridge to Lamsa Shigar via New City Skardu (Portion-II Hotong Thang to Jarbaxo Pari)	M/S Haji Muhammad Ali & Sons	1.654
5	B&R	Division Ghanche	821	Imp/Widening of Sharp bend from Ghowari to Frano & Surmo to Gongma Siachen	-	0.673
6	B&R	Division Ghanche	822	Construction/Imp of boundry wall Shahi Polo Ground Khaply	M/s Raja Ali Shair Saling	0.329
7	B&R	Division Gilgit	451	Construction of 210.4 Meter Span RCc Bridge from Chimisdass to Sultan Abad Gilgit	M/s NLC	1.093
8	B&R	Division, Gilgit	453	Construction of Retaining Wall at river view road Gilgit	M/S Touseef & Brother	0.191
9	B&R	Division Hunza	455	Various Works	Various Contractors	7.956
10	PHE	Division, Gilgit	542	Various Works	Various Contractors	1.069
11	B&R	Division, Skardu	454	Various Works	Various Contractors	1.047
<b>Total</b>						<b>21.987</b>

**Annexure-11 Para No. 24.4.32**

**Overpayment due to non-deduction of cost of sorting and stacking**

(Rs. in million)					
<b>S. No.</b>	<b>Division</b>	<b>AP No.</b>	<b>Work</b>	<b>Name of Contractor</b>	<b>Amount</b>
1	B&R Kharmang	96	Widening of dangerous sharp bend of metal road from Hamayun bridge to building (portion –III)	Ghulam Abbas	19.103
2	B&R Division, Shigar	198	Construction of Road from Chomik Bridge to Lamsa Shigar via new Skardu City Portion-III, (Jarbaxo Pari to Lamsa Shigar)	Ghulam Abbas	2.253
3	B&R Division Ghanche	820	Construction of link road from Siksa to Chowar Nullah		2.067
4	PHE/WASA, Skardu	840	Various Contracts	Various Contractors	0.153
5	B&R Gilgit	447	Construction /Re-alignment of Damaged River View Road Near Paradise Grill Hotel Sonikote Gilgit		3.658
6	B&R Gilgit	448	Construction of Road in halqa III Gilgit Danyore, Sultanabad, Muhammad Abad, Jalalabad and Bagrote	M/S Kumail Abbass	0.281
7	B&R Division Skardu	558	Construction of accommodation, Training & administrative Blocks & barracks at Gilgit, Hunza, Diamer & Skardu for the establishment of special protection unit for GB Police	M/S Zulfiqar Ali Sidpara	0.577
<b>Total</b>					<b>28.092</b>