AUDIT REPORT

ON

THE ACCOUNTS OF

FEDERAL GOVERNMENT - (CIVIL)

AUDIT YEAR 2020-21

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS AND ACRONYMS

A/C	Account
ADB	Asian Development Bank
AFS	Additional Finance Secretary
AG	Accountant General
AGFP	Attorney General for Pakistan
AGP	Auditor General of Pakistan
AGPR	Accountant General of Pakistan Revenue
AIOU	Allama Iqbal Open University
AJK	Azad Jammu and Kashmir
APPM	Accounting Policies and Procedures Manual
ASF	Airport Security Force
BECS	Basic Education Community Schools
BESOS	Benazir Employees Stock Option Scheme
BoG	Board of Governors
BoQ	Bills of Quantity
BPS	Basic Pay Scale
CBA	Collective Bargaining Agreement (Employees Union)
CDL	Cash Development Loan
CDWP	Central Development Working Party
CEO	Chief Executive Officer
CF	Court Fee
CGA	Controller General of Accounts
CHE	Central Health Establishment
CPEC	China Pakistan Economic Corridor
CPWA	Central Public Works Accounts
CPWD	Central Public Works Department
DAC	Departmental Accounts Committee
DDMA	District Disaster Management Authority
DDO	Drawing and Disbursing Officer
DDWP	Departmental Development Working Party
DG	Director General
DGA	Director General Audit
DRAP	Drug Regularity Authority of Pakistan
DTH	Direct to Home
EAD	Economic Affairs Division
ECC	Economic Coordination Committee
ECNEC	Executive Committee on National Economic Coordination
EDF	Export Development Fund
EMDF	Export Market Development Fund

EPI	Expanded Programme on Immunization
ETPB	Evacuee Trust Property Board
FAP	Foreign Aided Project
FBISE	Federal Board of Intermediate and Secondary Education
FBR	Federal Board of Revenue
FCF	Federal Consolidated Fund
FEB&GIF	Federal Employees Benevolent and Group Insurance Fund
FG	Federal Government
FGCC	Faisalabad Garment City Company
FIA	Federal Investigation Authority
FPSC	Federal Public Service Commission
FTO	Federal Treasury Office
FTR	Federal Treasury Rules
FY	Financial Year
GDP	Gross Domestic Produce
GFR	General Financial Rules
GST	General Sales Tax
HBL	Habib Bank Limited
HEC	Higher Education Commission
HR	Human Resource
HRD	Human Resource Development
HVAC	Heating, Ventilation, and Air Conditioning
IAP	Iqbal Academy Pakistan
IBCC	Inter Board Chairmen Committee
IC	Investment Committee
ICT	Islamabad Capital Territory
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IHC	Islamabad High Court
INL	International Narcotics Law Affairs Section
JIT	Joint Investigation Team
KDLB	Karachi Dock Labour Board
KPT	Karachi Port Trust
LC	Letter of Credit
LGCC	Lahore Garment City Company
MB	Measurement Book
MFDAC	Memorandum for Departmental Accounts Committee
MOU	Memurandum of Understanding
MSA	Marine Security Agency
NAB	National Accountability Bureau
NADRA	National Database and Registration Authority
NARC	National Agriculture Research Council

NAVTTC	National Vocational and Technical Training Commission
NBP	National Bank of Pakistan
NDMA	National Disaster Management Authority
NIDA	National Income Daily Account
NIH	National Institute of Health
NOC	No Objection Certificate
NPA	National Police Academy
NPF	Nataional Police Foundation
NSPP	National School of Public Policy
NTC	National Tariff Commission
NUML	National University of Modern Languages
OECD	Organisation for Economic Co-operation and Development
OEM	Original Equipment Manufacturer
OM	Office Memorandum
PA	per annum
PAC	Public Accounts Committee
CPAO	Principal Accounting Officer
PARC	Pakistan Agriculture Research Council
PATCO	PARC Agrotech Company (Pvt.) Limited
PC	Privatization Commission
PCB	Pakistan Cricket Board
PCSIR	Pakistan Council of Scientific and Industrial Research
PEC	Pakistan Engineering Council
PEIRA	Private Educational Institutions Regulatory Authority
PEMRA	Pakistan Electronic Media Regulatory Authority
PHF	Pakistan Hockey Federation
PID	Press Information Department
PLA	Personal Ledger Account
PLS	Profit and Loss Sharing
PM	Prime Minister
PMA	Pakistan Marine Academy
PMI	Pakistan Management Institute
PMSA	Pakistan Maritime Security Agency
PMU	Project Management Unit
POL	Petroleum, Oil and Lubricant
PPRA	Public Procurement Regulatory Authority
PRO	Public Relations Officer
PSDP	Public Sector Development Programme
PSL	Pakistan Super League
PSQCA	Pakistan Standards and Quality Control Authority
PTV	Pakistan Television
PWD	Pakistan Public Works Department

QMMB	Quaid-e-Azam Mazar Management Board
R&D	Research and Development
SBP	State Bank of Pakistan
SECP	Securities Exchange Commission of Pakistan
SIC	Special Investigation Cell
SRO	Statutory Regulatory Order
TAM	Television Audience Measurement
TDAP	Trade Development Authority of Pakistan
TDR	Terms Deposit Receipt
TOR	Terms of Reference
TRP	Television Rating Points
UAE	United Arab Emirates
UBL	United Bank Limited
UESTP	Universities of Engineering, Science and Technology of Pakistan
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nations Children Education Fund
UOBS	University of Baltistan, Skardu
US	United States
USD	US Dollars
w.e.f.	with effect from
WAPDA	Water and Power Development Authority

PREFACE

Articles 169 and 170(2) of the Constitution of Islamic Republic of Pakistan 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of receipts and expenditure from the Federal Consolidated Fund and Public Account.

The report is based on audit of receipts and expenditure of the Federal Government for the financial year 2019-20. The sectoral analysis of Federal Government is included in the beginning to review financial management and fiscal discipline. Directorate General Audit (Federal Government), Islamabad conducted audit on test check basis with a view to report significant findings to the stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings of serious nature. Less significant issues are listed in **Annexure-I** of the Report as MFDAC, which shall be pursued with the Principal Accounting Officers at the Departmental Accounts Committee level. In cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through the next year's Audit Report.

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 after incorporating the management replies or in the light of discussions in the DAC meetings.

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

Dated: (Javaid Jehangir)

Auditor General of Pakistan

EXECUTIVE SUMMARY

Directorate General Audit, Federal Government is a field audit office of the Auditor General of Pakistan. It facilitates the Auditor General of Pakistan to fulfill his constitutional responsibility of conducting the audit of the Federal Government. The main products of this office are Certification Audit Reports of the Federal Government, Foreign Aided Project Audit Reports, Performance Audit Reports, Special Audit Reports and Compliance with Authority Audit Report. The office is located in Islamabad with four sub-offices, one each at Lahore, Karachi, Peshawar and Quetta. The office is headed by a Director General.

The Federal Government conducts its operations under the Rules of Business, 1973 and comprises 61 Principal Accounting Officers (PAOs) for different Ministries, Divisions and entities. The DGA (FG) conducts audit of the Federal Consolidated Fund and Public Account of the Federal Government. The sectoral analysis of financial issues and fiscal discipline is also carried out in chapter one to analyze the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2019-20. The DGA (FG) has human resource of 138 officers and staff with 34,500 person days. The annual budget allocated to the Directorate General for the Audit Year 2020-21 amounted to Rs.228.541 million.

Audit Objectives

The audit was conducted with the objective of ensuring Parliamentary oversight over the expenditure incurred by Federal Ministries and Divisions including review of:

i. The financial systems, transactions and evaluation of compliance with applicable statutes and regulations.

ii. The probity and propriety of administrative decisions taken and to highlight cases of irregular expenditure or waste of public money.

iii. The assessment, collection and allocation of revenues in accordance with the law.

Scope of Audit

DG Audit (FG) conducts compliance audit of 2,691 formations of 61 different PAOs of the Federal Government. In Audit Year 2020-21 an expenditure of Rs.2,289.651 billion was in the audit scope of DG Audit (FG).

Audit coverage relating to expenditure for the current Audit Year comprises 343 formations of 41 PAOs/Ministries having a total expenditure of Rs.337.88 billion for the financial year 2019-20. In terms of percentage, the audit coverage (Compliance Audit) was 14.76% of the auditable expenditure.

Recoveries at the instance of Audit

During the current year, an amount of Rs.4.506 billion was recovered and verified on the pointation of Audit, whereas last year, the amount recovered and verified was Rs.3.167 billion.

Audit Methodology

Audit was conducted in accordance with Internal Organization of Supreme Audit Institutions (INTOSAI) Auditing Standards as incorporated in Financial Audit Manual (FAM), Guidelines for the Audit of Federal Government Operations and the International Standards of Supreme Audit Institutions (ISSAI).

The evidence was primarily gathered by applying procedures like inquiries from the management, review of monitoring and progress reports and examination of payment vouchers. Audit evidence was also collected through SAP/R3 data of the Accountant General Pakistan Revenues (AGPR).

Due to the unprecedented situation arising because of COVID-19, an effective desk audit was carried out before initiating field activities which included performing of audit tests and analytical procedures to evaluate internal controls and to assure that payments were validated by proper supporting documents, approval of competent authority and expenditure was incurred in accordance with the approved budget.

Comments on Internal Controls and Internal Audit Department

For most of the entities audited during 2020-21 it was noticed that the internal audit units were non-existent. Instances of internal control failures were also noted which resulted in irregularities and loss of Government money. Similarly, the permanent feature of internal audit reports was found missing in majority of the auditee organizations. The same were pointed out to the management for remedial measures.

Impact of Audit:

i. In the last financial year (2018-19) Government incurred an expenditure of Rs.48,038.00 billion against an approved budget of 26,150.15 billion (83.7% higher). This year (2019-20) against the final budget of Rs.22,375.353 billion an expenditure of Rs.22,535.864 billion was incurred (0.66%). Therefore, as an impact of audit, the percentage of expenditure not approved by the Parliament was drastically reduced from 83.7% to 0.66%.

ii. The total cash difference in AGPR and all its Sub-offices was reduced from Rs.775.53 million last year to Rs.149.00 million this year resulting in 81% decrease from the last year on pointation of audit.

iii. Other than Pay and Allowances cash payments through DDO were reduced from Rs.7,149.81 million to Rs.836.349 million this year resulting in 88% decrease in cash disbursements.

iv. Islamabad High Court and its Subordinate Courts stopped collecting shuffa and surety amounts in cash on pointation of issues of misappropriation by audit.

v. Creation of Pension Fund liability by PEMRA was objected as this deprived Government of Rs. 996.683 million to be deposited into the Federal Consolidated Fund.

vi. Merger of PSL allowance into Gross Pay of PCB employees was objected and as a result PCB discontinued the practice.

vii. As a result of audit, HEC is standardizing House Requisition, Conveyance and Medical Attendance Rules of all Federally Chartered Universities which are at present varying from university to university.

viii. Privatization Commission agreed and stopped payments of honorarium and other non-admissible payments from Privatization Fund Account.

ix. Federal Board of Intermediate and Secondary Education (FBISE), Islamabad segregated their GP Fund and Pension Fund from the Board Fund.

x. As a result of audit Group Insurance and Benevolent Fund took initiative of establishing Active Beneficiary Directory for reconciliation of 99,232 beneficiaries related to Benevolent Grant being disbursed through branches of National Bank of Pakistan. Active Beneficiary Directory Performa issued to NBP branches for collection of data.

Key audit findings

i. There were 7 cases of misappropriation and embezzlement of public money and fictitious payments amounting to Rs.940.194 million[1].

ii. There were 72 cases of recovery amounting to Rs.41,958.166 million[2].

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[1] Para No. 5.5.3, 7.5.5, 8.5.4, 9.5.4, 17.5.8, 18.5.11, 20.5.9

[2] Para No. 6.5.4, 7.5.1, 7.5.2, 8.5.5, 11.5.1, 11.5.12, 11.5.3, 11.5.4, 11.5.8, 12.5.3, 12.5.16, 15.5.13, 15.5.16, 15.5.8, 16.5.6, 16.5.7, 16.5.15, 16.5.19, 16.5.25, 16.5.26, 16.5.30, 16.5.32, 16.5.36, 16.5.46, 16.5.51, 16.5.54, 16.5.56, 17.5.34, 17.5.37, 17.5.39, 17.5.42, 17.5.44, 17.5.45, 17.5.47, 17.5.51, 17.5.53, 18.5.6, 20.5.14, 20.5.15, 20.5.16, 20.5.18, 20.5.23, 20.5.27, 20.5.4, 20.5.44, 20.5.47, 21.5.4, 21.5.6, 22.5.6, 23.5.10, 23.5.12, 23.5.2, 23.5.6, 23.5.9, 28.5.3, 29.5.14, 29.5.18, 29.5.2, 29.5.20, 29.5.5, 29.5.7, 29.5.8, 29.5.9, 30.5.11, 30.5.12, 30.5.3, 31.5.1, 32.5.8, 30.5.6, 33.5.11, 33.5.14, 33.5.5

iii. There were 21 instances of non-production of record amounting to Rs.711.468 million[3].

iv. There were 110 cases of weak internal controls amounting to Rs.184,903.63 million[4].

v. There were 11 cases pertaining to weak financial management amounting to Rs.1,382.113 million[5].

vi. Audit paras for the Audit Year 2019-20 involving procedural violations, internal control weaknesses and irregularities which are not considered significant for reporting to PAC are included in Memorandum for Departmental Accounts Committee (MFDAC) at **Annexure-I.**

[3] Para No. 9.5.1, 9.5.2, 10.5.1, 11.5.9, 11.5.5, 12.5.1, 12.5.19, 15.5.6, 16.5.39, 17.5.6, 17.5.11, 17.5.20, 17.5.38, 20.5.1, 20.5.36, 21.5.3, 23.5.5, 23.5.8, 26.5.1, 29.5.11, 29.5.16

[4] Para No. 2.5.2, 3.5.1, 5.5.1, 5.5.4, 6.5.3, 6.5.5, 6.5.6, 7.5.4, 8.5.1, 9.5.10, 9.5.11, 9.5.12, 9.5.15, 10.5.2, 10.5.7, 11.5.11, 11.5.6, 11.5.7, 12.5.10, 12.5.12, 12.5.15, 12.5.21, 12.5.22, 12.5.30, 12.5.36, 12.5.38, 14.5.2, 15.5.4, 15.5.5, 15.5.10, 15.5.18, 15.5.19, 16.5.3, 16.5.4, 16.5.10, 16.5.17, 16.5.27, 16.5.31, 16.5.35, 16.5.40, 16.5.42, 16.5.50, 16.5.55, 17.5.2, 17.5.3, 17.5.14, 17.5.15, 17.5.17, 17.5.19, 17.5.21, 17.5.27, 17.5.30, 17.5.33, 17.5.35, 17.5.40, 17.5.48, 17.5.49, 17.5.52, 17.5.55, 17.5.56, 17.5.57, 17.5.64, 17.5.65, 18.5.3, 18.5.8, 18.5.9, 18.5.10, 20.5.2, 20.5.3, 20.5.6, 20.5.10, 20.5.11, 20.5.12, 20.5.13, 20.5.19, 20.5.24, 20.5.29, 20.5.31, 20.5.32, 20.5.37, 20.5.38, 21.5.1, 21.5.2, 21.5.5, 22.5.1, 22.5.2, 22.5.4, 22.5.8, 22.5.10, 23.5.3, 23.5.14, 23.5.16, 23.5.18, 24.5.11, 24.5.12, 25.5.1, 26.5.2, 26.5.3, 28.5.1, 28.5.2, 29.5.4, 30.5.2, 30.5.8, 31.5.5, 32.5.5, 33.5.12, 33.5.16, 33.5.2, 33.5.3, 33.5.8,

[5] Para No. 9.5.8, 10.5.5, 20.5.46, 21.5.9, 22.5.5, 23.5.21, 24.5.6, 24.5.13, 30.5.7, 33.5.1, 33.5.9

Recommendations

i. No expenditure should be incurred without budgetary cover and authorization by the Parliament.

ii. Supplementary Grants should not be issued without need assessment and approval from the Parliament before close of financial year.

iii. Cases of serious embezzlement of public money be sent to the investigation agencies.

iv. Retained Government receipts and unspent balances need to be deposited into the Government Treasury wherever applicable.

v. Internal control system be strengthened to mitigate the risk.

vi. Internal audit and printing of its report should be ensured along with the sharing of Financial Attest audit reports with AGP's audit teams where required.

vii. All assets should be recorded in the stock register and physical verification be carried out annually.

viii. All auditable record be produced to audit when demanded. PAOs need to take seriously the issues of non-production of record as it hampers auditorial functions of the Auditor General of Pakistan.

CHAPTER 1

PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Sectoral Analysis

The Directorate General Audit Federal Government analyzed the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2019-20. Grants of all Ministries/Division included in Audit Plan, overall financial health and fiscal discipline were reviewed in the light of Accounting Policy and Procedure Manual, Financial Audit Manual, General Financial Rules, field audit of internal controls of selected formations and relevant legislations like Fiscal Responsibility and Debt Limitation Act 2005.

The analysis revealed certain deficiencies and shortcomings which were shared with the management and all the stakeholders which include AGPR, CGA, Ministry of Finance and all the PAOs of the relevant Ministries/Divisions and other entities for corrective measures. It was observed that during the financial year 2019-20 the Federal Government had certain financial management issues which include:

i. Unnecessary allocation of supplementary grants leading to blocking of public funds.
ii. Annual Budget estimates prepared in disregard to Medium Term Budgetary Framework (MTBF).
iii. Civil expenditure not charged to Capital outlay expenditure

As per Appropriation Accounts for the financial year 2019-20 there was a total provision of Rs. 46,419.172 billion however Federal government surrendered Rs.25,134.034 billion *(54.15% of the original allocation)* out of which Rs.23,950.47 pertained to the charged grant of "Repayment of Domestic Debt". After surrender the final Federal Budget was Rs.22,375.654 billion and actual expenditure was Rs.22,523.864 billion which was Rs.148.510 billion *(0.66% in-*

excess) over and above the final allocation.[6] Detail of charged and voted expenditure is as under:

(Rupees in billion)

Expenditure Type	No. of Grants	Original Grant	Supplementary Grant		Surrender (-)	Final Grant	Actual Expenditure	Excess / Saving	Excess / Saving %
			Printed	Not Printed					
Charged	**12**	**43,284.490**	**0.000**	**0.000**	**-24,125.979**	**19,158.500**	**19,387.175**	**228.675**	**1.19%**
Voted:	**143**	**3,134.682**	**507.974**	**584.353**	**-1,008.054**	**3,216.854**	**3,136.689**	**-80.165**	**-2.55%**
Current	*96*	*2,185.708*	*480.090*	*501.483*	*-793.204*	*2,372.207*	*2,373.746*	*1.538*	
Development	*47*	*948.974*	*27.884*	*82.870*	*-214.851*	*844.647*	*762.944*	*-81.703*	
Grand Total	**155**	**46,419.172**	**507.974**	**584.353**	**-25,134.034**	**22,375.354**	**22,523.864**	**148.510**	**0.66%**

The excess expenditure of 0.66%, when compared with previous year's excess of 84% indicates improvement in budgeting. Para-71 of General Financial Rules (Volume I), calls for preparation of Budget Estimates with utmost foresight to ensure good governance through clearly defined expectations and assumptions for the given calendar of activity. In contrary to Para – 71 the trend of expenditure in excess of budget estimates was on a constant rise for the last five years, however this was largely controlled this year by proper fiscal management as is evident from table below:

(Rupees in billion)

Year	Total Appropriation	Actual Expenditure	Excess / (Savings)	% (saving) / Excess
2015-16	12,939.22	13,071.72	132.51	1.02%
2016-17	16,367.03	17,844.05	1,477.02	9.02%
2017-18	27,480.98	30,714.14	3,233.16	11.77%
2018-19	26,150.15	48,038.00	21,887.85	83.70%
2019-20	22,375.35	22,523.86	148.51	0.66%

[6] Financial Statements of Federal Government 2019-20

Overall appropriation figures revealed that Federal Government granted Supplementary Grants of Rs.1,092.33 billion out of which Rs. 584.353 billion was not approved by the Parliament.

In 40 grants there was zero expenditure against Supplementary Grants of Rs.547.250 billion and in 40 Grants, against the supplementary grant of Rs.514.374 billion, the amount of Rs.70.794 billion could not be utilized. Similarly, in 19 Supplementary grants amounting to Rs.39.862 billion the amount of Rs.174.960 billion (439%) was spent in excess of the Supplementary Grants[7]. The detail is summed up in the **Figure-I**.

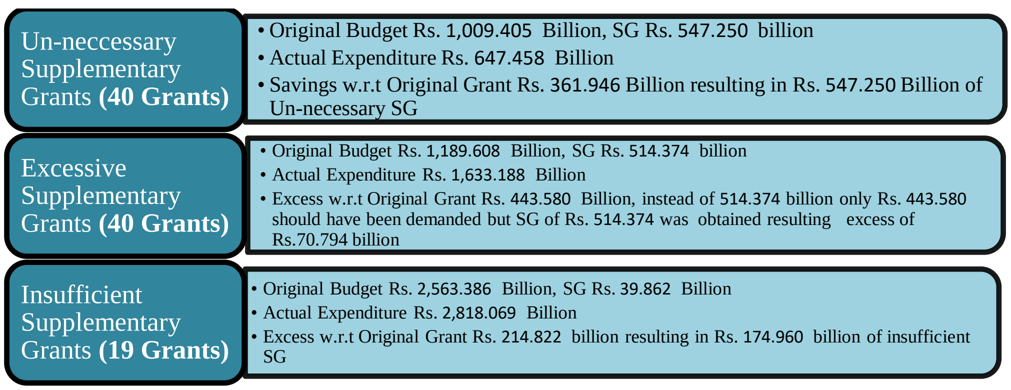

Figure-I Variation of SGs from Actual Requirements

Till last year development and current expenditure, as a percentage of total expenditure, was on continuous decline showing reduced resource allocation on development and current expenditure negatively affecting the growth of the economy. However, this year a slight increase in share of total expenditure on current and development grants was observed as compared to previous year as shown in **Figure-II**:

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[7] Appropriation Account of the Federal Government 2019-2020

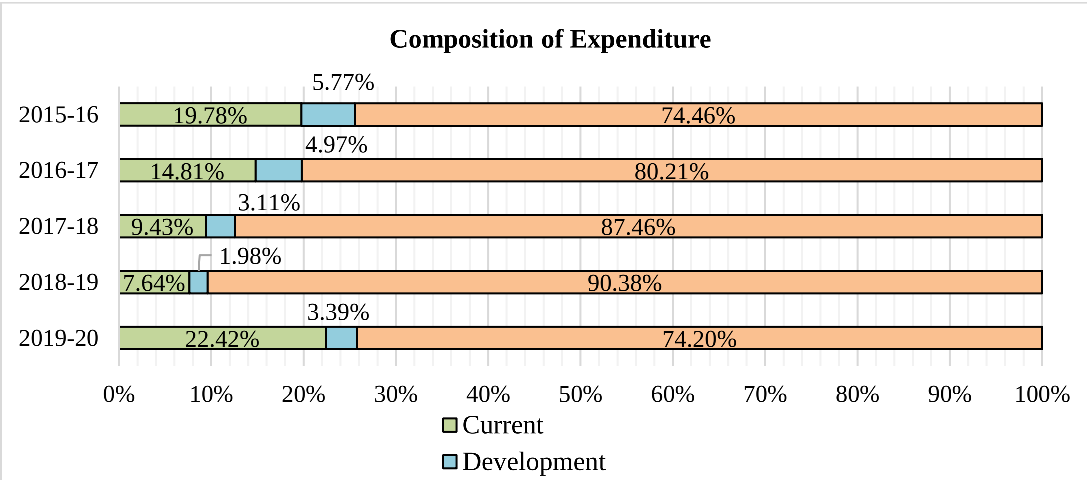

Figure-II – Current, Development and Repayment of Debt expenditrue as % of Total Expenditure

Flow of expenditure: As per financial statements of the Federal Governemnt, for the financial year 2019-20, the total expenditure is Rs.22,523.86 billion.

(Rs. in billion)

Economic Functions	Expenditure 2019-20	% of Total Expenditure
General Public Service:		
a. Repayment of Debt	*16,712.14*	*74.20%*
b. Interest Payment	*2,661.07*	*11.81%*
Total Debt Servicing (a + b)	***19,373.21***	***86.01%***
c. Other than Debt	2,154.73	9.57%
01 - Total General Public Service (a + b + c)	**21,527.94**	***95.58%***
02 - Defense Affairs & Services (in Fed. Audit Jurisdiction)	4.70	*0.02%*
03 - Public Order and Safety Affairs	180.66	*0.80%*
04 - Economic Affairs	337.51	*1.50%*
05 - Environment Protection	7.91	*0.04%*
06 - Housing and Community Amenities	6.29	*0.03%*
07 – Health	25.18	*0.11%*
08 - Recreation, Culture and Religion	25.94	*0.12%*
09 - Education Affairs and Services	115.69	*0.51%*
10 - Social Protection	292.04	*1.30%*
Total	**22,523.86**	**100%**

As evident from the table above a high percentage of this expenditure i.e. 95.58% is expended on General Public Service which includes 86.01% (Rs.19,373.21 billion) on repayment of principal debt and interest payments which was 92.194% (Rs.1,426.431 billion) last year. As per above table Federal Government is left with a meager percentage of 13.99% (Rs.3,150.65 billion) of total expenditure for socio economic functions other than General Public service though it is comparatively higher than last year's 7.81% (Rs.3,846.443 billion)

5 year trend in Public debt: Over the past five years there had been a gradual increase in domestic floating debt from Rs.8.78 trillion to Rs.37.68 trillions. However this year there was a reasonable dip in receipt of Domestic-floating debt that declined to Rs.14.30 trillion as compared to last years receipt of Rs.37.68 trillion. Domestic permanent debt also decreased to Rs.3.05 trillion as compared to Rs.8.58 trillion last year. However, Foreign-Debt increased from Rs.1.48 trillion to Rs.2.08 trillion this year, as reflected in Figure-III.

Federal Government is reducing the floating debt and mainly relying on Domestic permanent debt and foreign debt in the total debt mix.

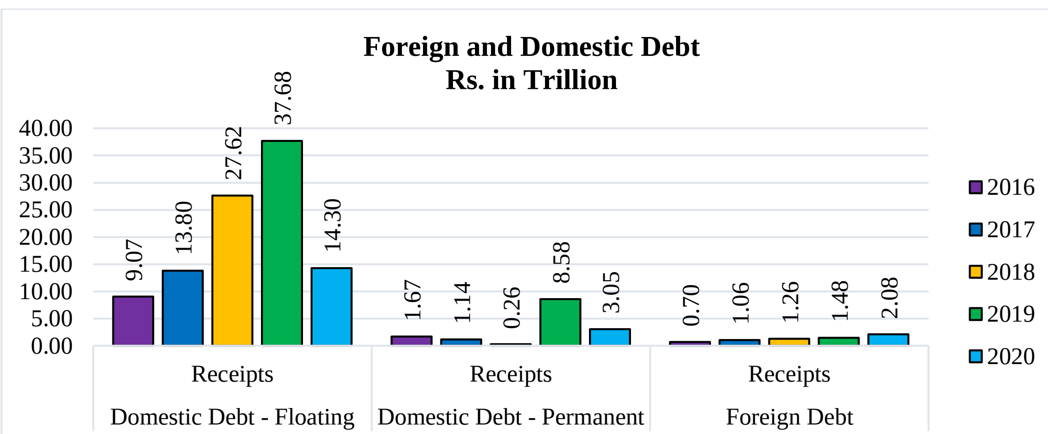

Figure-III- Debt Receipts 2015-16 to 2019-20

The retiring of debt shows that this year Federal Government paid off Rs.14.13 trillion of floating debt, Rs.1.23 trillion of Domestic permanent debt as well as

Rs.1.36 trillion of foreign debt. Trend of retiring of debt for the last 5 year is shown in the figure-IV below.

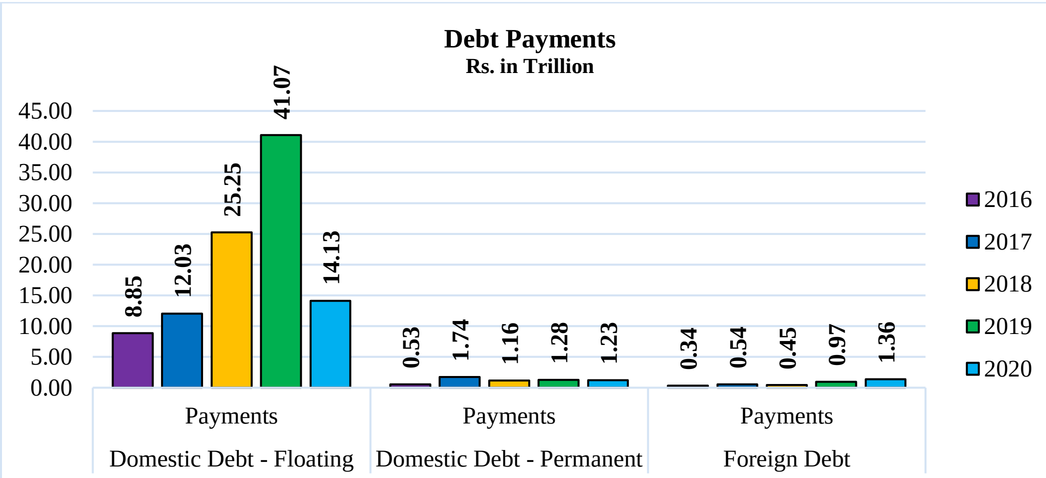

Figure-IV- Debt Payments 2015-16 to 2019-20

Composition of total Receipts: To meet its expenditures, Federal Government mainly relied on borrowings in the shape of public debt which contributed Rs.19,432.39 billion (85.59%) of total receipt. There is less reliance on borrowings as compared to last year when public debt to the tune of Rs.47,637.23 billion (95.67%) was part of the total receipts. Receipts of the public debt are further divided into Domestic-floating debt, Domestic-permanent debt and Foreign debt.

(Rs. in billion)

	Original Estimates	Revised Estimates	Actual Amounts	Excess/ (Shortfall)
Revenue-Receipts	**3,490.60**	**3,141.83**	**3,169.74**	**-320.85**
Taxation	*2,642.44*	*1,885.45*	*1,786.69*	*(855.75)*
Non-taxation	*848.15*	*1,256.38*	*1,383.05*	*534.90*
Capital–Receipts	**42,942.65**	**18,211.23**	**19,534.13**	**-23,408.52**
Domestic debt	*39,755.30*	*15,846.02*	*17,353.56*	*-22,401.74*
Foreign debt	*3,003.83*	*2,233.50*	*2,078.83*	*-925.00*
Recoveries of loans & advances	*183.52*	*131.71*	*101.75*	*-81.78*
TOTAL RECEIPTS	**46,433.25**	**21,353.06**	**22,703.87**	**-23,729.37**

The total Tax receipts for the fianancial year 2019-20 are Rs.4,209.696 billion in comparison to last year's Rs.4,056.279 billion. Provincial share under NFC Award amounting to Rs.2,425.735 billion was transferred to provinces leaving behind Rs.1,786.69 billion for the Federal Governemnt. This was Rs.855.75 billion less than the original target of Rs.2,642.44 billion though Rs.49.48 billion more than the last year's collection of Rs.1,737.21 billion.

Composition of tax receipts: In 2019-20 there was a nominal growth in Sales Tax, Federal Excise and Income Tax receipts, however, Customs duty decreased to Rs.228.17 billion from Rs.289.85 billion when compared with previous financial year 2018-19[8]. The same is reflected in the Figure-V:

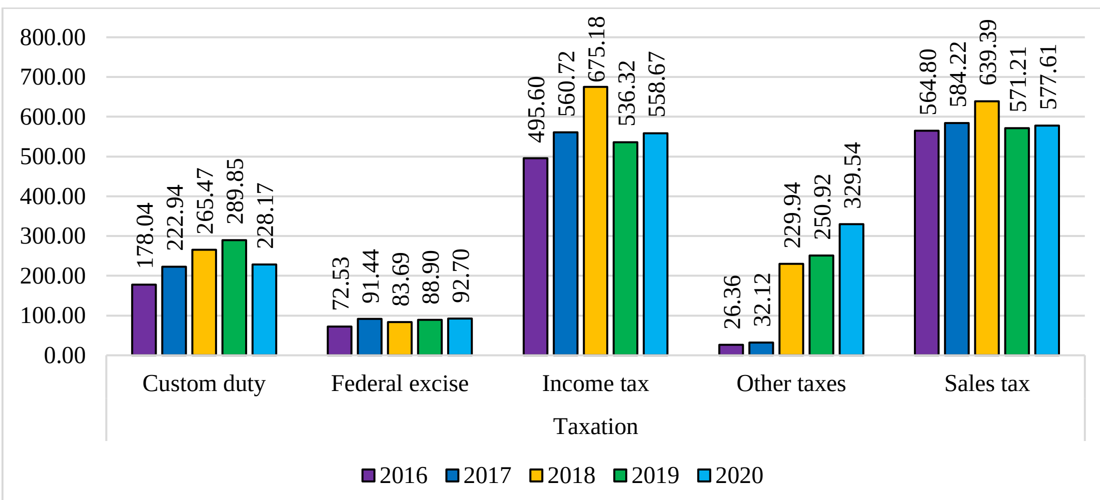

Figure-V - 5 year trend in Tax Receipts of the Federal Government

According to Economic Survey of Pakistan an amount of Rs.1,149.95 billion (27.32% of the tax receipts) was booked as tax expenditure which was a lost opportunity.[9] Last year amount booked as tax expenditure was Rs.972.40 billion which was 25% of the tax receipt.

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[8] Financial Statements of Federal Government 2019-20

[9] Economic Survey of Pakistan 2019-20, Annex-II (Page-351)

<u>Non-tax receipts:</u> Federal Government is experiencing a decline in the receipts on account of Defence Services and other non-tax receipts. However, this year, there was a considerable increase in receipt category of "Dividend and Profit Share" and "Interest on Loans and Advances" as is evident from Figure VI.

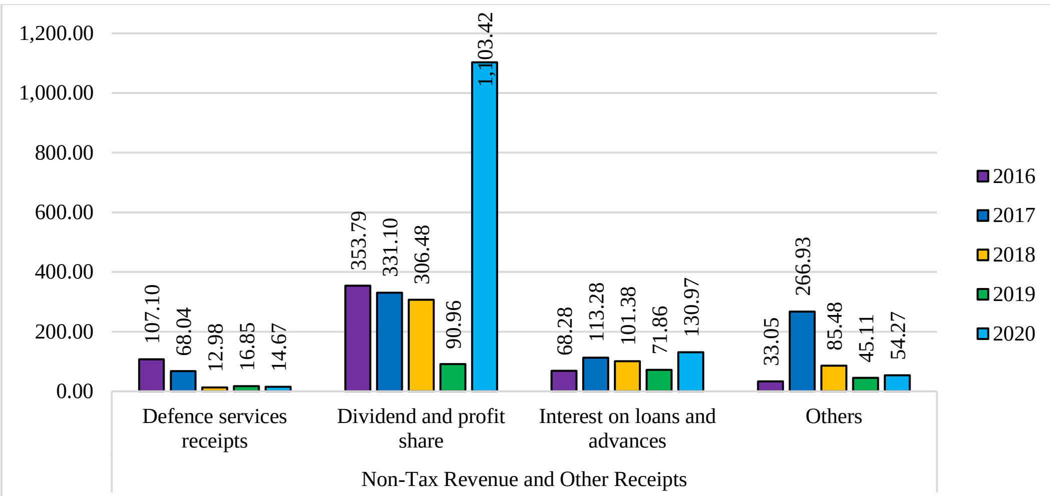


Figure-VI - Non-Tax Receipts of the Federal Government in FY 2019-20

Increase in non-tax receipt of "Dividend and Profit Share" was due to greater share of profit yield from SBP and Pakistan Telecommunication Authority (PTA). Detail is tabulated below:

(Rs. in million)

Profit share	**2018-19**	**2019-20**
State Bank of Pakistan	12,520	**935,519**
Pakistan Telecommunication Authority	17,378	**123,377**
Others	857	**3,615**
Total	**30,755**	**1,062,511**

Strenous efforts are required to increase the non-tax receipts of the Government as well as the tax-receipts in order to reduce dependency on debt.

1.2 Key issues highlighted in Financial Attest Audit

1.2.1 *53% of the total Supplementary Grants remained unapproved by Parliament –Rs.584,352.901 million*

Article 84 of Constitution of Islamic Republic of Pakistan,1973 states that if in respect of any financial year it is found, (a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year; or (b) that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year; the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cau399se to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles 80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

Para 31 of Supreme Court of Pakistan's Judgment dated 5.12.2013 states that the Phrase, "Supplementary Budget Statement, makes it abundantly clear that the Supplementary Budget Statement, in the normal course, is to be placed before the National Assembly during the same Financial Year.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, audit observed that the Supplementary Grants of Rs.584,352,901 million were unauthorized as the same were not placed before the Parliament for approval during financial year i.e. 2019-2020 as per details below:

(Rs. in Billion)

Particulars	Amount
Total Supplementary Grants as per Manuscript of Appropriation Accounts for 2019-2020	**1,092.327**
Supplementary Grants printed in Supplementary Schedule of Authorized Expenditure	507.974
Supplementary Grants not printed in Supplementary Schedule of Authorized Expenditure	584.353

Implication:

Audit is of the view that Supplementary Grants of Rs.584.352 billion were unauthorized as these supplementary grants were not tabled before the National Assembly for approval till finalization of this report on 25th November 2020.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends to streamline the issue by improving the system of financial management. Moreover, unauthorized Supplementary Grants be got approved from the National Assembly as required under the rules.

1.2.2 *Expenditure in excess of Final Grants without Supplementary Grant – Rs. 357,430.038 million*

Article 84 of Constitution of Islamic Republic of Pakistan,1973 states that if in respect of any financial year it is found, (a) that the amount authorized to be expended for a particular service for the current financial year is insufficient, or that a need has arisen for expenditure upon some new service not included in the Annual Budget Statement for that year; or (b) that any money has been spent on any service during a financial year in excess of the amount granted for that service for that year; the Federal Government shall have power to authorize expenditure from the Federal Consolidated Fund, whether the expenditure is charged by the Constitution upon that Fund or not, and shall cause to be laid before the National Assembly a Supplementary Budget Statement or, as the case may be, an Excess Budget Statement, setting out the amount of that expenditure, and the provisions of Articles

80 to 83 shall apply to those statements as they apply to the Annual Budget Statement.

Section 25(1) of Public Finance Act, 2019 provides that the expenditure in excess of the amount of budget grant as well as the expenditure not falling within the scope or intention of any budget grant, unless regularized by a supplementary grant, shall be treated as excess expenditure.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that the Ministries/Divisions incurred expenditure as per details tabulated below:

(Rs. in billion)

	Voted		**Charged**	
	Current Exp	**Dev. Exp**	**Charged Exp**	**Total**
A01-Employees Related Expenses	9,217.97	9.58	6.43	**9,233.98**
A03-Operating Expenses	4.08	821.56	-	**855.64**
A04-Employees Retirement Benefits	1.86	233.23	-	**235.10**
A05-Grants, Subsidies and Write off Loans	4.18	-	-	**4.18**
A06-Transfers	7.67	-	-	**7.67**
A08-Loans and Advances	12,198.82	48,329.73	-	**60,528.55**
A10-Principal Repayments of Loans	-		286,435.81	**286,435.81**
A12-Civil Works	-	95.54	-	**95.54**
A13-Repairs and Maintenance		33.58	-	**33.58**
Grand Total	**21,464.58**	**49,523.22**	**286,442.24**	**357,430.04**

Audit observed that;

i. The expenditure of Rs.357,430.038 million was incurred in excess of Final Grants without any Supplementary Grant which was not covered under the financial rules.

ii. An amount of Rs.23,950,469 million was surrendered in Head A-010-Principal Repayments of Loans after which an excess expenditure of Rs.286,435.808 million was incurred.

Audit is of the view that incurring expenditure in excess of Final Grants was irregular and against Provision of the Constitution of Pakistan.

Implication:

Excess expenditure was serious lapse on the part of management due to which public exchequer was overburdened.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends to streamline the issue by improving the system of financial management and excess expenditure be got approved from the National Assembly.

1.2.3 *Lapse of funds – Rs. 176,484.676 million*

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

Section 12(1) of Public Finance Management Act, 2019 provides that all Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division at least twenty-five days before the presentation of the budget in the National Assembly, all anticipated savings in the grants or Assignment Accounts or grant-in-aid controlled by them.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Current and Development Grants.

Audit observed that there was lapse of Rs.176,484.676 million under Current, Development and Charged Budget of different Ministries/Divisions. The

PAOs were required to surrender these savings in time to avoid lapse of funds but it was not done. A summary is given below:

(Rupees in million)

Type of Grant	No. of Grants	Final Budget	Actual Expenditure	Amount (Lapsed)
Current	74	48,460.95	39,730.89	8,730.06
Development	31	269,046.73	139,722.92	129,323.81
Charged	6	346,927.18	308,496.38	38,430.80
Total Savings		664,434.86	487,950.18	176,484.68

Implication:

Non-surrendering of savings resulted in lapse of funds. As a result these funds were neither utilized by the Ministries/Divisions themselves nor made available to other Ministries/Divisions which required more funds for their use.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends to streamline the issue by improving the system of financial management.

1.2.4 ***Unjustified demand of budget without need assessment – Rs.25,134,033.521 million***

Para 71 of GFR Vol-I states that in framing the budget estimates, the estimating authorities should exercise the utmost foresight. All items of receipt and expenditure that can be foreseen should be provided for and care should be taken in consultation with the Accountant General, where necessary, to see that the provision is included under proper heads. Needless to say, although the estimating authorities are asked to provide for all foreseeable items, Finance Division will exercise its right to excise or reduce the provision for any item which it thinks unjustifiable. An exhortation to show foresight is not an invitation to provide for additional items of expenditure without adequate justification. While provision should be made for all items of expenditure that can be foreseen, it is essential that the amount of the provision should be restricted to the absolute minimum requirement.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that an amount of Rs. 25,134,033.521 million was surrendered from Current, Development and Charged Grants. Detail of surrender are as under:

(Rs. in million)

S No.	Type of Grant	Surrender	No. of IDs*	Amounts	No. of IDs*	Amount
1.	Current	793,203.568	6	2,408.078	7	125.224
2	Development	214,850.660	107	86,165.229	36	46,884.189
3	Charged	24,125,979.293				
	Total Rs.	**25,134,033.521**	**113**	**88,573.307**	**43**	**47,009.413**

***100% surrender** ****100% Re-app**

Audit observed that the departments failed to rationalize their budget estimates resulting in excessive demand causing over budgeting. Moreover, in 113 IDs there was 100% surrender and in 43 IDs there was 100% re-appropriation.

Audit is of the view that no proper controls/checks existed in the Ministries/Divisions/Departments to assess actual requirement before demanding the budget for subsequent utilization.

Implication:

This whole scenario created undue pressure on the National Exchequer/ Federal Budget for the financial year 2019-2020.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends prudence in budget preparation to avoid such irregularities.

1.2.5 *Zero spending in 111 IDs resulting in lapse of Rs.11,900.485 million.*

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Development Grants.

Audit observed that there were savings of Rs.11,900.485 under Development Budget of different Ministries/Divisions/Departments. The PAOs were required to surrender these savings in time to avoid lapse of funds but it was not done. Detail is attached as **Annexure 1-A**, as summarized below:

(Rupees in million)

Total IDs	**Final Budget**	**Actual Expenditure**	**Amount (lapsed)**
111	11,900.485	Nil	11,900.485

Implication:

Audit is of the view that non-surrendering of savings without a penny spent resulted in lapse of funds which were neither utilized by the Ministries/Divisions themselves nor by other Ministries/Division that required more funds.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends to streamline the issue by improving the system of financial management.

1.2.6 *Expenditure charged to Revenue Account instead of Capital Account – Rs. 33,883.100 million*

Para 184 of GFR Vol-I states that provision for expenditure on all buildings, communications and other works required by civil departments, which Government has not specifically allotted to such departments, should be included in the Grant for "Civil Works", to be administered and accounted for by the Public Works Department. No such work may be financed partly from funds provided in a departmental budget and partly from the budget for civil works.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that the following expenditure was charged to object-head A-12-Civil Works under Current Grants and Development Grants:

S. No.	Description	No. of Grants	Expenditure
1.	Current Expenditure	6	349.460
2.	Development Expenditure	21	33,533.640
	Total Rs.		**33,883.100**

Audit observed that the Ministry of Finance got approved funds from the Parliament under object-head A-12-Civil Works in different Current and Development Grants but the expenditure was charged to Revenue Account instead of Capital Account.

In Budget Book Vol-IV (Development Expenditure Page 4013) for the year 2019-2020, Grant No.151-Capital Outlay on Civil Works under Ministry of Housing and Works is included. This Grant is meant for charging Civil Works expenditure to Capital Account.

Implication:

Due to non-booking of civil work expenditure as capital expenditure, books of accounts did not present true and fair expenditure.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends that expenditure on Civil Works be charged to Capital Expenditure as required under the rules.

1.2.7 *Expenditure without allocation of budget – Rs. 368.999 million*

Para-12 of GFR Vol-I states that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

Para 3.3.12.7 of Accounting Policy and Procedures Manual (APPM) states that excesses (i.e. expenditure for which no provision has been made in the current year's original budget) should not normally be incurred.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that an expenditure of Rs.368.999 million was incurred under 11 PAOs. Detail is attached as **Annexure 1-B.**

Audit observed that the expenditure of Rs.368.999 million was incurred without any grant.

Implication:

The public exchequer sustained extra burden of Rs.368.99 million.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends prudence in budgeting to avoid such irregularities. Moreover, internal controls be exercised to avoid expenditure without allocation.

1.2.8 *Irregular drawl in cash through DDOs other than Pay and Allowances - Rs. 836.349 million*

Rule 157 of FTR states that **c**heques drawn in favour of Government Officers and departments in settlement of government dues shall always be crossed "A/c payee only not negotiable".

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that management of different Ministries/Divisions and Departments drew Rs.836.349 million in the name of DDO for payment of cash other than Pay and Allowances. AGPR wise detail is as under:

S. No.	Office	Amount in Rs.*
1.	AGPR Islamabad	402,471,027
2.	AGPR Karachi	1,242678
3.	AGPR Lahore	39,479,868
4.	AGPR Peshawar	129,352,800
5.	AGPR Gilgit	3,452,458
6.	AGPR, Quetta	260,350,499
	Grant total	**836,349,330**

* ***DDO payment above Rs.50000 up to 25.6.2020***

Audit observed that amounts were drawn through DDO by the Ministries/Division/Department for making payments to officers, officials and suppliers in cash.

Audit is of the view that withdrawal of Rs. 836.349 million through DDO is violation of financial propriety.

Implication:

Cash payment through DDOs results in misappropriation, tax evasion as well as less payment to the beneficiaries.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends prudence in budgeting to avoid such irregularities. Moreover, internal controls be exercised to avoid expenditure without allocation.

1.2.9 *Lapse of funds in Assignment Accounts –Rs. 6,060.976 million*

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year.

Article 12(1) provides that all Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division at least twenty-five days before the presentation of the budget in the National Assembly, all anticipated savings in the grants or Assignment Accounts or grant-in-aid controlled by them.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under different Assignment Accounts.

Audit observed that there were savings of Rs. 6,060.976 million in different Assignment Accounts. The PAOs were required to surrender these savings in time to avoid lapse of funds but it was not done. A summary is given below:

Type of Accounts	No. of Accounts	Final Budget	Actual Expenditure	Amount (Lapsed)
Assignment	45	17,761,636,456	11,700,660,226	6,060,976,230

Implication:

Non-surrendering of savings resulted in lapse of funds. As a result these funds were neither utilized by the Ministries/Divisions themselves nor made available to other Ministries/Divisions which required more funds for their use.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends to streamline the issue by improving the system of financial management.

1.2.10 ***Un-reconciled expenditure after closing of accounts – Rs. 68,713.244 million***

Para 89 (viii) of GFR Vol-I states that the head of the department and the Accountant General, will be jointly responsible for the reconciliation of the figures given in the Accounts maintained by the head of the department with those that appear in the Accountant General's books. Unless in any case there are special rules or orders to the contrary, the reconciliation should be made monthly, the initial responsibility resting with the Accountant General.

Audit observed that out of total expenditure by Federal Government an expenditure of Rs.68,713.244 million remained un-reconciled with AGPRs during June (Final). The details are as under:

(Rupees in million)

S.No.	Office	Amount
1.	AGPR Islamabad	14,211.40
2.	AGPR Lahore	26,269.14
3.	AGPR Peshawar	21,745.73
4.	AGPR Karachi	6,486.96
Total		**68,713.24**

Implication:

Audit is of the view that the Ministries/ Divisions/Departments as well as AGPR did not make efforts to get the total expenditure reconciled. Books of accounts were closed without reconciliation of Rs. 68,713.244 million due to which Audit is unable to ascertain the authenticity of the unreconciled amount.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends prudence in budgeting to avoid such irregularities. Moreover, internal controls be exercised to avoid expenditure without allocation.

1.2.11 *Surrender after the cutoff date– Rs. 93.689 million*

Para 01 of the Finance Division (Budget Wing) O.M F.No.1(269)-Dir(BC)/2020 dated 07.04.2020 states that the cut-off date for surrender of anticipated savings was set as 30th April, 2020. However, in view of prevailing situation of the country due to COVID-19, the above mentioned cut-off date for surrender of anticipated savings has been relaxed / extended up-to 15th May, 2020.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-2020, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Current and Development Grants. The following ministries/ divisions/ departments issued surrender orders of anticipated savings for Rs.93,689,415 to AGPR, Islamabad as well as Ministry of Finance for surrendering of savings during the FY 2019-20.

Grant No.	PAO	Surrender Order No.	Date	Amount (Rs.)
4	Other Exp. of Cabinet Division - Prime Minister Office (NAPHDA)	F.1(1)NAPHDA/2019-20-Budget	30.06.2020	54,014,462
8	Establishment Division	F.No.8/2/2019-20-Budget	20.05.2020	25,206,953
30	Petroleum Division	F.No.BA-1(8)/2019-20	20.05.2020	14,468,000
			Total Amount	**93,689,415**

Audit observed that surrenders were made after the cut-off date of 15th May.

Implication:

Audit is of the view that delay in surrender of anticipated savings will be treated as non-observance of rules and instructions.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends prudence in budgeting to avoid such irregularities. Moreover, internal controls be exercised to avoid expenditure without allocation.

1.2.12 *Appointment of officers/officials below the age of 18 Years*

According to general condition for appointment in Government service no Minor (i.e. below 18 years) is eligible for appointment. (Appendix No.3 of FR.SR Vol-II)

As per rule 12-A of Civil Servants (Appointment, Promotion and Transfer Rules, 1973, "The date of birth once recorded at the time of joining government service shall be final and thereafter no alteration in the date of birth of a civil servant shall be permissible]."

As per Government rules a person is considered adult at the age of 18 for recruitment into any government service and retires at the age of 60 on attaining the age of superannuation. This implies that a government servant can serve to a maximum of 42 years.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-20, the scrutiny of payroll data of AGPR Islamabad revealed that there were 520 employees of 137 departments who would serve for more than 42 years. Out of those 520 persons, 69 persons have retired this year and are in receipt of pension after serving for more than 42 years.

Audit observed that serving of government employees for more than 42 years was irregular and unauthorized.

Implication:

Audit is of the view that serving for more than 42 years is violation of rules resulting in loss to government exchequer in shape of monthly pay and allowances, pension, commutation pay and leave encashment.

Management Response:

Neither the management replied nor was DAC convened.

Audit Comments:

Audit recommends that the responsibility be fixed for irregularity and system of internal control be devised to avoid such lapses.

1.2.13 *Less recovery of Gas Bills from the residents of Pakistan Mint Colony-Rs.11.253 Million*

GFR-23 provides 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.

The authorities of Pakistan Mint incurred an expenditure of Rs.12.723 million on account of gas charges during 2019-2020. Three meters were installed for Gas Supply to Pakistan Mint. One for factory & two for residential colony. The detail of colony meters is as under:

S #	Meter No.	Amount of Bill paid.	Amount Recovered	Difference
1	25386410002 for G Type and Bungalows	6,240,600	751,987	5,488,613
2	8186410000, B,E,F type houses	6,482,890	717,747	5,765,143
	Total Rs.	**12,723,490**	**1,469,734**	**11,253,756**

Audit observed that Sui Northern Gas Power Limited (SNGPL) was charging commercial/industrial tariff/rates for use of Gas on both meters whereas they were collecting bills on domestic rate from the residents.

Implication:

Audit is of the view that Government sustained a loss of Rs.11.253 million due to less recovery of utilities charges from the residents of the Mint Colony.

Management Response

Management replied that the case for separation of meter is under process with the SNGPL

Audit Comments:

Management accepted audit view point.

Audit Recommendations:

Audit recommends to take appropriate action for separation of meters for factory and residential area and full recovery of utility charges from the residents.

1.2.14 *Less recovery of Electricity Bills from the residents of Mint Colony-Rs. 38.258 million*

GFR-23 provides 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.

Two meters were installed for electricity in Pakistan Mint. One for factory & other for the factory area and residential colony. Lahore Electric Supply Company Ltd. (LESCO) was charging commercial/industrial tariff/rates for use of electricity on meters. The authorities of Pakistan Mint incurred an expenditure of Rs. 50.603 million on account of electricity and recovered only Rs.12.345 million from the residents of the Mint Colony during 2019-2020.

Audit observed that the major portion of units was consumed by the residents of colony who were paying bill on domestic rates while the management was being charged commercial/industrial tariff. This caused loss of Rs. 38.257 million to public Exchequer on account of electricity charges.

Audit further observed that Mint Colony was provided electricity by using generator incurring Rs. 2.55 million on POL during load shedding.

Implication:

Government sustained a huge loss of Rs.38.258 million due to less recovery of utility charges from the residents of the Mint Colony.

Management Response

Management replied that the case for separation of meter is under process with the LESCO.

Audit Comments:

Management accepted audit view point.

Audit Recommendations:

Audit recommends that separate meters be installed for supply of electricity to the residential area.

CHAPTER 2

AVIATION DIVISION

2.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Aircraft and air navigation; administration of the Civil Aviation Ordinance, 1960
ii. Regulation, organization and safety of air traffic and of aerodromes and administration of Airports Security Force
iii. Pakistan International Airlines Corporation
iv. Air Service agreements with different countries and other international agencies concerned with aviation
v. Federal Meteorological Organizations and Meteorological observations and World Meteorological Organizations

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Pakistan Meteorological Department

ii. Airports Security Force

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2019-20) Rs. in million	Revenue/Receipt Audited (FY 2019-20) Rs. in million
1	Formations	20	7	4,898.025	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

2.2 *Comments on Budget & Accounts (Variance Analysis)*

Final budget allocated to the Aviation for the financial year 2019-20 was Rs.9,189.61 million, out of which the Division expended an amount of Rs.9,342.86 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

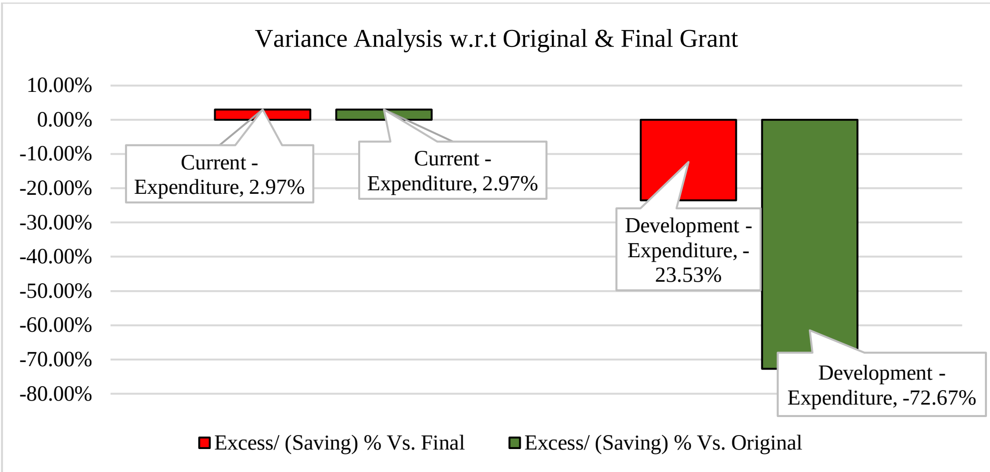
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	5	112.00	0.00	0.00	112.00	107.86	-4.14	-3.70%
Current	6	7,332.00	0.01	0.00	7,332.01	7,560.07	228.06	3.11%
Current	7	1,293.00	0.00	0.00	1,293.00	1,328.84	35.84	2.77%
Current Total		**8,737.00**	**0.02**	**0.00**	**8,737.02**	**8,996.77**	**259.76**	**2.97%**
Development	108	1,266.51	0.00	-813.91	452.60	346.09	-106.50	-23.53%
Development Total		**1,266.51**	**0.00**	**-813.91**	**452.60**	**346.09**	**-106.50**	**-23.53%**
Grand Total		**10,003.51**	**0.02**	**-813.91**	**9,189.61**	**9,342.86**	**153.25**	**1.67%**

Audit noted that there was an overall excess of Rs.153.25 million, which was due to excess in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 72.67% with respect to Original grant which changed to savings of 23.53% w.r.t Final Grant in case of development expenditure. In case of current expenditure there was 2.97% of excess in expenditure w.r.t original allocation as well as final allocation, as depicted in the graph below:



2.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 45.01 million, were raised in this report during the current audit of **Aviation Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	45.01
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

2.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points issued	Compliance	Non/Partial Compliance	% of Compliance
2000-01	26	26	25	1	96
2015-16	1	1	0	1	-
2017-18	1	1	0	1	-
2018-19	2	2	0	2	-
Total:	**30**	**30**	**25**	**5**	**83**

2.5 AUDIT PARAS

Airport Security Force (ASF)

2.5.1 *Un-economical purchase of cloth - Rs. 45.007 million*

Para 38 B of PPRA Rules, 2004 states that the procuring agency shall consider single bid in goods, works and services if it; (a) meets the evaluation criteria, ensures complaints of specifications and other terms & conditions expressed in advertisement or bid solicitation documents; (b) is not in conflict with any provision of the Ordinance; (c) conforms to the technical specifications; (d) has financial conformance in terms of rate reasonability, provided that except unsolicited proposal, in case of pre-qualification proceedings single bid shall not be entertained. The procuring agency shall make a decision with due diligence and in compliance with general principles of procurement like economy, efficiency and value for money.

The management of ASF (HQ), Karachi purchased 70,000 meters camouflage cloth amounting to Rs.45,007,700 during financial year 2019-20 @ 642.91 per meter from single bidder M/s Rauf Textile & Printing Mills (Pvt.) Ltd. Karachi.

Audit observed that there was a huge variation in the price of the camouflage cloth as compared to previous financial year as the management has been purchasing the camouflage cloth from the same supplier for the last several years. Details are tabulated below:

Period	Qty. in meters	Unit Price	Total Price	Price Increase in %
2018-19	69,089	**415.52**	28,707,861	-
2019-20	70,000	**642.91**	45,003,700	154.7%

Audit is of the view that non-adherence to PPRA Rules, 2004 and entertaining the single bidder, for the last many years, without assessing the rate reasonability was irregular.

Neither the management replied nor was DAC convened.

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

2.5.2 *Retention of 125 vehicles and purchase of 21 bikes without authorization from Cabinet Division*

Para-xv of Annexure to the Cabinet Division No.6/7/2011-CPC dated12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/ Division/Department".

Authorization Committee of Cabinet Division vide U. O. No. 2/82/2013-CPC dated 11.04.2017 authorized the retention of 111 Motorcycles for the overall requirements of Airport Security Force.

The management of Airport Security Force was maintaining fleet of vehicles over and above the authorization during the FY 2019-20. Details are as under:

S. No.	Offices	No. of Vehicles
1.	ASF, Islamabad	81 Vehicles
2.	Chief Security Office, ASF (North), Islamabad	36 Vehicles
3.	Airport Security Force (HQ), Karachi	21 Motor cycles
4.		01 1800 cc and 07 1300 cc Toyota cars

Audit observed that the management did not obtain authorization of 125 vehicles from Cabinet Division and incurred expenditure of Rs. 69,713,000 on purchase of 25 vehicles during the Financial Year 2019-20 without NoC from Cabinet.

Moreover, the management of ASF HQs Karachi incurred an expenditure of Rs.4,914,000 on the purchase of 27 Motor Cycles @ Rs. 182,000 each. At the time of purchase, the management already had 105 Motor Cycles against the authorization of 111 Motor Cycles granted by the Cabinet Division, which resulted in the purchase of 21 motor cycles costing Rs.3,822,000 (Rs.182,000 x 21) in excess of the limit authorized by Cabinet Division.

Audit is of the view that maintaining a large fleet of vehicles without authorization and purchase of motor cycles in excess of the limit authorized by Cabinet Division was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that the matter may be taken up with Cabinet and Finance Divisions for regularization.

CHAPTER 3

BOARD OF INVESTMENT

3.1 *Introduction*

Board of Investment was constituted vide Ordinance, 2001. Under section 3 of the Ordinance Board of Investment was constituted , which is presided by the Prime Minister of the Islamic Republic of Pakistan, Federal Minister in Charge of the Division, to which the business relating to the BoI is allocated, will be its Vice-President, the Board also has a Chairman and not less than seven and not more than twenty-five ex officio members and non-official members, provided that not less than three non-official members shall be appointed from private sector.

Main responsibilities of BoI include promotion of investment in all sectors of economy, facilitation of local and foreign investors for speedy materialization of their projects, enhancement of Pakistan's international competitiveness and contribution to economic and social development.

BoI also assists companies and investors who are investing or intend to invest in Pakistan as well as facilitates the implementation and operation of their projects. The wide range of services provided by BoI also includes providing information on the opportunities for investment and facilitating companies that are looking for joint ventures.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	5	2	587.340	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

3.2 *Comments on Budget & Accounts (Variance Analysis)*

Final budget allocated to the Board of Investment for the financial year 2019-20 was Rs.272.95 million, out of which the BoI expended an amount of Rs.265.64 million. Detail of budget and expenditure of the Board is as under:

(Rs. in million)

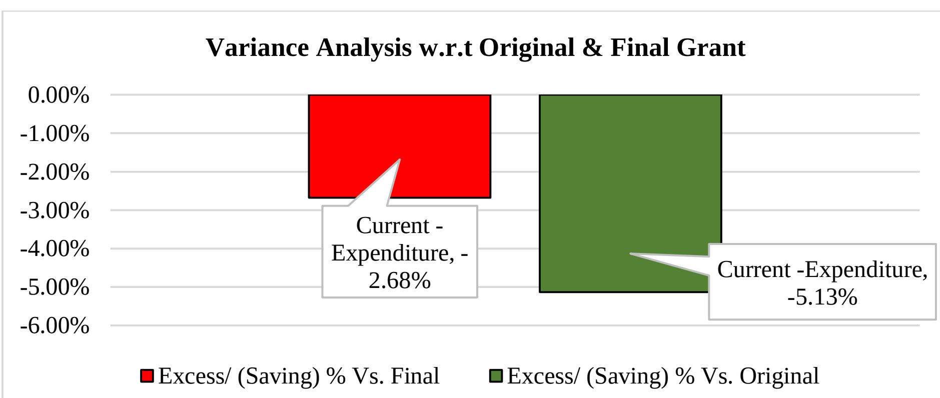
Type of Grant	Grant No.	Original Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	**14**	**280.00**	**-7.05**	**272.95**	**265.64**	**-7.32**	-2.68%

Audit noted that there was an overall savings of Rs.7.32 million.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Current expenditure the 5.13% of savings in expenditure w.r.t original allocation turned into 2.68% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



3.3 Classified Summary of Audit Observations

Audit observations, raised in this report during the current audit of Board of Investment are of procedural nature with no financial impact.

3.4 Status of compliance with PAC Directives

There were no PAC directives.

3.5 AUDIT PARAS

Board of Investment, Islamabad

3.5.1 *Non-preparation of Financial Statements and Annual Reports of Board of Investment (BoI).*

Section 14(1) of the Board of Investment Ordinance, 2001 states that the BoI shall prepare and submit to the Federal Government, as soon as possible after the end of each financial year but not later than the last day of December of the next year, a report on the conduct of its affairs for the year.

Section 14(2) states that the report shall include:

a) An audited statement of income and expenditure;
b) An audited balance sheet;
c) A short financial statement of the preceding financial year;
d) Activities of the BoI during the financial year;
e) An outline of the investment program for the year ahead; and
f) Any other matter which the Federal Government may direct or the BoI may consider appropriate.

Audit observed that the management of the Board of Investment did not prepare its annual financial statements to be audited. Moreover, the Annual Report for the period under audit was not printed.

Audit is of the view that non-finalization/preparation of audited financial statements and non-printing of Annual Report is a serious lapse as it adversely effects the BoI's attempts to attract investment.

The DAC in its meeting held on 28.01.2021 was apprised by the management that the said reports had been finalized. DAC directed the management to produce the record to Audit for verification.

No record was produced to Audit for verification till finalization of this report.

Audit recommends preparation of Annual Reports and Financial Statements at the earliest.

3.5.2 *Non-framing of service rules*

Section 18 of Board of Investment Ordinance, 2001 states subject to other provisions of this Ordinance, every officer and employee of the BoI shall be deemed to be a public servant within the meaning of section 21 of the Pakistan Penal Code (Act 1860)

Section 23 of Board of Investment (BoI) Ordinance, 2001 states that the BoI may, with the prior approval of the Federal Government, make rules for carrying out the purposes of this Ordinance and to regulate appointments and conditions of service of officers and employees in the service of the BoI; and until the rules referred to are made, the officers and employees of the BoI shall continue to be governed, in respect of the matters terms and conditions of service by rules applicable to them immediately before the commencement of this Ordinance.

The Board of Investment Ordinance, 2001 was notified on 22.03.2001. However, the employees of BOI are still enjoying the status of civil servants.

Audit observed that BoI has yet not framed Rules for appointment and service despite lapse of eighteen years.

Audit is of the view that non-framing of recruitment rules despite laps of eighteen years of after notification of BoI, Ordinance is negligence of the management.

The DAC in its meeting held on 28.01.2021 was apprised by the management that the formulation of service rules was in process. DAC directed the management to pursue the matter vigorously.

No progress was shared with Audit till finalization of this report.

Audit recommends that service rules be framed under intimation to audit.

CHAPTER 4

CABINET DIVISION

4.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1- All secretarial work for the Cabinet, National Economic Council and their Committees, Secretaries' Committee.

2- Appointments, resignations, salaries, allowances and privileges of Provincial Governors.

3- Setting up of a Division, allocation of business to a Division and constitution of a Division or group of Divisions as a Ministry.

4- Coordination of defense effort at the national level by forging effective liaison between the Armed Forces, Federal Ministries and the Provincial Governments at the national level.

5- Instructions for delegations abroad and categorization of international conferences.

6- Security and proper custody of official documents and security instructions for protection of classified matter in Civil Departments.

7- Resettlement and rehabilitation of civilians and civil Government servants uprooted from East Pakistan including policy for grant of relief and compensation for losses suffered by them.

8- Administrative control of the National Electric Power Regulatory Authority, Pakistan Telecommunications Authority, Frequency Allocation Board, Oil and Gas Regulatory Authority, Public Procurement Regulatory Authority, Intellectual Property Organization of Pakistan and Capital Development Authority.

9- Peoples Works Program (Rural Development Program).

10- Selection of scholars against Pakistan Chairs Abroad by the Special Selection Board.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Abandoned Property Organization
ii. Department of Communication Security.
iii. Department of Stationery Forms.
iv. Department of Archives.
v. Intelligence Bureau
vi. Islamabad Club as an Autonomous Body.
vii. Public Procurement Regulatory Authority

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	59	2	5,421.442	-
2	Assignment Accounts (Excluding FAP)	4	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	3	3	2,285.000	-
4	Foreign Aided Project (FAP)	-	-	-	-

4.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2019-20 was Rs.42,440.05 million, out of which the Division expended an amount of Rs.40,800.65 million. The Division had 5 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	1	267.00	0.00	-72.72	194.28	190.01	4.27	2.20%
Current	2	7,064.00	922.01	-54.14	7,931.87	7,684.08	247.79	3.12%
Current	3	448.00	0.00	0.00	448.00	408.59	39.41	8.80%
Current	4	1,136.00	1,250.00	-93.01	2,292.99	1,980.52	312.47	13.63%

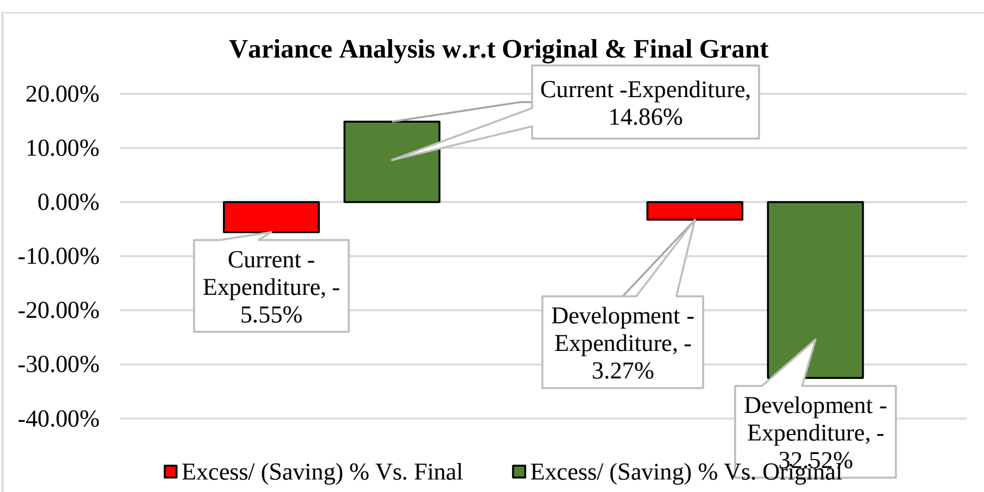
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	17	117.00	0.00	0.00	117.00	110.87	6.13	5.24%
Current Total		**9,032.00**	**2,172.02**	**-219.88**	**10,984.14**	**10,374.06**	**610.08**	**32.99%**
Dev	107	45,086.48	11,250.01	-24,880.58	31,455.90	30,426.58	1,029.32	3.27%
Dev. Total		**45,086.48**	**11,250.01**	**-24,880.58**	**31,455.90**	**30,426.58**	**1,029.32**	**3.27%**
Grand Total		**54,118.48**	**13,422.03**	**-25,100.45**	**42,440.05**	**40,800.65**	**1,639.40**	**3.86%**

Audit noted that there was an overall excess of Rs.1,639.40 million, which was mainly due to excess in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 32.52% with respect to Original grant which changed to excess of 3.27% w.r.t Final Grant in case of development expenditure. In case of current expenditure 14.86% of excess in expenditure w.r.t original allocation turned into 5.55% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



4.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 405.73 million, were raised in this report during the current audit of **Cabinet Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	405.73
5	Others	-

4.4 Status of compliance with PAC Directives

Audit Year	Total Audit Paras	Actionable Points issued	Compliance	Non/Partial Compliance	% of Compliance
1990-91	4	4	2	2	50
1992-93	4	4	3	1	75
1993-94	11	11	5	6	45
1994-95	4	4	2	2	50
1995-96	6	6	3	3	50
1996-97	17	17	15	2	88
1997-98	66	66	19	47	29
1998-99	2	2	1	1	50
2000-01	34	34	32	2	94
2001-02	1	1	0	1	-
2004-05	1	1	0	1	-
2005-06	7	7	5	2	71

Audit Year	Total Audit Paras	Actionable Points issued	Compliance	Non/Partial Compliance	% of Compliance
2007-08	9	9	8	1	89
2008-09	7	7	6	1	86
2009-10	3	3	2	1	67
2010-11	2	2	1	1	50
2013-14	4	4	4	0	100
2014-15	32	11	8	3	73
2015-16	2	2	2	0	100
2017-18	32	1	0	1	-
Total:	248	196	118	78	60

4.5 AUDIT PARAS

Public Procurement Regulatory Authority

4.5.1 *Non-framing of Service Rules*

Section 26 of PPRA Ordinance, 2002 states that the Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

Section 27 of PPRA, Ordinance states that the Authority may make regulations, not inconsistent with the provisions of this Ordinance and the rules made there under, for carrying out the purposes of this Ordinance.

The management of PPRA adopted Special Pay Scales and paid different allowances to its employees.

Audit observed that the management had not framed its Service rules regarding terms and conditions of the service of its employees. Moreover, the Special Pay Scales were approved by the PPRA Board without the concurrence of the Ministry of Finance.

Audit is of the view that non-framing of Service rules is a serious lapse on the part of the management.

Neither the management replied nor was DAC convened.

Audit recommends approval of rules from the Federal Government.

4.5.2 *Irregular retention and investment of surplus receipts- Rs 405.733 million*

Regulation 6 of PPRA Accounting Procedure (Regulations), 2014 states that the working capital comprises the funds available to the Authority after taking into account all the liabilities, current and future. Any excess revenue or savings after taking into account the expenditure, at Sr. No. 3(ii), shall be transferred to Federal Consolidated Fund.

PPRA collected an amount of Rs 391.548 million on account of uploading of procurement/vacancies/sales tenders' fee and earned interest of Rs. 63.446 through investment during the year 2018-19 and 2019-20.

Audit observed that after deducting all its liabilities an amount of Rs. 225.785 million was invested at the close of financial year 2019-20 instead of depositing into FCF. After investment a balance of Rs. 179.948 million was lying in bank account of PPRA at the close of financial year 2019-20 which was also required to be deposited in FCF.

The management is not reflecting the above receipt to Finance Division while obtaining of budget grant, which is concealment of fact.

Audit is of the view that non-remittance of surplus fund to FCF is depriving the Government exchequer from its due receipt.

Neither the management replied nor was DAC convened.

Audit recommends that saving be transferred to FCF under intimation to Audit.

CHAPTER 5

COMMERCE DIVISION

5.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1- Imports and exports across custom frontiers.
2- Interprovincial trade.
3- Commercial intelligence and statistics.
4- Tariff policy and its implementation.
5- Regulation and control of insurance agencies.
6- Intellectual property organizations Pakistan

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Trading Corporation of Pakistan
ii. National Tariff Commission
iii. State Life Insurance Corporation
iv. Foreign Trade Institute of Pakistan
v. Pakistan Reinsurance Company
vi. Pakistan Institute of Fashion and Design
vii. National Insurance Company
viii. Pakistan Tobacco Board
ix. Federation of Chambers and Industry
x. Pakistan Horticulture Development and Export Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20)	Revenue / Receipt Audited (FY 2019-20)
1	Formations	15	3	768.00	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	280.000	-
4	Foreign Aided Project (FAP)	-	-	-	-

5.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Commerce Division for the FY 2019-20 was Rs.13,837.55 million, out of which the Division expended Rs.12,464.52 million. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

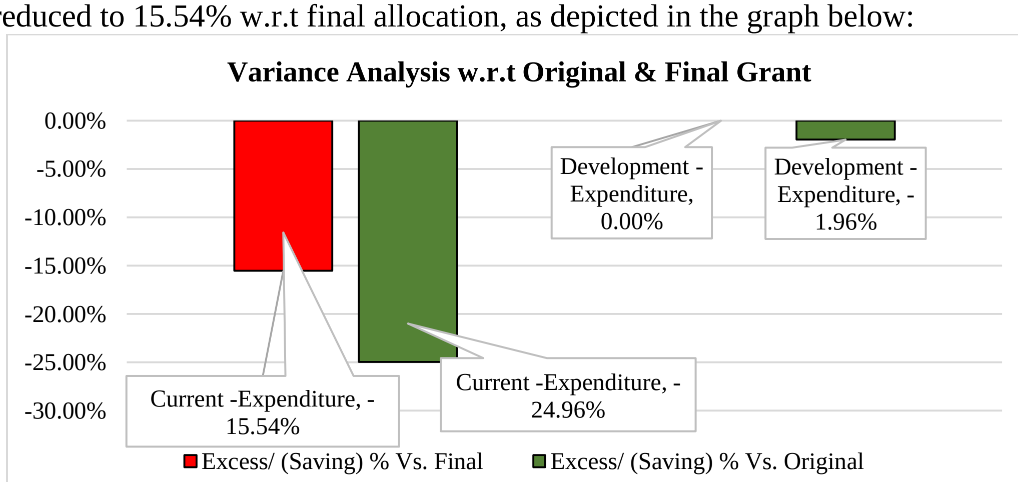
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	19	9,948.00	0.37	-1,110.82	8,837.55	7,464.52	-1,373.03	-15.54%
Current Total		9,948.00	0.37	-1,110.82	8,837.55	7,464.52	-1,373.03	-15.54%
Development	113	100.00	0.00	-100.00	0.00	0.00	0.00	0.00%
Development	114	5,000.00	0.00	0.00	5,000.00	5,000.00	0.00	0.00%
Dev. Total		5,100.00	0.00	-100.00	5,000.00	5,000.00	0.00	
Grand Total		**15,048.00**	**0.37**	**-1,210.82**	**13,837.55**	**12,464.52**	**-1,373.03**	-9.92%

Audit noted that there was an overall saving of Rs.1,373.03 million.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of GFR (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

It is observed that there was 100.00% utilization of Development grant. In case of current expenditure 24.96% of savings in expenditure w.r.t original allocation reduced to 15.54% w.r.t final allocation, as depicted in the graph below:



5.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.4,662.75 million, were raised in this report during the current audit of **Ministry of Commerce**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	508.77
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	4,153.98
4	Value for money and service delivery	-
5	Others	-

5.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1987-88	3	3	2	1	67
1988-89	1	1	0	1	-
1989-90	3	3	2	1	67
1990-91	6	6	2	4	33
1993-94	4	4	0	4	-
1995-96	3	3	0	3	-
1996-97	7	7	4	3	57
1997-98	69	69	52	17	75
1998-99	2	2	0	2	-
2001-02	12	12	3	9	25
2009-10	5	5	1	4	20
2013-14	7	7	2	5	29
2014-15	1	1	0	1	-
2015-16	1	1	0	1	-
2016-17	3	3	1	2	33
2017-18	7	2	1	1	50

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1997-98	7	7	4	3	57
2000-01	31	31	30	1	97
2005-06	3	3	1	2	33
2006-07	1	1	0	1	-
2007-08	2	2	0	2	-
Total:	**178**	**173**	**105**	**68**	**61**

5.5 AUDIT PARAS

Commerce Division

5.5.1 *Payment of duty drawback to exporters without approved accounting procedures - Rs. 4,004.574 million*

Para-5 (b) of the Controller General of Accounts (Appointment, Functions and Powers) Ordinance, 2001 deals with functions of the Controller General of Accounts and states that the functions of CGA shall be to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audit checks as the Auditor-General may, from time to time, prescribe.

Finance Division (C. F. Wing) vide Office Memorandum No. F.2 (1) CF-III/2017-176 dated 22.02.2019 issued Accounting procedures for the subsidy / incentive schemes (DLTL, DDT, Sugar, Wheat exports etc.)

The management of Ministry of Commerce, Islamabad has issued release orders amounting to Rs. 4,004.574 million for drawback duty claims of exporters to State Bank of Pakistan for onward payment to exporters during 2019-2020.

Audit observed that accounting procedures for authorization and payment of subsidy / incentive schemes was not approved from the CGA in consultation with Auditor-General of Pakistan as required under aforementioned rules.

Audit further observed that except SBP no organization including the relevant Ministry was involved to verify the authenticity of the claim that further compromises the credibility of the payments in absence of reconciliation between Ministry of Commerce, State Bank of Pakistan and Authorized Dealer (Commercial Bank).

Audit is of the view that payment of subsidy / incentive schemes without, accounting procedures approved by CGA, authorization of payments, and withdrawals of amounts without pre-audit checks is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that policy decision be routed and processed through relevant department of the Government of Pakistan, which are assigned tasks for efficient and effective procedures/ internal control mechanism.

5.5.2 *Non-compliance of ECC directives to review sugar stock, export and prices resulting in price hike of sugar*

The Economic Coordination Committee (ECC) of the Cabinet vide Case No. ECC-96/19/2018 dated 02.10.2018 & 04.12.2018 considered the summary dated 28.09.2018 submitted by the Commerce Division regarding export of sugar (Crop year 2017-18) and allowed 1.10 million metric ton of sugar subject to the following conditions:

Condition (ii) of the ECC decision states that the Inter-Ministerial Committee (IMC) will meet fortnightly to review sugar stock, export and price situation.

Condition (iii) of the ECC decision states that in case of any abnormal increase in the domestic price of sugar, the Committee would recommend to the ECC of the Cabinet for discontinuation of further exports.

Audit observed that the IMC did not meet fortnightly as directed by the ECC to review the sugar stock, export and price situation.

Audit is of the view that had meetings of IMC held regularly then the export of sugar would have been discontinued on April 1, 2019 (in its 7th or 8th meetings). However, 495,742,000 Kg sugar got exported from April, 2019 to Jan, 2020, resultantly sugar prices increased from Rs. 55 to Rs. 80, overburdening the general public.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility.

5.5.3 *Excess payment of subsidies to the exporters - Rs. 508.768 million*

Finance Division (C. F. Wing) vide Office Memorandum No. F.2 (1) CF-III/2017-176 dated 22.02.2019 issued Accounting procedures for the subsidy / incentive schemes (DLTL, DDT, Sugar, Wheat exports etc.)

Para (f) of above procedure states that upon 80% utilization of assigned limit, SBP shall intimate the concerned Ministry for further recoupment of funds and shall provide a certificate for utilization of funds previously placed.

Para (h) of above procedure states that SBP shall maintain complete record of all payments and provide the monthly disbursement report to the concerned Ministry and AGPR.

As per accounting procedure, the State Bank of Pakistan upon 80% utilization of assigned limit will intimate the Ministry of Commerce for further recoupment of funds. The management of Ministry of Commerce, Islamabad has issued release orders for drawback duty claims of exporters amounting to Rs.4,004.574 million during the financial year 2019-2020.

Audit observed that the utilization record provided by the management reflected a payment of Rs.4,513.342 million to 1,704 claims of exporters against a released amount of Rs.4,004.574 million. Therefore, an excess amount of Rs.508.768 million was paid to exporters. Detail is at (**Annexure 5-A).**

Audit further observed that payment was made directly by State Bank of Pakistan without verification, pre-audit and veracity of claims by the controlling Ministry. Moreover, against payment of Rs. 4,513.342 million, the State Bank of Pakistan only submitted two certificates of utilization amounting to Rs.29.865 million and Rs. 336.511 million.

Audit is of the view that payment through SBP by compromising all internal controls is irregular and resulted in excess payment.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be investigated at appropriate level and facts be shared with Audit for excess payment.

5.5.4 *Demand of fund without scrutiny of exporters' claims - Rs. 149.407 million.*

Section 12 (1) Chapter II of the Finance Act, 2019 states that all Ministries and Divisions, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the Finance Division at least 25 days before the presentation of the budget in the National Assembly, all anticipated savings in the grants or Assignment Accounts or grant-in-aid controlled by them.

Section 12 (2) Chapter II of the Finance Act, 2019 states that the Finance Division shall communicate the acceptance of such surrenders before close of the financial year and where requirement is justified, shall provide for equivalent amount in the next financial year budget.

The management of Ministry of Commerce, Islamabad had issued release orders for drawback duty claims of exporters to the State Bank of Pakistan in advance for ready to pay claims during 2019-2020.

Audit observed that the State Bank of Pakistan requested Rs. 1,687.578 million for payment of drawback claims for the period April to June, 2020 on 4th June, 2020 and 29th June, 2020 against ready to pay claims. The State Bank paid Rs. 1,538.171 million and remaining amount of Rs. 149.407 million was surrendered on June 30, 2020. This shows that SBP claims for ready to pay were not rationally scrutinized for payment.

Audit is of the view that lapse of Rs.149.407 million against ready to pay claims is unjustified and against the provision of Government Rules.

Neither the management replied nor was DAC convened.

Audit recommends that proper mechanism for claims and disbursement of Duty drawback be developed to avoid such lapses.

CHAPTER 6

DEFENCE DIVISION

6.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

Defense of the Federation or any part thereof in peace or war including Army, Naval and Air Force of the Federation and any other armed forces raised or maintained by the Federation; and armed forces which are not the forces of the Federation but are attached to or operating with any of the armed forces of the Federation;

1- Civilian employees paid from defense services.
2- International Red Cross and Geneva Conventions in so far as they effect belligerents.
3- Pardons, reprieves and respites, etc. of all personnel belonging to the Armed Forces.
4- Administration of Military Lands and Cantonments Group.
5- National Maritime Policy.
6- Marine surveys and elimination of dangers to navigation.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Directorate of Military Land and Cantonments.
ii. Federal Government Educational Institutions (Cantonments/Garrisons) Directorate.
iii. Pakistan Military Accounts Department.
iv. Office of the Surveyor General of Pakistan.
v. Pakistan Armed Services Board.
vi. Pakistan Maritime Security Agency.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2019-20) Rs. in million	Revenue/Receipt Audited (FY 2019-20) Rs. in million
1	Formations	14	3	1,558.259	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

6.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Defence Division for the financial year 2019-20 was Rs.10,060.23million, out of which the Division expended an amount of Rs. 10,827.15million. The Division had 3 current grants and 2 Development grants. Grant-wise detail is as under:

(Rs. in million)

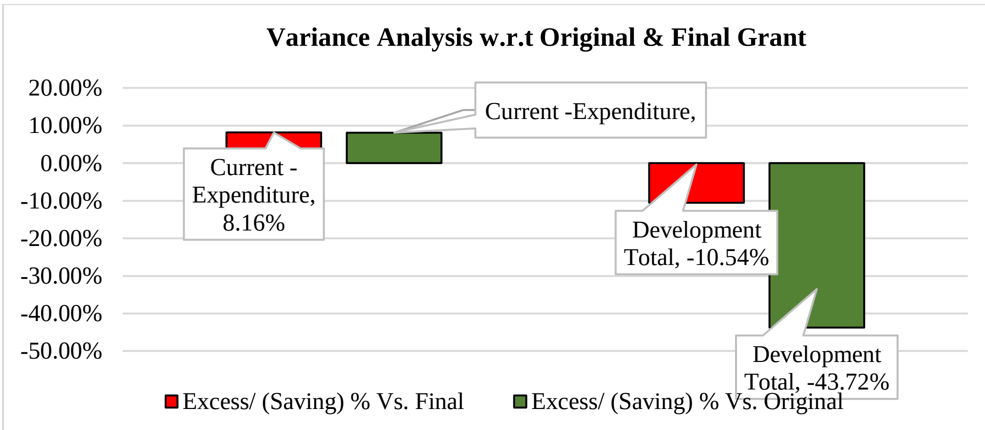
Type of Grant	Grant No.	Original Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	23	2,219.00	-0.82	2,218.18	2,290.55	72.37	3.26%
Current	24	1,331.00	-0.85	1,330.15	1,243.57	-86.58	-6.51%
Current	25	6,225.00	0.00	6,225.00	7,036.38	811.38	13.03%
Current Total		**9,775.00**	**-1.67**	**9,773.33**	**10,570.50**	**797.17**	**8.16%**
Development	118	370.50	-144.10	226.40	226.40	0.00	0.00%
Development	119	85.50	-25.00	60.50	30.25	30.25	50.00%
Development Total		**456.00**	**-169.10**	**286.90**	**256.65**	**30.25**	**10.54%**
Grand Total		**10,231.00**	**-170.77**	**10,060.23**	**10,827.15**	**827.42**	**8.22%**

Audit noted that there was an overall savings of Rs.827.42 million, which was due to savings in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

In case of current grants excess expenditure of 8.14% w.r.t original showed a minor increase and was 8.16% of excess in expenditure w.r.t final allocation, on the other hand 43.72% of savings in Development grants reduced 10.54% of savings w.r.t final grant, as depicted in the graph below:



6.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.96.49 million, were raised in this report during the current audit of **Defence Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	22.98
C	*Management of account with commercial banks*	-
D	*Recovery*	23.72
E	*Internal Control*	14.39
4	Value for money and service delivery	35.41
5	Others	-

6.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1996-97	1	1	0	1	-
1997-98	30	30	17	13	57
2000-01	34	34	29	5	85
2005-06	6	6	2	4	33
2017-18	1	1	0	1	-
Total:	**72**	**72**	**48**	**24**	**67**

6.5 AUDIT PARAS

Pakistan Maritime Security Agency (PMSA)

6.5.1 *Non-framing of rules and regulations of MSA*

Section 18 of Maritime Security Agency Act, 1994 states that the Federal Government may, by notification in official gazette, make rules for carrying out the purposes of this Act.

Section 19 of Maritime Security Agency Act, 1994 states that the Director General may, with the approval of Federal Government, make regulations by notification in official gazette not inconsistent with this Act or the rules.

The management of Pakistan Maritime Security Agency (PMSA), Headquarter, Karachi was required to frame its rules and regulations in the light of Section 18 and 19 of the MSA Act 1994 and their subsequent approval from the Federal Government.

Audit observed that the management did not develop any rules and regulations accordingly.

Audit is of the view that failure to frame the rules and regulations since 1994 was a serious lapse and a violation of the provisions of the relevant law.

The management replied that the MSA was applying the rules, regulations with respect to operations, administration, discipline and finance of Pakistan Navy and hence there was no requirement of making any rules and regulations.

Reply is not acceptable as MSA budget is civilian and Navy Rules are not applicable.

DAC was not convened till finalization of this report.

Audit recommends that Accounting Procedure should be prepared and got approved from the Federal Government.

6.5.2 *Irregularities in repair of HRR Defender Aircraft – Rs. 22.977 million*

Para 11 (1) of Annex-A on Scope of Work states that, firm needs to quote clearly for base (average) repair cost as well as maximum repair cost based on given description of work scope. Minutes of TSR Committee stated about M/s Secure Vision that Firm is technically accepted subject to provision of Principal Firm's Authorization letter at the time of contract if found lowest bidder. However, partial payment issue may be deliberated at HQ level and M/s MTSS was technically accepted

Para 11 (c) of Annex-A on Scope of Work states that provision of original certificate / letter from OEM/H&S UK to the firm for authorization to undertake defect rectification through OEM/H&S UK should be obtained.

The management of Pakistan Maritime Security Agency (PMSA), Headquarter, Karachi incurred an expenditure of Rs. 22,977,216 on repair of TGT Rolls Royce Allison Engine of Defender Aircraft during the financial year 2019-20.

Audit observed that M/s Secure Vision had quoted the lowest rates (Rs.15,523,690) and provided Principal Firm's Authorization Certificate OEM/H&S UK but the contract was wrongfully awarded to M/s Maritime Technical & Support Services (Pvt.) Ltd. for 15,597,000.

Audit observed contract was wrongfully awarded to M/s Maritime Technical & Support Services who failed to produce Principal Firm's Authorization Certificate and was not lowest as quoted rate of Rs. 15,597,000. However, the management paid Rs. 22,297,216 to the firm.

Audit is of the view that irregularity resulted in an undue favor to the vendor along with a loss of Rs. 6,700,216 on account of excess payment.

The Management replied that stance of Audit is not valid that M/s Secure Vision quoted the lowest rate.

Reply is not acceptable as documentary evidence reflects that M/s Secure Vision quoted Rs. 15,523,690 as maximum cost, which is less than the rates approved.

DAC was not convened till finalization of this report.

Audit recommends Inquiry to probe the matter despite recovery of excess payment.

6.5.3 *Abnormal delay in delivery of equipment and non-imposition of Liquidated damages – Rs. 14.385 million*

Clause 9.2 of contract states that in case the contracted work cannot be completed within stipulated time, liquidated damages shall be calculated at the rate of two percent per month for the period of five months so the liquidated damages in total will not exceed ten percent of contract value. The amount shall be deducted from the payment of the Contractor at the time of final or part payment by the Controller Naval Accounts.

The management of Pakistan Maritime Security Agency (PMSA), Headquarter, Karachi awarded a contract to M/s Secure Vision, Karachi for procurement of Spares/POLs/Consumables for Structural Survey (55 items) on 01.10.2018 amounting Rs. 14,782,336 with a delivery period up to 18.03.2019.

Audit observed that after a lapse of one year only 09 items out of 55 were delivered by the contractor on 03.10.2019 valuing only Rs. 397,098. Remaining 46 items costing Rs. 14,385,238 had not been delivered even till June 2020.

Audit is of the view that delay in delivery of consumable items for Aircraft would affect the operational activity of the department. Non-imposition of liquidated damages will further put the government at a loss.

The management replied that after extension of delivery period up to 30.08.2019, all items had been delivered by the contractor with end user certificate and delivery challans.

Reply is not acceptable as management failed to provide the delivery challans and end user certificate.

DAC was not convened till finalization of this report.

Audit recommends imposition of liquidated damages.

6.5.4 *Non-deduction of Sindh Sales Tax – 23.72 million*

Second Schedule under Tariff Heading 20 (9806.3000) of Sindh Sales Tax on Services Act, 2011 states that the services provided or rendered on account of Renting of immovable property will pay Sindh Sales Tax @ 13% of the total receipts.

Second Schedule under Tariff Heading 20(9806.3000) of Sindh Sales Tax on Services Act, 2011 amended on 04.12.2017 states that the services provided or rendered on account of Dry Docking, Tug Service, repair of ship/boats etc. will pay Sindh Sales Tax @ 13% of the total receipts.

The management of Pakistan Maritime Security Agency (PMSA) Headquarter, Karachi paid an amount of Rs. 116,443,073 and Rs. 65,991,521 on account of Dry Docking/ Tug Services and rent of Quay wall Charges for parking of MSA ships respectively to M/s Karachi Shipyard and Engineering Works, Karachi during the financial year 2019-20.

Audit observed that neither the management of Pakistan Maritime Security Agency, Karachi nor the Controller Naval Accounts deducted Sindh Sales Tax @ 13% amounting to Rs. 23,716,495 from the bills as required under the Sindh Sales Tax Act, 2011. Detail is tabulated below:

S.No.	Purpose	Amount	Sindh Sales Tax Recoverable
1	Dry Docking/ Tug Services	116,443,073	15,137,598
2	Rent of Quay wall Charges for parking of MSA ships	65,991,521	8,578,897
Total Rs.			**23,716,495**

Audit is of the view that non-deduction of Sindh Sales Tax deprived the government of its rightful share.

The management replied that M/s KS&EW is a Defence Production Entity owned by the Federal Government and functions under the administrative control of MoDP. Further, Article 165 of Constitution of Pakistan states that the Federal Government shall not, in respect of its property or income, be liable to taxation under any Act of Provincial Assembly.

Reply is not acceptable as the matter pertains to Sindh Sales Tax Act 2011 and not the GST.

DAC was not convened till finalization of this report.

Audit recommends that the amount of Sindh Sales Tax Act, 2011 may be recovered or exemption certificate from the relevant taxation authority be obtained.

6.5.5 *Irregular retention of seventy vehicles without authorization from the Cabinet Division*

Rule 3 (1) of Staff Car Rules, 1980 states that each division shall normally maintain one staff car for use in connection with official business. However additional staff car can be specially authorized by the Cabinet Division.

Rule 5 (11) (i) of Staff Car Rules, 1980 states that only one staff car shall be used both for officials as well as private use.

Serial No. (xv) of Cabinet Division letter No. 6/7/2011-CPC dated 12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division /Department.

The Management of Pakistan Maritime Security Agency (PMSA), Headquarter, Karachi retained seventy vehicles during 2019-20 without authorization from Cabinet Division.

Audit observed that the management does not have authorization of 70 vehicles from the Cabinet Division.

Audit is of the view that utilization of vehicles without authorization from the Cabinet Division is irregular.

The management replied that all vehicles are held against valid approval.

Reply is not acceptable as management failed to provide authorization of vehicles from Cabinet Division.

DAC was not convened till finalization of this report.

Audit recommends that authorization of vehicles be obtained from Cabinet Division.

6.5.6 *Unauthorized maintenance of bank accounts without the approval of Finance Division*

Section 30 (2) (d) of Public Finance Management Act, 2019 states that all the Ministries and Divisions, attached departments and subordinate offices shall ensure placement of all public moneys into the treasury single account.

Para 7 of GFR Volume-I states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

The management of Pakistan Maritime Security Agency (PMSA), Headquarter, Karachi was maintaining 09 bank accounts at various locations.

Audit observed that the bank accounts were opened without obtaining the approval of the Finance Division.

Audit is of the view that opening of bank accounts without the approval of Finance Division is unauthorized.

The management replied that these accounts are being maintained for distribution of reward money receipt against each seizure operation or confiscation of fish from illegal fishing.

Reply is not acceptable being irrelevant.

DAC was not convened till finalization of this report.

Audit recommends that either ex-post facto approval may be obtained from Finance Division or accounts may be immediately closed.

Survey of Pakistan, Rawalpindi

6.5.7 *Un-necessary purchase of vehicles – Rs. 35.409 million*

Cabinet Division allowed Survey of Pakistan, Rawalpindi only one vehicle up to 3000 CC single cabin. Two cars 1300 CC, five cars 1000 CC and four cars /vans 800 CC in 2018 U.O No.2/82/2013 dated 04.04.2018.

The management of Survey of Pakistan, Rawalpindi incurred expenditure of Rs.35.409 million on purchase of seven vehicles from M/s Toyota Motors Islamabad. The Surveyor General Office already has 36 vehicles under use. Detail of new vehicles purchased is as under:

S #	Description of vehicles	Qty	Rate per unit	Total cost
1	Toyota Fortuner AT 2	01	8,689,000	8,689,000
2	Toyota REVO D/Cabin 2.8L diesel	01	6,284,000	6,284,000
3	Toyota Hilux 4x4 M/T D/Cabin euro II	03	5,284,000	15,852,000
4	Toyota Corolla GLI M/T	01	2,783,000	2,783,000
5	Suzuki Cultus 1000 CC	01	1,801,094	1,801,094
	Total Rs	**07**	**24,841,094**	**35,409,094**

Audit observed that the management did not intimate Finance division about existing Vehicles while obtaining the NOC and purchased seven new vehicles without need assessment despite having fleet of 36 vehicles.

Audit is of the view that incurrence of expenditure on purchase of vehicles in excess of actual requirement is violation rule.

The management replied that Survey of Pakistan is an Executive Department of Ministry of Defence and a National Surveying & Mapping Organization of the country, which carries out demarcation/ delineation/ joint inspection of 8342 km long Pakistan borders as well as conducts Surveying & Mapping activities of the entire country covering an area of more than 822,000 sq. km and prepares maps for the Armed Forces and all other Government agencies. This operational task envisages reliable transportation capability. Presently, SoP holds 73 x vehicles against the authorization of 96 x vehicles. There is still shortage of 23 vehicles. These 07 x vehicles are the replacement of the condemned vehicles. Due to shortage of number of reliable operational vehicles, the operational task of the department is hampering.

Reply is not satisfactory, because Cabinet Division allowed only one vehicle up to 3000 CC single cabin. Two cars 1300 CC, five cars 1000 CC and four cars /vans 800 CC in 2018 U.O No.2/82/2013 dated 04.04.2018, while the management purchased five vehicles exceeding 3000 CC which is against cabinet division's approval.

DAC was not convened till finalization of this report.

Audit recommends that responsibility may be fixed on the persons at fault, and refer the matter to Cabinet Division for regularization.

CHAPTER 7

ECONOMIC AFFAIRS DIVISION

7.1 Introduction

Economic Affairs Division is responsible for assessment of requirements, programming and negotiations of external economic assistance related to the Government of Pakistan and its constituent units from foreign Governments and multilateral agencies. The issues regarding external debt management and matters relating to technical assistance to foreign countries, credit to friendly countries on lending / re-lending of foreign loans and monitoring of aid utilization are being handled by this division.

The functions and responsibilities of the Economic Affairs Division as listed in Schedule II of Rules of Business 1973 are:

i. Assessment of requirements, programming and negotiations for external economic assistance from foreign governments and organizations.
ii. Matters relating to IBRD, IDA, IFC, ADB and IFAD.
iii. Economic matters pertaining to Economic and Social Council of the United Nations, Governing Council of UNDP, ESCAP, (Economic and Social Commission for Asia and Pacific) Colombo Plan and OECD (DAC).
iv. Negotiations and coordination activities etc., pertaining to economic cooperation with other countries (excluding Regional Co-operation for Development (RCD) and IPECC).
v. Assessment of requirements, programming and negotiation for securing technical assistance to Pakistan from foreign governments and organizations including nominations for EDI courses.
vi. Matters relating to technical assistance to foreign countries.
vii. External debt management, including authorization of remittances for all external debt service, compilation, accounting and analysis of economic assistance from foreign governments and organizations.

viii. Review and appraisal of international and regional economic trends and their impact on the national economy. Proposals concerning change in international economic order.

ix. Matters relating to transfer of technology under UNDP assistance.

x. Matters relating to Islamic Development Bank.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Institutional Strengthening and Efficiency Enhancement
ii. Pakistan National Commission for UNESCO
iii. Trust for Voluntary Organizations Islamabad
iv. UNICEF Stores Karachi

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	2	1	2,023.22	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	2	2	8.997	-

7.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Economic Affairs Division for the financial year 2019-20 was Rs.1,829,307.30 million, out of which the Division expended an amount of Rs. 1,888,185.18million. The Division had 1 current grant, 3 development grants and 3 Charged grants. Grant-wise detail of expenditure is as under:

(Rs. in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	43	7,003.00	50.00	-199.89	6,853.11	6,842.55	-10.56	-0.15%
Current Total		**7,003.00**	**50.00**	**-199.89**	**6,853.11**	**6,842.55**	**-10.56**	**-0.15%**
Development	126	45.45	5.90	-45.45	5.90	5.90	0.00	-0.01%
Development	127	8,365.71	0.00	-2,088.08	6,277.63	2,539.43	-3,738.19	-59.55%
Development	149	270,335.12	0.00	0.00	270,335.12	216,178.62	-54,156.50	-20.03%
Development Total		**278,746.29**	**5.90**	**-2,133.54**	**276,618.65**	**218,723.95**	**-57,894.70**	**-20.93%**

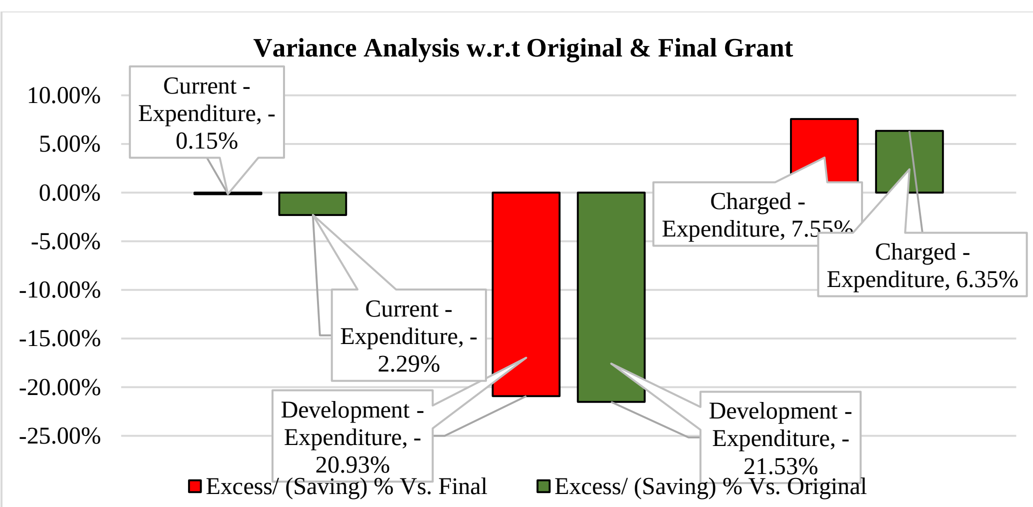
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Charged		1,095,254.43	0.00	0.00	1,095,254.43	1,222,613.88	127,359.45	11.63%
Charged		108,300.09	0.00	0.00	108,300.09	133,716.41	25,416.32	23.47%
Charged		359,764.39	0.00	-17,483.39	342,281.00	306,288.38	-35,992.62	-10.52%
Charged Total		**1,563,318.92**	**0.00**	**-17,483.39**	**1,545,835.53**	**1,662,618.67**	**116,783.14**	**7.55%**
Grand Total		**1,849,068.21**	**55.90**	**-19,816.81**	**1,829,307.30**	**1,888,185.18**	**58,877.88**	**3.22%**

Audit noted that there was an overall excess of Rs.58,877.88 million, which was due to excess in Charged grants meant for repayment of foreign debt.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 21.53% with respect to Original grant which reduced to savings of 20.93% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 2.29% of savings in expenditure w.r.t original allocation reduced to 0.15% of savings in expenditure w.r.t final allocation. Charged expenditure showed an excess of 6.35% w.r.t original which increased to 7.5% w.r.t to final grant as depicted in the graph below:



7.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.8,619.26 million, were raised in this report during the current audit of **Economic Affairs Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	45.68
3	Irregularities	
A	*HR/Employees related Irregularities*	78.80
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	8,463.60
E	*Internal Control*	31.19
4	Value for money and service delivery	-
5	Others	-

7.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1996-97	2	2	1	1	50
2000-01	5	5	0	5	-
2005-06	2	2	0	2	-
2006-07	5	5	2	3	40
2007-08	1	1	0	1	-
2008-09	2	2	0	2	-
2013-14	4	4	1	3	25
Total:	**21**	**21**	**4**	**17**	**19**

7.5 AUDIT PARAS

7.5.1 *Non-recovery of re-lent loans – Rs. 8,463.595 million*

Foreign Debt Manual, 2008 states that EAD is responsible for recoveries of foreign loans and credits re-lent to the provincial governments, autonomous bodies/corporations, industrial/ financial institutions and private sector agencies.

Audit observed that foreign re-lent loans amounting to Rs.8,463.595 million were not recovered from the following entities. The details of outstanding amount are at **Annexure 7-A**.

Audit is of the view that non-recovery of re-lent loans has resulted in a financial loss to Government which was due to weak internal controls.

The DAC in its meeting held on 23.11.2020 directed the management to hold meetings with all defaulting agencies under the Chair of Additional Secretary-II within one month. The progress report will be submitted in next meeting of DAC.

No record was produced for verification.

Audit recommends early recovery of the outstanding amounts.

7.5.2 *Non-recovery of loan provided to different countries – USD 283.618 million*

Para 240 of GFR volume-1states that a specific term should be fixed in the Loan agreement within which each loan should be fully repaid with interest due.

Recovery record of Economic Affairs Division revealed that foreign loans provided to different countries amounting to USD 283.618 million was outstanding against different countries. Details are as under:

(Amount in USD million)

Sr. No.	Country	Amount Disbursed	Interest Due	Total Due	Amount recovered	Outstanding Amount
1	Sri Lanka-I	1.6	0.386	2.066	1.014	1.052
2	Sri Lanka-II	45.118	8.697	56.842	41.165	15.677
3	Bangladesh (Sugar Plant)	12.080	18.359	30.439	9.217	21.222
4	Bangladesh (Cement Plant)	5.823	3.055	8.878	6.642	2.236

Sr. No.	Country	Amount Disbursed	Interest Due	Total Due	Amount recovered	Outstanding Amount
5	Iraq I	48.526	88.024	136.550	0	136.550
6.	Iraq II	9.992	16.11	26.102	0	26.102
7.	Iraq III	9.87	29.524	39.394	0	39.394
8.	Sudan	9.979	28.122	38.101	0.193	37.908
9.	Guinea Bissau	2.211	1.266	3.477	0	3.477
Total Outstanding		**145.199**	**193.543**	**341.849**	**58.231**	**283.618**

Audit observed that non-recovery of outstanding loans has resulted in financial loss to Government, resulting into foreign exchange burden.

The management replied that the efforts are being made to recover the loans from these countries.

The DAC in its meeting held on 23.11.2020 directed the management to provide record for verification to Audit. It was further directed to pursue the recoveries more vigorously through appropriate channels. The progress report will be submitted in next meeting of DAC.

No record was produced for verification.

Audit recommends early recovery of the outstanding amount.

7.5.3 *Unauthorized and Irregular payment of Honorarium- Rs.78.798 million*

Rule 157(1) of FTR-Vol-I states that cheques drawn in favor of government officers and department in settlement of government dues shall always be crossed, “A/C payee only. Not negotiable”.

In terms of Column No.3 against Sl. No. 17 of Annex-I of Para 8 (a) of the New System of Financial Control & Budgeting issued vide Finance Division’s O.M. No.F.3(2)Exp.III/2006 dated 13.09.2006 full powers up to the level of Section Officer and equivalent is delegated to the Ministries/Divisions. The amount should not exceed one month’s pay of the government servant concerned on each occasion. In the case of recurring honoraria, this limit applies to the total of recurring payments made to an individual in a financial year.

Economic Affairs Division (Main), Islamabad paid Rs.7,587,599 as regular honorarium. However, an additional honorarium of Rs.78,798,122 was also paid to the officers/officials during the financial year 2015-20. Details are as under:

Period	Payment through	BPS	No. of Additional Honorarium	Amount
2015-16	DDO	1 to 15	1	4,070,870
	DDO	16 to 18	1	3,926,500
	DDO	19 to 22	0.5	811,225
Sub Total				**8,808,595**
2016-17		1 to 18	1	10,078,430
		19 to 21	0.5	974,700
2017-18	DDO	1 to 22	1	14,648,345
	DDO	19 to 22	1	2,869340
		1 to 18	1	11,775,045
Sub Total				**29,292,730**
2018-19	DDO	19 to 22	2	5,864,667
	DDO	1 to 18	2	23,779,000
Sub Total				**29,643,667**
Grand Total				**78,798,122**

Audit observed that:

i. The Secretary Finance and Adviser to the PM on Finance, Revenue and Economic Affairs/Chairman ECC cannot approve more than one honorarium.

ii. The honorarium claim was submitted to AGPR after deduction of lump sum income tax instead of individual employee's taxable slabs.

iii. Out of total payment of honorarium Rs. 63,394,070 was paid through DDO in cash without deducting any income tax.

The management replied that the Advisor to PM on Finance, Revenue and Economic Affairs as Chairman ECC has delegated powers to approve more than one honorarium in a financial year. Income tax was deducted on the basis of individual employee payment instead of lump sum.

The reply is not acceptable as no documentary evidences in support were provided to Audit.

The DAC in its meeting held on 23.11.2020 directed the management to examine the case with particular regard to financial powers of Chairman ECC to sanction the honorarium. The report in this regard will be submitted in next DAC meeting.

No record was produced for verification.

Audit recommends recovery of income tax along with stoppage of this practice.

7.5.4 *Unauthorized expenditure on Visits of foreign delegations - Rs.31.190 million*

Rule 9 of GFR Vol-I 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.

Rule 15 (1) of PPRA Rules states that a procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects.

EAD incurred an expenditure of Rs.31.190 million under the head 03960- during financial years 2015-20 on boarding lodging, transportation, events and gifts to foreign delegations visiting Pakistan.

Audit observed as under:

i. The expenditure was admissible for Pakistani delegations visiting abroad but without any provisions / approval expenditure was incurred on foreign delegations visiting Pakistan.

ii. No prequalification of the firms was made.

iii. No list of participants was available with each bill paid.

iv. Record of expenditure of Rs.6.893 million incurred on foreign delegations arrived in Pakistan was not available.

The management replied that the EAD is responsible for holding negotiations with bilateral and multilateral financial institutions for Joint Ministerial Commission meetings and its follow up. Further there are only two five-star hotels (i.e. Serena and Marriott) in Islamabad and adequate security arrangements are required for foreign delegates considering the security situation in Pakistan.

Reply of the management is not acceptable as the expenditure was incurred without delegation of powers, prequalification of firms and any list of participants.

The DAC in its meeting held on 23.11.2020 directed the management to look at the procedure and practice being followed by Ministry of Foreign Affairs with regard to expenditure incurred on foreign delegations with a view to formulating EAD's own procedural SOPs for such expenditure. The progress report in this regard will be submitted in the next meeting of DAC.

No record was produced for verification.

Audit recommends provision of record besides regularization of expenditure.

7.5.5 *IT equipment found missing –Rs 45.68 Million (USD 0.285 million)*

Rule 154 of GFR Vol-I states an inventory of the dead stock should be maintained in all Government offices in a form prescribed by competent authority, showing the number received, the number disposed of (by transfer, sale loss etc.) and the balance in hand for each kind of article.

Economic Affairs Division received following IT equipment amounting to USD 285,323.25 on 25.01.2016 under office capacity building equipment from People's Republic of China.

S. No.	IT equipment	Quantity	Amount in USD
1	Desktop	50 Sets	60,736.63
2	Note Book Computers	20 Sets	24,947.73
3	Printers	50 Sets	16,327.05

S. No.	IT equipment	Quantity	Amount in USD
4	Projectors	2 Sets	2,830.02
5	Scanners	6 Sets	3,265.41
6	Scanners	20 Sets	2,830.02
7	Server	06 Sets	50,940.40
8	Misc. Items	48 Nos.	123,445.99
Total			**285,323.25**

Audit observed that the above IT equipment was found missing as no details and record pertaining to stock entries and distribution/installation of equipment was available.

The management replied that all relevant record was properly maintained and utilized by different sections of EAD.

The reply of the management is not acceptable as neither physical verification was conducted nor documentary evidence was provided to Audit.

The DAC in its meeting held on 23.11.2020 directed the management to provide record for verification to Audit within one month. The verification report will be submitted in the next meeting of DAC.

No record was produced for verification.

Audit recommends inquiry to fix responsibility.

CHAPTER 8

ESTABLISHMENT DIVISION

8.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main businesses have been assigned to the Division amongst the other functions.

Regulation of all matters of general applicability to civil posts in connection with the affairs of the Federation:

1. Formation of Occupational Groups
2. Policy regarding recruitment to various grades
3. Federal Government functions in regard to Federal Public Service Commission.
4. Career Planning
5. Services Tribunal Act, 1973.
6. Idea Award Scheme.
7. Pakistan Public Administration Research.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Secretariat Training Institute.
ii. Staff Welfare Organization.
iii. Akhtar Hameed Khan National Centre for Rural Development.
iv. Federal Benevolent Fund & Group Insurance

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	76	3	134.723	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
3	Authorities / Autonomous Bodies etc. under the PAO	1	1	7,050.759	-
4	Foreign Aided Project (FAP)	-	-	-	-

8.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Establishment Division for the financial year 2019-20 was Rs.10,479.84 million, out of which the Division expended an amount of Rs.10,487.16 million. The Division had 2 current grants and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

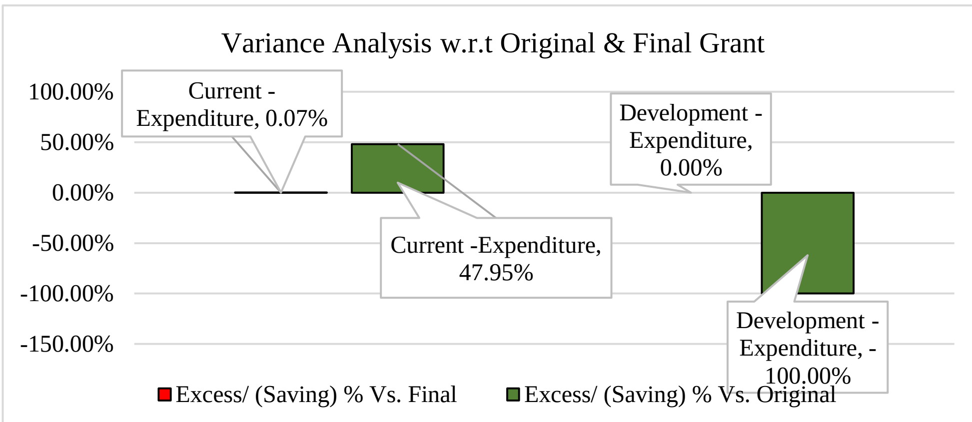
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	8	2,913.00	39.32	-26.43	2,925.88	2,929.26	-3.37	-0.12%
Current	10	4,175.25	3,394.83	-16.12	7,553.96	7,557.90	-3.95	-0.05%
Current Total		**7,088.25**	**3,434.15**	**-42.55**	**10,479.84**	**10,487.16**	**-7.32**	**-0.17%**
Development	109	232.61	0.00	-232.61	0.00	0.00	0.00	0.00%
Development Total		232.61	0.00	-232.61	0.00	0.00	0.00	0.00%
Grand Total		7,320.86	3,434.15	-275.16	10,479.84	10,487.16	-7.32	-0.07%

Audit noted that there was an overall savings of Rs.7.32 million, which was due to savings in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 100.00% with respect to Original grant as the development grant was surrendered 100%. In case of current expenditure the 47.95% of excess in expenditure w.r.t original allocation was reduced to 0.07% of excess in expenditure w.r.t final allocation, as depicted in the graph below:



8.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.5,291.19 million, were raised in this report during the current audit of **Establishment Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	4.51
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	7.36
E	*Internal Control*	2,938.20
4	Value for money and service delivery	-
5	Others	2,341.12

8.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1989-90	1	1	0	1	-
1990-91	1	1	0	1	-
1992-93	2	2	1	1	50
1995-96	3	3	2	1	67
1998-99	81	81	44	37	54
2000-01	14	14	0	14	-
2005-06	1	1	0	1	-
2008-09	2	2	0	2	-
2010-11	2	2	2	0	100
2012-13	11	11	7	4	64
2013-14	3	3	0	3	-
Total:	**121**	**121**	**56**	**65**	**46**

8.5 AUDIT PARAS

Federal Employees Group Insurance and Benevolent Fund, Islamabad

8.5.1 *Payments of monthly benevolent grant in absence of updated data and without reconciliation - Rs.2,938.200 million*

Section 13 of Federal Employees Benevolent Fund and Group Insurance Act, 1969, as amended from time to time, states that benevolent grant to benevolent of spouse of died government employee will admissible on prescribed rate, for life or till re-marriage and other than spouse the grant is admissible for 15 years.

The National Bank of Pakistan Main Branch Islamabad debited Rs. 2,938.200 million in current bank account No. 4035246650 of FEB&GIF during 2019-20, on account of monthly benevolent grants. The FEB&GIF reported 99,232 persons against the amount disbursed. The maximum amount of monthly benevolent grant is Rs.10,100.

Audit observed that the NBP branches directly disbursed the monthly benevolent grants to card holders and the FEB&GIF accepted the same payments instead of reconciling with the existing legitimate payees/recipients. There was no data base containing details of 99,232 recipients.

Audit is of the view that instead of maintaining detailed data of recipients and reconciliation with the bank, the management relied upon the disbursements made by the NBP which indicates weak financial management system of the organization.

DAC convened on 3rd February, 2021 was apprised that department has taken initiative in the light of the Audit observation to update the entire data of beneficiaries and payments made by developing Active Beneficiary Directory. DAC directed to complete the data of entire 99,232 recipients.

Audit recommends that process be expedited as only 2,200 recipients data has been verified till date.

8.5.2 *Slow progress leading to abnormal increase in cost of project - Rs.2,341.119 million*

Para 4.14 of the Planning Commission's Manuel for Development Projects states the cost estimates of a project have to be prepared with a lot of care so that these are not revised again and again and implementation is not delayed due to non-availability of provision of funds and revised sanction of the competent authority.

The original PC-1 of the project "Construction of BF Tower at Jinnah Avenue, Blue Area, Islamabad" was approved with a cost of Rs. 5,604,015,892 for three years period from 2013-14 to 2015-16 (original completion date was 30.06.2016). However, cost was revised to Rs. 7,945,134,570 with a revised completion date of 30.06.2020. This resulted in an increase of Rs. 2,341,118,678.

S. No.	Descriptions	Cost of original PC-1(2013)	Cost of revised PC-1 (2016)	Increase in cost	% increase
1	Civil Works	2,314,930,500	4,184,602,508	1,869,672,008	81
2	MEP Works (Electrical, plumbering, telecommunication, HVAC, etc.)	2,299,497,630	2,554,425,699	254,928,069	11
3	CINEPLEX	80,000,000	80,000,000		0

S. No.	Descriptions	Cost of original PC-1(2013)	Cost of revised PC-1 (2016)	Increase in cost	% increase
4	External Development Works	7,716,435	11,938,155	4,221,720	55
	Construction Cost	**4,702,144,565**	**6,830,966,362**	**2,128,821,797**	**45**
5	Contingencies, escalation, renewable energy sources, consultancy etc.	901,871,327	1,114,168,208	212,296,881	24
	Total cost of project	**5,604,015,892**	**7,945,134,570**	**2,341,118,678**	**42**

Audit observed that the cost of PC-1 was increased by 42% of the original cost and completion date was revised to 30.06.2020 but still the project was at its initial phase with only 34% work done and 21% financial expenditure (Rs.1,682,741,660).

Audit is of the view that due to delay in execution of the project cost of the project was exorbitantly increased and further time and cost overrun will be inevitable due to slow progress of the project.

The management replied that estimates approved in original PC-I were prepared on conceptual schematic designs, however revision was made after detailed designs/Bills of Quantities (BOQs) duly incorporated with the additional requirements of earthquake resistibility aspects.

The reply indicates that the original PC-1 was not prepared with due care and progress on project is not as per revised PC-1.

DAC held on 3rd February, 2021 directed that a comprehensive report covering negligence on the part of the management, highlighting reasons for slow progress and way forward for timely completion of project be submitted.

Audit recommends implementation of the DAC directives and sharing of the report.

8.5.3 *Fee reimbursement based on fake documents – Rs.4.508 million*

Para 23 of the General Financial Rules (GFR) Vol-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.

The FEB&GIF detected thirty-six cases based on fake documents out of which payments in five cases were stopped and disbursements of Rs.4,508,040 were already made in the remaining thirty-one cases. The cases were reported to FIA.

Audit observed that amount paid was based on the fake documents and hence unauthorized.

DAC held on 3rd February, 2021 directed that verification of documents should be made before making any payment.

Audit recommends that amount paid on fake documents be recovered along with devising a fool proof system to ensure authenticity of documents before making any disbursements.

Staff Welfare Organization Islamabad

8.5.4 *Allotments in women hostel to non-entitled private persons and non-recovery of dues- Rs. 7.360 million.*

Rule 8(1) of Staff Welfare Organization's (Hostel Accommodation) Rules, 2012 states that the rent and charges shall be paid in advance by the allottees regularly on or before the 10th day of each month.

Rule 8(2) of the Staff Welfare Organization's (Hostel Accommodation) Rules, 2012 states that all dues including losses and damages shall be cleared within a week failing which the adjustment will be made against the security or from the salary of the allottee at source though the department which disburses salary to her and the allotment shall stand automatically cancelled and the defaulter shall not be eligible for the allotment in future.

The management of Staff Welfare Organization (Headquarters), Islamabad allotted rooms to the female employees of federal Government as well as private/semi government employees at Women Hostel, Sector G-7/1, Islamabad.

An amount of Rs. 7.360 million was outstanding against the allottees of hostel as on 31.08.2020. Detail is at **Annexure 8-A.**

Audit observed that most of the allottees of the hostel accommodation were not Federal Government Servants. Audit further observed that the management did allot rooms to female Federal Government employees as well as private/Semi-government employees but failed to recover the outstanding dues of Rs.7.360 million from the allottees.

Audit is of the view that allotment to non-government employees and outstanding amount against the allottees is not only failure of the management to implement the hostel rules but also resulted in the loss to Government.

DAC held on 3rd February, 2021 directed to strengthen the internal control system by enhancing rent security deposit, stringent measures for rent recovery, disallowing no entitled persons etc. DAC further directed that matter of recovery should be taken up with employer of the employees and District Revenue authority.

Audit recommends verification of implementation of the DAC directives.

8.5.5 *Non-allotment of private hired property as rest house and VIP suites at Murree*

Para 3 of Ministry of Housing and Works O.M No.F.2(1)/2004/Policy dated 17.09.2004 states that after the decentralization of hiring of office accommodation, Ministry / Division / Department are competent to hire the private buildings for office accommodation at their own as per prescribed scale, entitlement and the instructions issued by Ministry of Housing and Works. Moreover, the Ministry / Division / Department will obtain the rent reasonability certificate from the Pak PWD in each and every case.

Rule 5(i) of the Allotment of Accommodation in Holiday Homes, 1989 states that the employees to whom accommodation in Holiday Homes is allotted shall pay rent @ Rs. 550 per day for the category A, E&F.

The management of Staff Welfare Organization (Headquarters), Islamabad hired a private property named Park House Annaxy adjacent at the back side of Holiday Home, Murree having a covered area 1,297 sq. ft. at monthly rent of

Rs.62,256. The management paid an amount of Rs.747,072 (Rs. 62,256 × 12 month) to the owner on account of rent.

Further, the management of Holiday Homes, Murree did not allot/reserve the rooms/suits bearing No. A II, E II & F II during the period from 01.07.2015 to 30.06.2020. Details of expected revenue areas under:

Room/suit	**Period**	**Occupancy/days**	**Rate**	**Loss**
AII	May 2015-Augst2019	123*4(492)	550	270,600
EII	May 2015-August 2019	492	550	270,600
FII	May 2015-August 2019	492	550	270,600
AII	Sept 2015-April 2019	80*4=(320)	550	176,000
EII	Sep 2015t-April 2019	320	550	176,000
FII	Sept 2015-April 2019	320	550	176,000
AII	July-Aug 2020	(31*2)62	550	34,100
EII	July-Aug 2020	62	550	34,100
FII	July-Aug 2020	62	550	34,100
AII	Sept 2019 to Feb 2020	60	550	33,000
EII	Sept 2019 to Feb 2020	10*6=60	550	33,000
FII	Sept 2019 to Feb 2020	60	550	33,000
Total Rs.				**1,541,100**

Audit observed that the hired building was used as residential accommodation for VVIPs without allotment / reservation as no such record was produced.

Audit further observed that three rooms/suits at Holiday Homes had not been booked for the last five years for unknown reasons.

Audit is of the view that non-allotment of the rooms and hiring of private accommodation had already resulted into loss of Rs. 2,288,172 and loss will further accumulate if the system of allotment is not streamlined.

DAC held on 3rd February, 2021directed to streamline the procedure and ensure booking of all family suites. DAC also directed a fact finding report on the issue of non-booking of rooms for last three years should be submitted.

Audit recommends verification of implementation of DAC directives.

CHAPTER 9

FEDERAL EDUCATION AND PROFESSIONAL TRAINING DIVISION

9.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1- Academy of Educational Planning and Management (AEPAM), Islamabad.

2- Federal Board of Intermediate and Secondary Education (FBISE), Islamabad.

3- National Education Assessment Centre, Islamabad.

4- National Talent Pool, Islamabad.

5- Youth Centers.

6- All matters relating to National Commission for Human Development (NCHD) and National Education Foundation (NEF).

7- Pakistan National Commission for UNESCO (PNCU).

8- Higher Education Commission.

9- External examination and equivalence of degrees and diplomas.

10- Commission for standards for higher education.

11- National Institute of Science and Technical Education, Islamabad.

12- National College of Arts, Lahore and Rawalpindi.

13- Pakistan Chairs Abroad.

14- Selection of Scholars against Pakistan Chairs Abroad by the Special Selection Board.

15- Boy Scouts and Girl Guides; Youth Activities and Movement.

16- International exchange of students and teachers, foreign studies and training and international assistance in the field of education.

17- Social Welfare, Special Education, Welfare, development and rehabilitation of children and disabled in the Federal area.

18- Federal College of Education, Islamabad.

19- Federal Directorate of Education and education in the Capital.

20- Federal Government Polytechnic Institute of Women, Islamabad.

21- Sir Syed School and College of Special Education, Rawalpindi.

22- Training, education and rehabilitation of disabled in Islamabad.

23- Private Educational Institutions Regulatory Authority.

24- Dealing and agreements, with other countries and international organizations in the fields of social welfare.

25- Relationship with UNESCO and participation in its activities, liaison with other international agencies and organizations in educational programs.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. National Training Bureau.

ii. Pakistan Manpower Institute.

iii. Federal Directorate of Education Islamabad.

iv. Directorate General of Special Education.

v. Academy of Educational Planning and Management, Islamabad

vi. Federal Board of Intermediate and Secondary Education, Islamabad

vii. National Education Assessment Centre, Islamabad

viii. Pakistan National Commission for UNESCO (PNCU)

ix. Inter-Board Committee of Chairmen

x. National College of Arts Rawalpindi & Lahore.

xi. Private Educational Institution Regulation Authority.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	495	8	11,261.433	-
2	Assignment Accounts (Excluding FAP)	16	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	5	5	9,891.263	-
4	Foreign Aided Project (FAP)	-	-	-	-

9.2 Comments on Budget & Accounts (Variance Analysis)

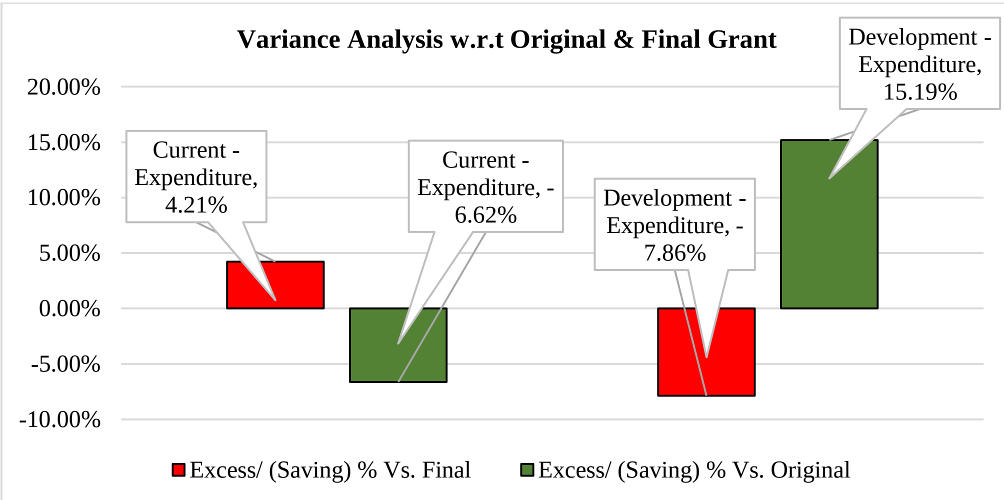
Final budget allocated to the Federal Education and Professional Training Division for the financial year 2019-20 was Rs.18,441.06 million, out of which the Division expended an amount of Rs.18,685.01 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	33	13709	1009	-693	14026	14617	591	4%
Development	121	4797	1200	-1582	4415	4068	-347	-8%
Grand Total		**18,505.76**	**2,209.47**	**-2,274.18**	**18,441.06**	**18,685.01**	**243.96**	**1.32%**

Audit noted that there was an overall excess expenditure of Rs.243.96 million, which was due to excess in the Current Grant.

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations, assumptions and a coordinated calendar of activity. As shown in the chart below, bifurcating total allocation into current and development expenditure it was observed that, in case of development expenditure, there was 15.19% of excess w.r.t Original grant which was changed to 7.86% savings w.r.t Final Grant and in case of current expenditure 6.62% of savings in expenditure which was changed to 4.21% of excess expenditure, as depicted in the graph below:



9.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.8,609.94 million, were raised in this report during the current audit of **Federal Education And Professional Training Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	**Classification**	**Amount**
1	Non-production of record	649.71
2	Reported cases of fraud, embezzlement and Misappropriation	83.43
3	Irregularities	
A	*HR/Employees related Irregularities*	5,572.86
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	32.69
D	*Recovery*	-
E	*Internal Control*	493.30
4	Value for money and service delivery	19.98
5	Others	1,757.97

9.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1989-90	8	8	3	5	38
1991-92	11	11	6	5	55
1993-94	18	18	11	7	61
1994-95	8	8	6	2	75
1995-96	6	6	5	1	83
1996-97	3	3	0	3	-
1998-99	37	37	14	23	38
2000-01	11	11	9	2	82
2005-06	17	17	13	4	76
2006-07	3	3	2	1	67
2007-08	6	6	4	2	67
2009-10	4	4	3	1	75
2010-11	44	17	2	15	12
2013-14	24	24	17	7	71
2014-15	15	10	2	8	20
2016-17	13	1	0	1	-
2017-18	61	10	0	10	-
2018-19	27	16	2	14	13
Total:	**316**	**210**	**99**	**111**	**47**

9.5 AUDIT PARAS

Ministry of Federal Education and Professional Training, Islamabad

9.5.1 *Non-availability of record of utilization of released funds - Rs. 649.71 million*

FTR-205 states that every Government officer entrusted with the payment of money should obtain for every payment he makes a voucher setting forth the full and clear particulars regarding the claims and all relevant information necessary for its proper identification and classification in accounts. Every voucher must bear to have attached to it an acknowledgement of payment signed by the person by whom or on whose behalf the claim is put forward. Where it is not possible to obtain an acknowledgement, a certificate of disbursement should be in manuscript, signed by the disbursing officer and countersigned by the superior officer.

The management of Ministry of Federal Education and Professional Training, Islamabad released funds amounting to Rs.649.71 million up to June, 2020 as per record provided to audit.

Audit observed that the utilization record of the amount distributed was not available.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to ascertain utilization of the amount.

Federal Board of Intermediate and Secondary Education

9.5.2 *Non-production of record of receipt*

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The management of FBISE got approved estimates of income Rs. 1,933.490 million for the year 2019-20 against which the actual receipt was Rs. 1,924.272 million. Details are as under:

Sr.#	Fee	Amount Rs.
1	SSC Examination local	445,577,208
2	HSC Examination local	449,145,275
3	SSC Examination abroad	141,302,859
4	HSC Examination abroad	159,015,803
5	Misc. receipts	729,231,795
Total		**1,924,272,940**

Audit observed that the relevant record pertaining to receipts was not produced for the cross examination.

Audit is of the view that in the absence of record of receipts the authenticity of Board income cannot be ascertained against the services rendered.

The DAC in its meeting held on 01.02.2021 directed the management to get the record verified from Audit.

No record was produced to Audit for verification till finalization of this report.

Audit recommends that record be produced to Audit for verification.

9.5.3 *Unauthorized payment of Dearness Allowance and leave encashment - Rs. 94.182 million*

Para 41 of FBISE Employees (Services) Regulations, 2005 states that National Pay Scale and Allowances shall be admissible to the employees of the Board as revised by Government from time to time.

Para-42 further states that in all matters not specifically provided for in these Regulations, the rules and procedures applicable to Federal Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

Rule 18 (amended) of Revised Leave Rules, 1980 states that "encashment of leave preparatory to retirement (LPR) not exceeding three hundred and sixty five days shall be effective from the first day of July, 2012 and shall, for the entire period of leave refused or opted for encashment, be applicable to a civil servant retired or, as the case may be, retiring on or after the first day of July, 2012, provided such leave is available at his credit subject to a maximum of three hundred and sixty five days".

The management of FBISE paid salaries to the employees as per Basic Pay scales of the Federal Government along with adhoc relief allowances as admissible to the Federal Government employees, sanctioned by the Federal Government to compensate the employees against of escalation. Board paid Rs.33,992,832 as Dearness Allowance and Rs.60,190,266 as encashment of un-availed leaves during 2019-20.

Audit observed that Dearness Allowance @ 20% on running Basic pay, was being paid to the FBISE employees in addition to the allowances admissible to the employees of Federal Government.

Audit further observed that encashment of un-availed leaves was being made on monthly Gross Salary.

Audit is the view that payment of dearness allowance Rs.33.992 million and monthly leave encashment of Rs.60.190 million was inadmissible and irregular.

The DAC in its meeting held on 01.02.2021 directed the Chairman FBISE to look into the matter of leave encashment and position / result be placed to BoG for decision. DAC further directed that position regarding Dearness Allowance may be placed before PAC for decision.

No progress was shared with Audit till finalization of this report.

Audit recommends stoppage of practice and recovery of already paid amount.

9.5.4 *Misstatement of receipt- Rs. 83.428 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

The management of FBISE reported receipts worth Rs. 1,924.272 million.

Audit observed that the management included liabilities and interest on liabilities worth Rs.83.43 as part of the total receipt for the year. Detail is as under:

Sr.#	Liabilities shown as Receipt	Amount
1	Amount of profit on investment of pension and GP fund	42,516,795
2	Profit on GP fund investment	9,401,807
3	Profit on GP fund bank deposit	2,565,644

Sr.#	Liabilities shown as Receipt	Amount
4	Refundable school security	9,507,067
5	Earnest money	5,974,956
7	Overstatement of profit on investments	13,462,369
Total		**83,428,638**

Audit is of the view that the income statement of the Board was overstated.

The DAC in its meeting held on 01.02.2021 directed the management to correct the income statement and get the same approved from BoG. DAC further directed the management to get the record verified from Audit.

No progress was shared with Audit till finalization of this report.

Audit recommends that liabilities be excluded from the receipt and income statement may be rectified accordingly.

9.5.5 *Over calculation of Pension Fund-Rs.15.564 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

The BOG of FBISE created pension fund for its employees by making the calculations for contribution for the period 1976 to 2018 on the following basis.

Sr No.	Description	Amount Rs. in million
1.	Contribution amount up to 30.06.2018	690.00
2.	Less Pension paid up to 30.06.2018	280.00
3.	Net payable to pension fund	410.00
4.	Less Amount available in pension bank account	2.742
5.	Less amount invested on account of pension fund	338.034
6.	Payable to pension fund	69.00

Audit observed as under:

i. The management worked out the interest for the whole year on the amount allocated during the years (from 1976 to 2018) which resulted into excess payment of Rs.15.564 million from FBISE fund to pension fund.

ii. The amount of investment of pension fund on 30.06.18 was Rs. 315,300,000 instead of mentioned amount of Rs. 338,034,600.

iii. The balance in the bank account on 30.06.2018 was Rs. 2,873,370 instead of Rs. 2,742,313

iv. The Pension fund was calculated by applying rate of interest lower than the rate of interest received on investment made by the management during respective period.

Audit is of the view that the calculated Pension fund of the FBISE was understated.

The DAC in its meeting held on 01.02.2021 directed the management to get the record verified from Audit.

No record was produced to Audit for verification till finalization of this report.

Audit recommends corrective action besides production of record for verification.

9.5.6 ***Unauthorized payment of Eid allowance – Rs. 15.520 million***

Para-42 of Federal Board of Intermediate and Secondary Education Employees (Service) Regulations, 2005 states that in all matters not specifically provided for in these Regulations, the rules and procedures applicable to Federal Servants shall, as far as possible, apply to the employees of the Board provided that no financial benefits shall thereby become admissible automatically unless specifically sanctioned by the Federal Government (Finance Division).

The Board paid Eid Allowance amounting to Rs. 15,520,235 to the officers/officials on occasion of Eid-ul-Fatar and Eid-ul Azha during the year 2019-20.

Audit observed that no provision exists in the Board’s Employees (Service) Regulations, 2005 for such payments.

Audit also observed that alongwith the annual honorarium an additional Eid allowance was being paid to the employees of FBISE.

The DAC in its meeting held on 01.02.2021 decided that matter may be placed before PAC for decision.

Audit recommends stoppage of practice and recovery of already paid amount.

9.5.7 *Irregular payment of honorarium every month- Rs. 5.425 million*

Government decision No. 5 under FR 46(b) clarifies that a local Government may grant or permit a Government servant to receive an honorarium from general revenues as remuneration for work performed which is occasional in character and either so laborious or of such special merit as to justify a special reward.

The management of FBISE paid honorarium every month to the employees working in strong room.

Sr. No	Month	No of Employees	Amount
1.	July,19	19	404,656
2.	Aug, 19	19	420,684
3.	Sep, 19	19	381,788
4.	Oct, 19	18	362,195
5.	Nov, 19	18	362,195
6.	Dec, 19	25	501,986
7.	Jan, 20	26	510,973
8.	Feb, 20	26	510,973
9.	Mar, 20	26	510,973
10.	Apr, 20	26	510,973
11.	May, 20	26	510,973
12.	Jun, 20	20	437,557
Total			**5,425,926**

Audit observed that alongwith annual honorarium and Eid allowances the employees of Strong Room section were paid monthly honorarium as part of monthly salary.

Audit further observed that the monthly honorarium was even paid in the months of March to June during Corona when offices were closed and no examination work was performed.

Audit is of the view that the payment of monthly honorarium is irregular.

The DAC held on 01.02.2021 was apprised that the Service and Financial rules are being revised. DAC pended the para till finalization of the Service and Financial Rules.

No progress was shared with Audit till finalization of this report.

Audit recommends stoppage of practice besides recovery.

Federal Directorate of Education

9.5.8 *Unauthorized maintenance of bank account - Rs.32.691 million*

Rule-7 of General Financial Rules (GFR) Vol-1 states that money should not be withdrawn from government treasury without approval of the Ministry of Finance.

The management of Federal Directorate of Education was maintaining a Bank Account titled ‘’Examination Fund Account’’ at National Bank of Pakistan, Islamabad. An amount of Rs.16.432 million was collected in this account during 2019-2020. Rs.18.226 million was disbursed during the year and Rs.14.465 million was shown as closing balance on 30.06.2020.

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

Audit is of the view that maintenance of bank account without approval of Finance Division is unauthorized.

Neither management replied nor was DAC convened.

Audit recommends that matter may be inquired and responsibility be fixed for irregularity.

9.5.9 *Non-functioning of software rendering hardware useless after lapse of three year.*

An agreement was made between Federal Directorate of Education and M/s Makkays for purchase bio metric machines and its software on 20.11.2017.

Clause 3 of agreement states that the supplier undertakes to complete the supply of hardware devices according to the specifications provided to the supplier within 04 months of this agreement and delivery of software along with source code within 04 months from the date of this agreement. In case of delay, the Buyer (FDE) will impose a penalty or liquidated damages @ 0.3% per day of the quoted amount of non-supplied items. This penalty may rise up to 5% of the contract value in case of continued default by the supplier.

The management of Federal Directorate of Education, Islamabad made an agreement for procurement of biometric hardware and its software from M/s Makkays for total amount of Rs. 30.729 million in 2017-18. The required hardware and software along with source code was required to be completed within four (04) months. The supplier has provided the hardware and software but the software was not functioning.

Audit observed that malfunctioning of software (due to non-provision of source code) rendered hardware useless even after a lapse of three years. Instead of imposing a penalty @ 5% of contract value, partial payment amounting to Rs. 2.507 million was made to the supplier.

Audit is of the view that partial payment and non-deduction of penalty is not unjustified.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired and responsibility be fixed for irregularity.

Inter-board committee of chairmen

9.5.10 ***Non-reconciliation of receipts – Rs. 201.068 million.***

Rule-77(v) of FTR states that it is the responsibility of drawing and disbursing officer to reconcile the expenditure with the AGPR, Treasury and Bank.

Para-26 of GFR 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. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Public Account.

The management of Inter Board Committee of Chairmen (IBCC), Islamabad realized receipts of Rs. 201,068,475 on account of Fee of Attestation and Equivalency of certificates/ diplomas during financial years 2017-18 to 2019-20.

Audit observed that the management depends on Bank's figures as there is no mechanism of reconciliation with bank. Collection of scattered receipt from its offices within the country as well as outside country and its compilation does not present true and fair picture in absence of reconciliation.

Audit is of the view that non-reconciliation of receipt with banks was serious lapse on the part of the management.

The management replied that reconciliation of fee collection could not be completed particularly due to shortage of staff, in fact each employee is highly over burden and work of more than 249 employees are being performed by a few employees of IBCC and only one official is performing duty to maintain all matters of IBCC accounts. However, in line with the directions of the Audit, we have started the reconciliation of the receipts.

The management accepted audit observation.

DAC was not convened till finalization of this report.

Audit recommends that reconciliation with the banks may be carried out and outcome may be provided to audit.

9.5.11 *Unauthorized expenditure without approval of the Federal Government – Rs. 197.642 million*

Resolution No. 11(A) (Annul Budget) dated 30.06.1987 of Inter Board Committee of Chairmen states that for each financial year the Secretary of the Committee shall by such date and in such form as may be prescribed by the Federal Government, submit to the Committee or the Chairman a statement showing the estimates of receipts and expenditure both current and development together with estimates of sums required from the Federal Government. The Committee or the Chairman shall after consideration and with such amendments as may be deemed necessary, submit the same to the Federal Government for approval. The Committee shall not incur any current or development expenditure, which has not been provided for in its budget as approved by the Federal Government.

The management of Inter Board Committee of Chairmen (IBCC), Islamabad incurred expenditure of Rs.197,642,541 out of receipts during financial years 2017-18 to 2019-20. The detail of expenditure from assignment account and two receipts accounts tabulated below:

Financial Year	Assignment A/c	Receipt A/c (UBL)	Receipt A/c (NBP)	Total Rs. (3+4)
1	**2**	**3**	**4**	**5**
2017-18	8,813,600	66,956,981	0	66,956,981
2018-19	23,289,600	45,338,002	21,206,691	66,544,693
2019-20	12,592,700	0	64,140,867	64,140,867
Total	**44,695,900**	**112,294,983**	**85,347,558**	**197,642,541**

Audit observed that budget estimates were not approved by the Federal Government and receipts were not reflected in the budget estimates submitted to Ministry.

Audit is of the view that without the approval of Federal Government, the expenditure is unauthorized.

The management replied that the audit directives have been noted for strict compliance in future.

Management accepted the audit observation.

DAC was not convened till finalization of this report.

Audit recommends inquiry and fix responsibility.

9.5.12 *Irregular disbursements through open cheques - Rs.44.591 million*

Rule-157(2) of FTR (Vol-I) states that cheques drawn in favour of corporate or local bodies, firms or private persons for payments of Rs. 200 and above or in favour of Central Gazetted Government servants or Central non-Gazetted Government servants for payments in respect of their personal claims shall be crossed wherever such payments are made by cheques.

Rule-205 of FTR (Vol-I) states that a Government officer entrusted with the payment of money shall obtain for every payment he makes, 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 an acknowledgement of the payment signed by the person, by whom the claim is put forward. The acknowledgement shall be taken at the time of payment.

The management of Inter Board Committee of Chairmen (IBCC), Islamabad issued cheques amounting to Rs. 44,591,000 from bank accounts during the financial years 2017-18 to 2019-20. Summary is tabulate below:

Sr. No.	Bank Account No.	Amount (Rs.)
1	000220936132, UBL, R.D.F Centre Branch, Islamabad	20,624,399
2	4150551816, NBP, G-10 Branch, Islamabad	23,966,601
	Total	**44,591,000**

Audit observed that management made payments through open cheques without obtaining acknowledgement of receipts.

Audit is of the view that payments through open cheques and without acknowledgement receipts were unauthentic.

The management replied that all payments were made through crossed cheques except operating expenses.

The management reply is not satisfactory as most of the cheques were issued without being crossed.

DAC was not convened till finalization of this report.

Audit recommends that the documentary evidence may be provided justifying the expenditure.

Private Educational Institutions Regulatory Authority (PEIRA)

9.5.13 *Non-achievement of PEIRA objectives.*

Section 5 of the Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013 states that:

a. the function and power of the Authority shall be to register and regulate, the private educational institutions in Islamabad Capital Territory including fixation of grade-wise rate of admission fee, security fee, monthly tuition fee and other fees being charged by Private Educational Institutions

b. the function and power of the Authority shall be to check qualifications of teaching staff and their terms and conditions of service.

c. the services, the quality of education being provided and salary paid to the teachers commensurate with the fee being charged.

Audit observed that:

i. No fixation of grade-wise rate of admission fee, security fee, monthly tuition fee and other fees being charged by Private Educational Institutions was ensured by PEIRA.

ii. There was no mechanism for checking qualification and terms and conditions of teaching staff.

iii. No mechanism was developed to check the services, the quality of education being provided and salary paid to the teachers commensurate with the fee being charged.

Audit is of the view that non-performing of mandatory functions is serious service delivery issue on part of PEIRA.

The DAC in its meeting held on 18.01.2021 was apprised that the honorable Islamabad High Court in its judgement dated 19.01.2018, major provisions of Rules were struck down, and therefore, the PEIRA was unable to performing its functions vigorously. DAC showed its displeasure that since lapse of more than three years, the management of PEIRA didn't pursue the case of struck down of Rules by IHC.

DAC directed that matter may be probed at Ministry level by a Committee headed by Joint Secretary (Admin) to find out the facts that why the cases were not pursued with responsibility.

No progress was shared with audit till finalization of this report.

Audit recommends that PEIRA's functions may be performed as mandated in the Act in letter and spirit and report in this regard be shared with Audit.

9.5.14 ***Non-disclosure of PEIRA's receipts in its budgetary estimates - Rs. 62.07 million***

Section 9 of the Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013 states that the Authority shall be self-financing body. In addition to this, the Government shall allocate annual grant which shall be at the disposal of the Authority, to meet all the expenses including pay and allowances of the staff.

The Government of Pakistan has granted annual grant for PEIRA amounting to Rs. 14.350 million and Rs. 23.000 million for the year 2018-19 and 2019-20 respectively.

Audit observed that the management of PEIRA has collected an amount of Rs. 38.316 million during 2018-19 and Rs. 23.754 million during 2019-20.

However, the management did not reflect receipt amount in its budget estimates for reporting to Federal Government.

Audit is of the view that non-disclosure of PEIRA receipt in budget estimates of the Federal Government is irregular.

The DAC in its meeting held on 18.01.2021 directed the management to get the record verified.

No record was got verified till finalization of this report.

Audit recommends that receipt be reflected in the budget estimates of the authority.

9.5.15 *Irregular investment without following Finance Division's direction – Rs. 50.00 million*

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

The management of PEIRA has invested Rs. 50.00 million in HBL for one year at the rate of 10.90% per annum on 23.04.2019.

Audit observed the management invested the amount without competitive bidding process and formation of Investment Committee which is against the instructions of Ministry of Finance.

The DAC in its meeting held on 18.01.2021 apprised that the investment was made only in one bank i.e. HBL, however, the same has been matured. DAC showed its displeasure that management of PEIRA didn't follow the Finance Division's instruction (dated 02.07.2003) regarding investment.

DAC directed that matter may be probed and report be submitted to Ministry under intimation to Audit.

No progress was shared with audit till finalization of this report.

Audit recommends that matter be inquired for fixing of responsibility.

9.5.16 *Irregular appointment on permanent basis against tenure posts - Rs 11.913 million*

Section 7 (1) of the Islamabad Capital Territory Private Educational Institutions (Registration and Regulation) Act, 2013 states that the Chairman and Members shall be appointed by the Government on such terms and conditions as it may determine.

Rule 7 of the Islamabad Capital Territory Private Educational Institutions Chairman and Member (Academic) & Member (Registration) (Appointment and Qualifications) Rules, 2015 states that appointment of Chairman, Member (Academic) and Member (Registration) shall be made by 100% initial appointment on tenure basis for initial period of three years, extendable for another term and in accordance with the procedure for appointment circulated vide establishment Division's O.M. No. 6/4/96-R-III dated 10th May 1997 as amended from time to time by advertisement in the National Press inviting applications on such terms and conditions as may be determined by the Federal Government provided that till completion of process of initial appointment the post of the Chairman, Member (Academic) and Member (Registration) may be filled by the Federal Government by posting of civil servants from panel of officers under Section 10 of Civil Servants Act, 1973.

The management of Private Educational Institutions Regulatory Authority (PEIRA) Islamabad appointed Mr. Imtiaz Ali Qureshi as Member (Academic) in 2009 and Mr. Waqas Mehmood, Member (Registration) in 2010 on permanent basis.

Audit observed that the posts of Member (Academic) and Member (Registration) were declared as tenure posts in terms of PEIRA Chairman and Members (Appointment and Qualifications) Rules, 2015 but the above said officers continued working on these posts on permanent basis.

Audit is of the view that continuity of two officials on permanent basis on tenure post was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired and responsibility be fixed.

Basic Education Community Schools (BECS)

9.5.17 ***Unauthorized transfer of funds from Assignment account to commercial bank accounts - Rs. 1,695.898 million.***

Procedure for Operation of Assignment Account of Federal Government issued by the office of the Controller General of Accounts (CGA) vide letter No.C-II/I-39/08-Vol-V/632 dated 24.09.2008 , it shall be not permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a Commercial Bank.

The management of Basic Education Community Schools, Islamabad transferred funds amounting to Rs.1695.898 million from two Assignment Accounts maintained at National Bank of Pakistan, Islamabad to private departmental bank accounts maintained at their regional offices.

Audit observed that the funds were transferred from Assignment Accounts to private departmental accounts without the approval of Finance division.

Audit is of the view that transfer of funds from assignment account to a private departmental account, to avoid lapse of fund, was irregular and unauthorized.

The DAC in its meeting held on 18.01.2021 directed the management to get the record verified.

No record was got verified till finalization of this report.

Audit recommends inquiry to fix responsibility for irregular transfer of funds.

National College of Arts, Rawalpindi

9.5.18 ***Irregular appointment of Visiting Faculty – Rs.10.683 Million***

Cabinet Secretariat Establishment Division Notification No F.53/l/2008-SP dated 22.10.2014 for recruitment in Ministries/Divisions/ Attached/ Departments/ Subordinate Offices / Autonomous Bodies /semi-Autonomous envisages that vacancies as per the Provincial/Regional quota etc. shall be advertised through widely published National/Provincial/Regional newspapers.

National College of Arts, Rawalpindi appointed various visiting faculties on part time basis and paid them salaries worth Rs.10.683 million during financial year 2019-20.

Audit observed that the appointments were made without framing of rules and advertising the vacancies in the newspapers. Appointments were made against non-sanctioned posts. Income Tax was also not deducted from their salary bills.

The DAC in its meeting held on 01.02.2021 decided to place the matter before PAC.

Audit recommends practice may be stopped besides fixing of responsibility.

Pakistan Manpower Institute (PMI)

9.5.19 ***Irregular award of space to Overseas Employment Corporation without charging rent - Rs.19.980 million***

According to Ministry of Housing and Works O.M No.F.12(65)2011-Policy dated 27.03.2017, the rates for hiring of office accommodation have been revised w.e.f 17.03.2017a Rs.60 per sq. ft. for this Sector.

Para 286 of GFR states that except as expressly provided otherwise in any rule or order made by Government, no land / building belonging to Government may be sold or made over to a local authority, private party or institution for public, religious, educational or any other purpose, except with the previous sanction of Government.

Pakistan Manpower Institute (PMI) constructed an Auditorium back in 2007 on plot having covered area of 27,750 sq. ft. having sitting capacity of 430 persons with a library, syndicate rooms, prayer hall, cafeteria and parking area. The Overseas Employment Corporation (OEC) occupied the auditorium when both PMI and OEC were part of Ministry of Labor and Manpower & Overseas Pakistanis.

Audit observed that no lease agreement between PMI and OEC was available. Moreover, an amount of Rs.19,980,000 (27,750 x Rs. 60 per Sq. ft. x12 months) was not recovered.

Audit is of the view that occupation of PMI building by Overseas Employment Corporation without any agreement and paying the rent was irregular.

The DAC in its meeting held on 18.01.2021 decided that matter may be placed before PAC.

Audit recommends inquiry for fixing of responsibility besides recovery.

CHAPTER 10

FEDERAL PUBLIC SERVICE COMMISSION

10.1 Introduction

The Federal Public Service Commission Ordinance is a statutory body of the Government of Pakistan, constituted in 1947, functions under the guiding principles of Articles 18, 25, 27, 34, 36, and 38 of the Constitution of the Islamic Republic of Pakistan 1973 and under Section 7 of the Federal Public Service Commission Ordinance 1977.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. FPSC Regional Office, Gilgit
ii. FPSC, Regional Office D.I.Khan
iii. FPSC, Regional Office Sukkur.
iv. FPSC, Regional Office, Multan.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	5	1	750.326	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

10.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Federal Public Service Commission for the financial year 2019-20 was Rs.807.12 million, out of which the Commission expended an amount of Rs.804.77 million. Detail of budget and expenditure of the Commission is as under:

(Rs. in million)

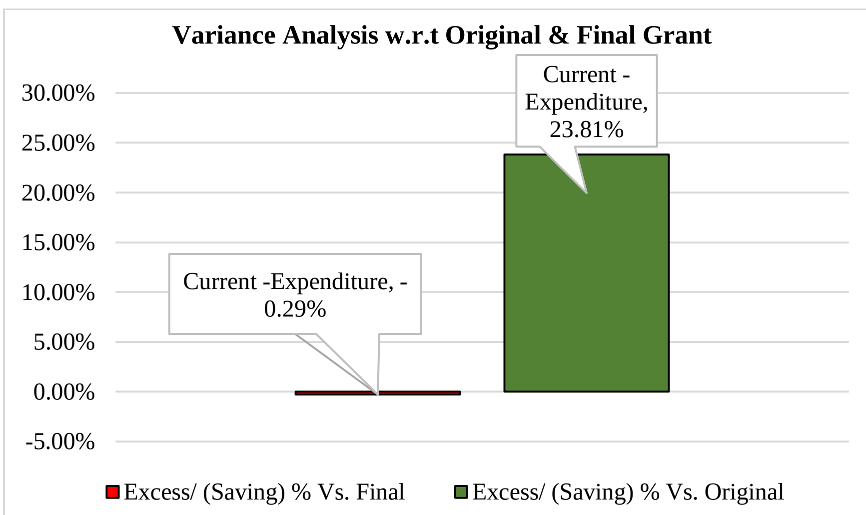
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	9	650.00	160.44	-3.32	807.12	804.77	-2.35	-0.29%

Audit noted that there was an overall savings of Rs.2.35 million, which was due to savings in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Excess expenditure of 23.81% w.r.t original allocation reduced to 0.29% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



10.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 361.48 million, were raised in this report during the current audit of **Federal Public Service Commission**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	28.07
D	*Recovery*	-
E	*Internal Control*	333.41
4	Value for money and service delivery	-
5	Others	-

10.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2005-06	1	1	0	1	-
2012-13	3	3	0	3	-
2016-17	1	1	0	1	-
Total:	5	5	0	5	0

10.5 AUDIT PARAS

10.5.1 *Non-production of record regarding leaking of CSS papers and project "Online Recruitment System in FPSC"*

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Services) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General of Pakistan regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Audit observed that during the audit of FPSC for the financial year 2019-20, the management of FPSC was asked to provide record vide requisition No. 2 and 3 dated 06.07.2020 and 08.07.2020 which included the FIA inquiry report regarding leaking of CSS papers and project "Online Recruitment System in FPSC" but to no avail.

Audit is of the view that non-provision of record by the management is a serious lapse that hindered the audit activity.

Neither the management replied nor was DAC convened.

Audit recommends that the responsibility be fixed on person(s) responsible for withholding record from audit.

10.5.2 *Non-reconciliation of Government receipts amounting to Rs. 313.563 million*

According to GFR-26 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. They should accordingly arrange to obtain from their subordinates' monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Public Account.

Federal Public Service Commission realized an amount of Rs.313.563 million on account of Competitive examinations and other general recruitment examinations fee from candidates. These amounts were deposited by the candidates through treasury challans in different branches of National Bank of Pakistan throughout the country.

Audit observed that during the financial year 2019-20, the receipts that were deposited by the candidates for different exams of FPSC amounting to Rs.313.563 million were not reconciled with AGPR. It is also pertinent to mention here that FPSC has never reconciled such receipts since its inception.

Audit is of the view that in absence of reconciliation, the risk of loss of receipts and fraud cannot be ruled out.

Neither the management replied nor was DAC convened.

Audit recommends reconciliation of receipts under intimation to audit.

10.5.3 *Appointment of Director in violation of eligibility criteria*

As per Federal Public Service Commission Case No.F.4-4/2003-R(05-2003) post of Director, Federal Public Service Commission BPS-19 was advertised. The details of post were stated as: “Permanent, (a)Qualification / Experience: Second Class or Grade “C” Master’s degree, (b)Twelve years’ experience in a responsible position in Government / Semi Government / Autonomous Organization or in an institution of repute in Administration/ conduct of examinations/ selection of personnel, Maximum age 40 years, Domicile: Punjab.”

FPSC appointed Mr. Ramiz Ahmad as Director in FPSC on 03.06.2008. As per record he was first rejected for not being eligible as per advertised criteria. He filed review petition in the Commission. A committee was formed to review his eligibility. The committee opined that he did not have the requisite experience and qualification required for the said post. The then Secretary FPSC endorsed the committee’s opinion however, Mr. Ramiz Ahmad was appointed as Director and subsequently promoted to the post of Director General. No record after the verdict of the committee till the appointment of Mr. Ramiz Ahmad as Director was made available to audit.

Audit observed that appointment of Mr. Ramiz Ahmad as Director in violation of eligibility criteria and against the findings of the committee and his subsequent promotion is irregular.

Audit is of the view that the appointment of Mr. Ramiz Ahmad is irregular ab initio.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility.

10.5.4 ***Non-framing of rules for appointment of women and private sector members.***

According to Section 3(4)(b) of Federal Public Service Commission, 1977, the Commission shall have one member each from retired judges of the superior judiciary and women and the private sector possessing such qualifications and experience as the Federal Government may by rules prescribe.

During the audit of the Federal Public Service Commission for the financial year 2019-20, it was noticed that currently 09 members were working in the Commission while 02 seats were vacant.

Audit observed that:

i. No member from superior judiciary was appointed in the Commission.

ii. Neither woman member nor was the member from private sector posted in FPSC due to non-formulation of rules for their appointments.

Neither the management replied nor was DAC convened.

Audit recommends framing of Rules for appointment of woman and private sector members as per FPSC Ordinance as well as appointment of member from superior judiciary.

10.5.5 ***Irregular operation of Director Secrecy account without external audit– Rs.28.072 Million***

Establishment Division letter No.11/7/52-SE.II dated 7th June, 1952 method of payments to examiners provides for opening of a bank account by the Secretary, Pakistan Public Service Commission in his own name with an amount of Rs.5,000 at an approved bank and to making payments to examiners by means of cheques out of that amount. The sum of Rs.5,000 will be drawn from the State Bank of Pakistan and will be deposited in the personal accounts of the Secretary, Pakistan Public Service Commission. This sum will be recouped from time to time by drawing further advances, as and when required, through bills which will not bear the names of any examiners. There will be no pre-audit of such bills and the accounts will be audited secretly by an official of office of the AGPR (Now DG Audit) at stated intervals. Such bills should, however, be supported with certificate in the following form:

"Certified that the amounts shown in the bill have been disbursed to the examiners and their receipts duly stamped have been obtained and filed in the confidential branch of the Commission's office."

The management of Federal Public Service Commission (FPSC), Islamabad drew an amount of Rs.28.072 million during the year 2019-2020 from the head of account "A-03919-Payment to Others for Services Rendered" and deposited into Bank Account No.0854-22-000775-4, National Bank of Pakistan, Super Market Branch, Islamabad. The bank account was opened and was maintained under the title "Director (Secrecy)"

Audit observed that the bank account was opened and operated by the Director Secrecy instead of Secretary as required under the rules. The account was not allowed to be audited as required under the rules.

Neither the management replied nor was DAC convened.

Audit recommends opening of account in name of Secretary and audit of expenditure from said account by DG Audit, Federal Government.

10.5.6 *Provision of space for cafeteria without charging rent and utility charges*

Para-26 of GFR 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 management of FPSC hired the services of Mr. Mohsin Fiaz, contractor cafeteria w.e.f. 12-04-2017. On 16-09-2019, cafeteria committee recommended that contract with current contractor may not be extended as he had sub-letted the cafeteria to another person, named Mr. Amjad Faraz.

Audit observed that the space for cafeteria was allocated to the contractor without charging any rent. Moreover, utility charges were also not recovered and no action was taken against the contractor for subletting the cafeteria to third party in violation of the terms and conditions of the contract agreement.

Audit is of the view that allotment of cafeteria to the contractor without charging rent and utility charges and subletting of cafeteria without approval of the commission was irregular.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

10.5.7 *Non-adjustment of advances and irregular payments in cash – Rs.19.842 million*

Rule 157 of Federal Treasury Rules provides that all third party payments shall be made through cheques drawn in the name of the recipients.

The management of FPSC incurred Rs.19.842 million under the head of account "A-03970" during the year 2019-2020. Out of total expenditure an amount of Rs.16.950 million was drawn as advance in connection with recruitment examination and payment of remuneration to the examiner.

Audit observed as under:

i. Heavy amounts were drawn in advance and incurred in connection with arrangement of recruitment examinations without any justification.

ii. Payments to supervisory staff were made in cash instead of through cheque.

iii. Conveyance charges claimed by the Chief Supervisor / Supervisor without prescribed rates fixed by the Finance Division.

iv. Rate of remuneration to Chief Supervisor/Supervisor/Invigilator was fixed under FR-46(c)(3) and payments were made under the head of accounts "A-03970" instead of "A-03919-payments to other services rendered"

Neither the management replied nor was DAC convened.

Audit recommends adjustment of advances and inquiry for irregularity.

CHAPTER 11

FINANCE DIVISION

11.1 Introduction

Following functions are main functions assigned to the Finance Division under the Rules of Business, 1973 amongst the other functions:

1. Finances of the Federal Government and financial matters affecting the country as a whole.
2. The Annual Budget Statement and the Supplementary and Excess Budget Statements to be laid before the Parliament, the Schedules of Authorized Expenditure.
3. Allocation of share of each Provincial Government in the proceeds of divisible Federal Taxes; National Finance Commission.
4. Public debt of the Federation both internal and external; borrowing money on the security of the Federal Consolidated Fund.
5. Currency, coinage and legal tender, Pakistan Security Printing Corporation and Pakistan Mint.
6. Banking, investment, financial and other Corporations:
   - i) State Bank of Pakistan;
   - ii) Other banking (not including co-operative banking) and investment and financial corporations with objects and business not confined to one Province;
   - iii) Incorporation, regulation and winding up of corporations including banking, insurance and financial corporations not confined to or controlled by or carrying on business in one Province.
7. Company Law: Accountancy, Matters relating to the Partnership Act, 1932.
8. Investment policies: Capital Issues (Continuance of Control) Act, 1947; statistics and research work pertaining to investment and capital.
9. Financial settlement between Pakistan and India and division of assets and liabilities of the Pre-Independence Government of India.

10. International Monetary Fund.
11. Competition Commission of Pakistan and anti-Cartel Laws.
12. Administration of Economic Reforms Order, 1978.
13. Negotiations with international organizations and other countries and implementation of agreements thereof.

ATTACHED DEPARTMENTS

1. Office of the Auditor General of Pakistan
2. Office of the Controller General of Accounts
3. Central Directorate of National Savings (CDNS)
4. Competition Commission of Pakistan
5. Pakistan Mint
6. Securities & Exchange Commission of Pakistan

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	58	9	32,531.557	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	14	3	30,142.605	-
4	Foreign Aided Project (FAP)	5	-	-	-

11.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2019-20 was Rs.18,953,521.41million, out of which the Division expended an amount of Rs. 19,068,315.03million. The Division had 7 current, 6 development and 2 charged grants. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

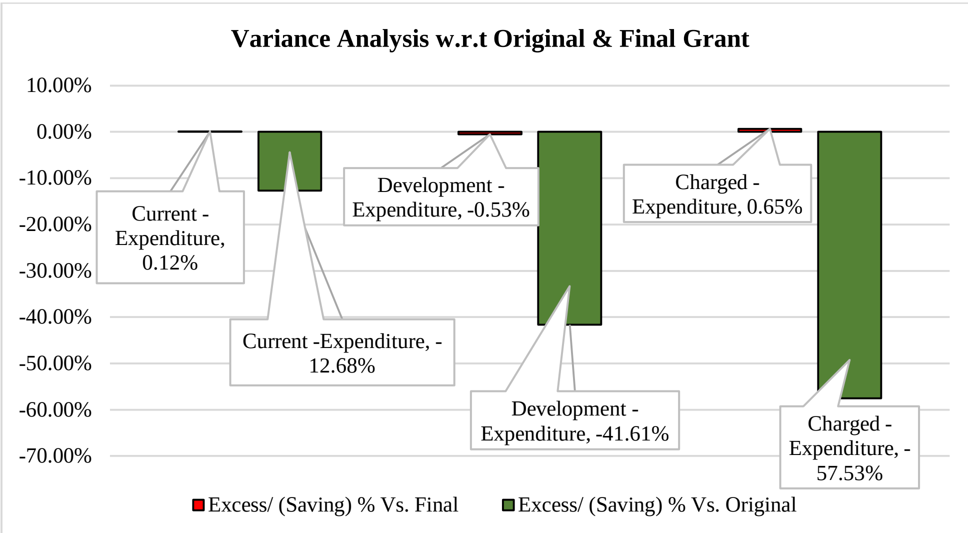
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	34	1,858.00	80.09	-389.96	1,548.13	1,549.05	0.92	0.06%
Current	38	22,349.00	9,730.00	-63.96	32,015.04	31,938.26	-76.78	-0.24%
Current	39	421,000.00	43,484.50	-1,065.67	463,418.83	455,937.97	-7,480.85	-1.61%
Current	40	184,372.00	0.00	-18,256.00	166,116.00	166,116.00	0.00	0.00%
Current	41	633,795.00	523,285.00	-723,690.15	433,389.85	430,800.08	-2,589.77	-0.60%
Current	105	15,468.20	0.00	-8,996.79	6,471.41	6,445.90	-25.51	-0.39%
Current	106	61,523.19	4,871.39	-314.12	66,080.46	77,604.66	11,524.20	17.44%
Current Total		**1,340,365.38**	**581,450.98**	**-752,776.66**	**1,169,039.71**	**1,170,391.91**	**1,352.21**	**0.12%**
Develop.	122	61,374.20	0.02	-60,855.85	518.37	492.46	-25.91	-5.00%
Develop.	123	101,047.55	1,000.00	-44,876.06	57,171.49	57,146.67	-24.82	-0.04%
Develop.	124	1,336.55	0.00	-149.87	1,186.68	1,186.68	0.00	0.00%
Develop.	125	20,250.00	2,358.47	-16,069.39	6,539.08	5,604.26	-934.82	-14.30%
Develop.	147	684.48	0.00	-484.48	200.00	192.50	-7.50	-3.75%
Develop.	148	136,113.06	0.00	-13,401.21	122,711.85	122,708.85	-3.00	0.00%
Development Total		**320,805.84**	**3,358.49**	**-135,836.86**	**188,327.46**	**187,331.42**	**-996.05**	**-0.53%**
Charged	F	39,172,623.29	0.00	-23,950,469.05	15,222,154.24	15,355,814.29	133,660.05	0.88%
Charged	H	2,531,684.57	0.00	-157,684.57	2,374,000.00	2,354,777.41	-19,222.59	-0.81%
Charged Total		**41,704,307.87**	**0.00**	**-24,108,153.62**	**17,596,154.24**	**17,710,591.70**	**114,437.46**	**0.65%**
Grand Total		**43,365,479.09**	**584,809.47**	**-24,996,767.15**	**18,953,521.41**	**19,068,315.03**	**114,793.61**	**0.61%**

Audit noted that there was an overall excess of Rs. 114,793.61million, which was due to excess in charged grants meant for repayment of Domestic debt.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 41.61% with respect to Original grant which was reduced to savings of 0.53% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 12.68% of savings in expenditure w.r.t original allocation reduced to 0.12% of excess in expenditure w.r.t final allocation. On the other hand 57.53% of savings in Charged Expenditure changed to 0.65% of excess, as depicted in the graph below:



11.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.136,865.02 million, were raised in this report during the current audit of **Ministry of Finance**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	61.76
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	359.40
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	13,921.18
E	*Internal Control*	122,522.69
4	Value for money and service delivery	-
5	Others	-

11.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1989-90	4	4	0	4	-
1991-92	7	7	6	1	86
1993-94	7	7	3	4	43
1994-95	5	5	0	5	-
2000-01	25	25	21	4	84
2005-06	6	6	4	2	67
2006-07	6	6	1	5	17
2007-08	4	4	2	2	50
2008-09	5	5	2	3	40
2009-10	3	3	0	3	-
2010-11	9	9	8	1	89
2013-14	19	19	6	13	32
2015-16	9	9	2	7	22
2016-17	13	13	9	4	69
2017-18	15	15	8	7	53
Total:	137	137	72	65	53

11.5 AUDIT PARAS

Ministry of Finance (Main)

11.5.1 *Non recovery of Loans from Loss incurring Public Sector Entities – Rs. 2,938.171 million*

Para 28 of GFR Vol-I states that no amount due to government should be left outstanding without sufficient reason, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment, must be sought.

Management of Finance Division granted Cash Development Loan (CDL) to the National Highway Authority (NHA) and WAPDA.

(Rs. in million)

S No.	Name of Department	Amount
1	NHA	1,860.890
2.	WAPDA	1,077.281
	Total	**2,938.171**

Audit observed that management of Finance Division failed to recover the loans from the loss incurring Public Sectors entities as mentioned above.

It was further observed that the management of Finance Division did not reconcile with the CDL and also failed to maintain the up to date record of CDL.

Audit is of the view that non-recovery of previous loan from the entities and injecting further loans is violation of financial integrity and rules due to which the entities failed to improve their businesses.

Management replied that entities failed to meet its obligation despite repeated requests made by Finance Division in this regard.

Management accepted audit view point.

The DAC convened on 26th January, 2021 directed the management to get the relevant record reconciled with the concerned authorities for initiating the process of recovery of an agreed amount subject to the decision of the ECC rectified by the Cabinet. The relevant record may also be got verified by the audit.

No record was got verified by audit till finalization of report.

Audit recommends that outstanding amount be recovered expeditiously under intimation to audit.

11.5.2 *Public Debt to GDP ratio over the prescribed limit*

As per Section 3(2) and 3(3)(b) of the Fiscal Responsibility and Debt Limitation Act, 2005(Act VI of 2005) as amended in 2016 as a part of Finance Bill, the Federal Government shall take all appropriate measures to reduce the Federal fiscal deficit excluding foreign grants and ensure that within a period of two financial years, beginning from the financial year 2016-17, the total public debt shall be reduced to 60 percent of the estimated gross domestic product.

On the contrary total public debt stood at Rs.35,207.00 billion at the end of March, 2019 whereas the provisional GDP at the end of March, 2020 stood at Rs.41,727.00 billion.

Audit observed that as per the data available, Public debt on March 31, 2020 was 84.37% of GDP which is higher than the 60 percent.

Audit is of the view that the public debt to GDP ratio above sixty percent is violation of the above mentioned Act.

Management replied that measures are expected to bring down the Debt-to-GDP ratio to 60% or less.

Management admitted the audit view point.

The DAC convened on 26th January, 2021 directed the management to expedite efforts for improvement in the case as per the law.

Audit recommends that Debt to GDP ratio be set below the sixty percent for better management of the finance.

Securities and Exchange Commission of Pakistan (SECP)

11.5.3 ***Non-remit of surplus fund into the Federal Consolidated Fund-Rs.423.474 million.***

Section 24 (3A) of Securities and Exchange Commission of Pakistan Act, 1997 states that any surplus of receipts over the actual expenditure including budgeted capital expenditure in the year shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

As per draft audited Financial Statement of Securities and Exchange Commission of Pakistan (SECP), Islamabad for the financial year 2019-2020 an income of Rs. 3,283.421 million was received on account of Fees, Recoveries and Other income and incurred an expenditure of Rs.2,859.947 million. Details of Income and Expenditure for the year 2019-2020 are as under:

(Rs. in million)

Description	Income	Expenditure	Savings
Income:			
i. Fees and other recoveries	2,858.733		423,474,000
ii. Other Income	424.687		

Description	Income	Expenditure	Savings
Expenditure:			
i. Salaries, allowances and other benefits		2,090.991	
ii. Operating Expenses		637.885	
iii. Depreciation and Amortization		131.071	
		2,859.947	
Total	**3,283.421**	**2,859,947,000**	**423,474,000**

Audit observed that surplus of Rs. 423.474 million over the actual expenditure was not remitted to the Federal Consolidated Fund.

Management replied that after considering actual capital expenditures, capital commitments and approved capital expenditure budget, nothing was payable to Federal Consolidated Fund as surplus for the year 2019-20.

Reply is not tenable as surplus of receipts over the actual expenditure (including budgeted capital expenditure) in the year was required to be remitted in the FCF.

The DAC held on 26th January, 2021 directed the management to refer the case to the Ministry for consideration of the necessity to obtain the advice of the Law Division. The DAC further directed the management to explain the factual position before the PAC with full justification.

Audit recommends deposit of surplus into Federal Consolidated Fund.

11.5.4 *Non-recovery of outstanding penalties- Rs.49.780 million*

Section 40 AA of the SECP, Act 1997 states that all fines and penalties recovered by the Commission shall be credited to the Federal Consolidated Fund.

Management of SECP imposed penalties of Rs.55.927 million during the period 2019-2020 from which only Rs.6.147 million was recovered.

Audit observed that an amount of Rs 49.780 million was outstanding as penalties imposed upon the violators.

Audit is of the view that non recovery of the penalties was undue favor and inefficiency on part of the regulator.

Management replied that the Section 42B of the SECP Act, 1997 has provided different modes for recovery of penalties, therefore, the Commission has approved a Standard Operating Procedure to recover the penalties.

Reply of the management was not acceptable as the Management failed to recover the amount as mentioned in the para.

The DAC held on 26th January, 2021 directed the management to peruse the court case(s), vigorously, and share complete details of on-going court cases along with relevant record with the audit.

No record was got verified by audit till finalization of report.

Audit recommends recovery of outstanding penalties.

Federal Treasury Office (FTO), Islamabad

11.5.5 *Non-production of record – Rs. 61.758 million*

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

The management of Federal Treasury Office (FTO), Islamabad did not provide copies of invoices issued against bills of manufacturing cost of printing of stamps and stamp papers amounting to Rs. 61,758,504 was made to M/s Chief Controller of Stamps, Karachi.

Audit is of the view that non-provision of record is a serious violation of rules.

The DAC held on 26th January, 2021 directed the management to provide complete record demanded by the audit for verification.

No record was produced for verification.

Audit recommends that responsibility be fixed besides provision of record.

11.5.6 *Cash differences with bank on account of receipt and payment – Rs.121,615.869 million*

Rule 4(3) of Section IV of Part I of the Federal Treasury Rules Vol.-I states that the duty of verifying and certifying the monthly cash balance, if any, in a Federal treasury and of submitting the monthly accounts of such balance in such form and after such verification as the Auditor-General may require, shall be under taken by the Collector or by such other officer as may be authorized by or under these rules to act in this behalf. It must be performed by the Collector in person at least once in every period of six months. The procedure to be observed for the verification of cash balances, if any, in a Federal treasury shall be regulated by the provisions contained in this behalf in Part IV.

Federal Treasury Office (FTO), Islamabad received summary of receipts and payments on daily basis from State Bank of Pakistan, National Bank of Pakistan and branches of NBP. Thereafter, management recorded the data and uploaded into SAP system. At the end of each month bank scroll were also received for reconciliation of receipts and payments figures with that of FTO and AGPR.

The opening balance of stamps and stamp papers was valuing to Rs. 852,936,835 on 01.07.2013 and closing balance valuing to Rs. 4,557,606,744 was available on 30.06.2020. The value of procured stamps was Rs. 5,995,964,500. Management failed to prepare the record of sales of stamps and stamp papers due to which audit was unable to authenticate the sale proceeds and balances at the year end.

Audit observed that the management did not reconcile the payment and receipt figures with bank(s) leaving a difference of Rs.121,615.869 million at the end of June, 2020.

Audit is of the view that non-reconciliation of receipt and payments is a clear violation of rules ibid that continues from previous years without any imprrovment.

The DAC held on 26th January, 2021 directed the management to get the relevant record by the audit.

No record was produced for verification.

Audit recommends that the figures of difference of receipts and payments between banks and FTO may be reconciled at earliest and fix responsibility on person(s) concerned.

11.5.7 *Non-reconciliation of sale record of stamps and stamp papers - Rs.906.817 million*

Rule 42(i) of Section I of Part II of the FTR states that the actual stock of cash, opium, stamps and securities is kept under joint lock and key, and corresponds with the book balance.

Para-15 of GFR states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy and their dispatch within the prescribed date.

Federal Treasury Office (FTO), Islamabad incurred expenditure of Rs.183,570,775 on printing of stamps and stamp papers of different denominations during the period 2013-14 to 2019-20.

The opening balance of stamps and stamp papers was valuing Rs. 852,936,835 on 01.07.2013 and closing balance valuing Rs. 4,557,606,744 was available on 30.06.2020. The value of procured stamps was Rs. 5,995,964,500. Management failed to prepare the record of sales of stamps and stamp papers due to which audit is unable to authenticate the sale proceeds and balances at the year end.

However, the comparison of five year sales record maintained by concerned section and SAP revealed a difference of Rs. 906,817,835 which was deliberate negligence on the part of management.

(Amount in Rupees)

	2013-14	**2014-15**	**2015-16**	**2016-17**	**2017-18**
Sales of NJ* (Manual)	402.84	380.50	466.72	1,381.35	547.30
Sales of CF** (Manual)	10.02	9.94	23.52	10.16	1.13
Total Sales (Manual)	412.86	390.44	490.24	1,391.52	548.43
Stamp (SAP)	425.56	371.77	490.34	540.16	509.71

	2013-14	2014-15	2015-16	2016-17	2017-18
Other - NJ (SAP)	23.62	35.56	32.94	34.66	34.85
Total Sales (SAP)	449.17	407.33	523.28	574.82	544.55
Difference	36.31	16.89	33.04	-816.70	-3.88

* Non-Judicial Stamp Paper
** Court Fee

Audit further observed by comparing of five years sales record maintained by concerned section and SAP that there exist a difference of Rs. 906,817,835 in sales of stamps and stamp papers.

Audit is of the view that the management failed to maintain proper record of stamps and stamp paper because of which there was a difference of sales proceeds. Further management failed to prepare/maintain the data for the period 2018-19 and 2019-20.

The DAC held on 26th January, 2021 directed the management to get the relevant record verified by the audit.

No record was produced for verification.

It is recommended that an enquiry may be conducted at higher level to fix responsibility on person(s) concerned besides completion of relevant record.

Regional Directorate of National Savings, Peshawar

11.5.8 *Non-recovery of embezzled amount - Rs 9.042 million*

Para-11 of GFR Vol-I, each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Para-13 of GFR 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.

Instances of fraud / embezzlement were reported in Regional Directorate of National Savings Peshawar and its Saving Centers from 1985 to 2014. A total of Rs.10.554 million was embezzled for which criminal proceedings in Police and FIA were initiated to fix responsibility and affect recovery from the culprits. Details are as below:

S.No.	Name of officials involved	No. of Cases	Cash/property involved	Amount outstanding	Action taken
1	Shahsher Ali Ex-NSC	1	1,851,795	1,651,795	Dismissed from service
2	Mir Bad Shah Ex-NSO	8	4,193,661	4,193,661	Dismissed from service
3	M.Yousaf Ex-NSC	15	2,934,211	2,934,211	Dismissed from service
4	Iqbal Hussain Malik Ex-AD/NSC Munir AkhtarEx-UDC	1	105,000	105,000	Proclaimed offender
5	Armed dacoity	1	1,469,763	157,763	Claimed from NICL
Total			**10,554,430**	**9,042,430**	

Audit observed that despite lapse of many years an amount of Rs.9.042 million had still not been recovered out of the embezzled amount.

Audit is of the view that the non-recovery of embezzled amount has put the Government to a loss.

The management replied that cases were pending for recovery at various courts of law.

Reply of the management is not convincing as no evidence for cases to be subjudice were provided.

DAC was not convened till finalization of this report

Audit recommends steps for early recovery of the embezzled amount.

Prime Minister Youth Business Loan Scheme

11.5.9 *Non-production of record*

Section 14(1) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that the Auditor-General shall, in connection with the performance of his duties under this Ordinance, have authority to inspect any office of accounts, under the control of the Federation or of a Province or of a district, including treasuries, and such offices responsible for the keeping of initial or subsidiary accounts.

Management of Finance Division was asked to provide the following information / record relating to PM Youth Business Loan Scheme, vide requisition dated 07.08.2020.

i. List of all the beneficiaries including their particulars like name, father name, NIC No., Date of Birth, Purpose of Loan, Amount, rate of Interest, Duration, repayment period

ii. List of defaulters along with financial impact

iii. Detail of subsidy disbursed by the Government of Pakistan, quarter-wise for Financial years 2013-14 to 2019-20

Above record was requisitioned to ascertain whether the PMY-Business Loans reached the intended beneficiary or not. Furthermore, the record / information was required to ascertain the burden on the Government exchequer in the shape of subsidy being provided to executing agencies i.e. the Commercial Banks.

Management of Finance Division failed to provide the above requisitioned record.

The DAC meeting held on 26th January, 2021 recommended the para for settlement subject to verification of record by the audit.

No record was produced for verification

Audit recommends that responsibility be fixed beside provision of record.

Competition Commission of Pakistan

11.5.10 *Inordinate delay in disposal of cases*

Section 43(5) of Competition Act, 2010 states that the Competition Appellate Tribunal shall decide an appeal expeditiously within six months of its presentation to the Tribunal.

Competition Commission of Pakistan had sixty-four (64) pending cases of penalties amounting to Rs.15,807.092 million, pending before Competition Appellate Tribunal (CAT). Summary position of pending cases is as under:

(Rupees in million)

Sl. No.	Financial year	No of cases	Penalty amount
1.	2008-09	4	262.000
2.	2009-10	3	6.437
3.	2010-11	3	65.000
4.	2011-12	17	310.000
5.	2012-13	3	14,728.705
6.	2013-14	0	000.000
7.	2014-15	1	1.000
8.	2015-16	2	80.000
9.	2016-17	1	0.500
10.	2017-18	9	40.700
11.	2018-19	13	67.750
12	2019-20	8	245.000
	Total:	**64**	**15,807.092**

Audit observed that six-month time limit to decide a case was not adhered by the Competition Appellate Tribunal and 64 cases are lying pending since 2008-09 with the tribunal resulting in non-settlement of penalties amounting to Rs. 15,807,092 million. Moreover, Tribunal remained dysfunctional during financial year 2019-20.

Audit is of the view that non decision of appeals against CCP orders and dysfunctional CAT is violation of the Act.

The management replied that matter related to Ministry of Law and Justice to whom request was made.

DAC was not convened till finalization of this report

Audit recommends that case may be persuade with Ministry of Law and Justice for establishment of Competition Appellate Tribunal and six month time limit be adhered.

11.5.11 *Non-finalization of financial statements and submission of annual report 2019-20 to Parliament*

Section 22(1) of Competition Act, 2010 states that within ninety days from the end of each financial year the Commission shall cause a report to be prepared on the activities of the Commission (including investigations, advocacy activities, enquiries and merger reviews made by the Commission) during that financial year.

Section 22(2) of Competition Act, 2010 states that the Commission shall, within one hundred and twenty days of the end of each financial year send a copy of the annual report of the Commission under sub-section (1) together with a copy of the statement of accounts of the Commission certified by the auditors and a copy of the auditors' report to the Federal Government which shall cause them to be published in the official Gazette and laid before both Houses of the Majlis-e-Shoora (Parliament) within two months of their receipt.

Competition Commission of Pakistan (CCP) was required to prepare Annual Report 2019-20 for submission before Parliament within time limit given in the Act.

Audit observed that CCP had not finalized Annual Report of the Commission for submission before the Parliament within time limit given in the Act. Moreover, CCP had not finalized financial statements for financial year 2019-20.

Audit is of the view that non-finalization of financial statements and annual report is a serious lapse on the part of management.

The management replied that the both the reports were in process of finalization.

DAC was not convened till finalization of this report

Audit recommends Annual Report and financial statement 2019-20 be submitted at the earliest.

11.5.12 *Non-recovery of 3% on fees and charges levied by regulatory agencies - Rs. 10,500.713 million*

Section 20(2) (f) of Competition Act, 2010, states that the 'CCP Fund' shall consist of a percentage of the fees and charges levied by other regulatory agencies in Pakistan as prescribed by the Federal Government in consultation with the Commission and the percentage so prescribed shall not be varied to the disadvantage of the Commission.

Finance Division's S.R.O No. (1)/2008 dated 23.08.2008 states that a charge of 3% on the fees and charges levied by the following authorities during current financial year to meet charges in connection with the functioning of the Commission namely:

a) The Securities and Exchange Commission of Pakistan
b) The National Electronic Power Regulatory Authority
c) The Oil and Gas Regulatory Authority
d) The Pakistan Telecommunication Authority
e) The Pakistan Electronic Media Regulatory Authority

Competition Commission of Pakistan (CCP) was required to receive a charge of 3% on the fees and charges levied from the regularity authorities.

Audit observed that for the period from 2008-09 to 2019-20 there was outstanding recoverable amount of Rs. 10,500,712,692 on account of 3% of the fees and charges. Details are as under:

S. No	Name of regulatory authorities	Outstanding dues (Rs)
1.	Pakistan Telecommunication Authority	9,023,707,384
2.	Securities and exchange Commission of Pakistan	774,581,160
3.	National Electric Power Regularity Authority	275,206,961
4.	Pakistan Electronic Media Regulatory Authority	212,115,815
5.	Oil and Gas Regularity Authority	215,101,372
Total		**10,500,712,692**

Audit is of the view that outstanding dues are recoverable form the regulatory authorities.

The management replied that efforts were underway for recovery.

DAC was not convened till finalization of this report

Audit recommends that efforts be made for recovery of the dues.

11.5.13 *Unauthorized payment of gratuity to employees in addition to contributory provident fund scheme – Rs.10.781 million*

Finance Division O.M. No.15(3)R-14/84 dated 16.10.1984 and No.F.10(1)R-7/2009-412 dated 21.01.2015 states that autonomous bodies should not allow gratuity in addition to provident fund to their employees on their quitting service.

Competition Commission of Pakistan (CCP) finalized Competition Commission (Service) Regulations, 2007 through which provided gratuity in addition to contributory provident fund. Payment of gratuity amounting to Rs. 8.756 million was made to four employees during 2019-20.

Audit observed that the CCP was maintaining contributory provident funds scheme, in presence of which payment of gratuity Rs. 8.756 million was not admissible. Moreover, the rules of the contributory fund scheme of the CCP are not approved by the Federal Government.

Audit further observed that Mr. Noman Farooqi was appointed as Legal Adviser but was irregularly paid Rs. 2.025 million on account of gratuity and leave encashment.

Audit is of the view that payment of gratuity is against the Finance Division's policy.

The management replied that the payment was made in accordance with the provision of service regulations.

The reply was not tenable as the Commission's regulations were in contradiction to the Finance Division's policy.

DAC was not convened till finalization of this report

Audit recommends to get the rules for contributory fund approved and stop the payment of gratuity beside recovery of the paid amount.

11.5.14 *Unauthorized maintaining of pension fund – Rs. 285.991 million*

Section 61(e) of Competition Act, 2010 states that on commencement of this Act officers, employees, servants, or any other person holding any post in connection with the affairs of the Monopoly Control Authority, not considered for appointment in the Commission shall have the option to be discharged from service on payment of admissible relieving benefits, or alternatively, their services shall be placed at the disposal of the Finance Division for absorption on the terms and conditions to be determined by that Division but not less favorable than those which they were entitled to in Monopoly Control Authority(MCA), and unless sooner they are absorbed elsewhere they shall continue to draw their pay, allowances, privileges or other benefits from the Commission as they were drawing while holding their posts in the Authority.

Section 56 of Competition Act, 2010 states that the federal government may, as and when it considers necessary, issue policy directives to the Commission, not-inconsistent with the provisions of this Act, and the Commission shall comply with such directives.

Competition Commission of Pakistan (CCP) maintained pension fund, for former employees of MCA as details below:

S. No.	Pension fund placed at	Principal amount	Interest earned	Total Amount As on 30.06.2020
1	NBP account No.40352601070 at Main Branch Melody, Islamabad	13,023,289	-	13,023,289
2	National Bank of Pakistan TDR	150,000,000	8,039,342	158,039,342
3	National Bank of Pakistan TDR	45,000,000	2,242,701	47,242,701
4	National Bank of Pakistan TDR	65,000,000	2,685,871	67,685,871
Total		**273,023,289**	**12,967,914**	**285,991,203**

Audit observed that there was no provision in the Act to maintain pension fund for former Monopoly Control Authority's employees. Further, the federal government had not issued any direction for maintaining the pension fund.

Audit is of the view that pension fund maintained is in violation of the Act.

The management replied that the fund for pension was provided in accordance with the Competition Act, 2010.

The reply was not tenable pension fund out of CCP Fund for retired civil servants of defunct MCA was not provided for in the Act.

DAC was not convened till finalization of this report

Audit recommends that the practice be discontinued.

11.5.15 *Unauthorized payment of pension to retired employees from Competition Commission fund – Rs.32.245 million*

Section 61(e) of Competition Act, 2010 states that on commencement of this Act officers, employees, servants, or any other person holding any post in connection with the affairs of the Monopoly Control Authority, not considered for appointment in the Commission shall have the option to be discharged from service on payment of admissible relieving benefits, or alternatively, their services shall be placed at the disposal of the Finance Division for absorption on the terms and conditions to be determined by that Division but not less favorable than those which they were entitled to in Monopoly Control Authority, and unless sooner they are absorbed elsewhere they shall continue to draw their pay, allowances, privileges or other benefits from the Commission as they were drawing while holding their posts in the Authority.

Regulation 3(2)(a) of Competition Commission (Expenditure & Investment) Regulations, 2007 states that the fund shall be expended and applied for the purpose of paying any expenditure lawfully incurred by the Commission, including the remuneration of Members and employees appointed and employed by the Commission, including any contributions, superannuating allowances or gratuities and legal fees and costs and other fees and costs.

Competition Commission of Pakistan (CCP) made payment amounting of Rs.32,244,579 as pension to retired employees of former Monopoly Control Authority.

Audit observed that neither in the Act nor in Competition Commission (Expenditure & Investment) Regulations, 2007, was provision for making payment of retiring benefit (pension) from CCP Fund. The payments of monthly pensions were made from the assignment account for which no budget allocation was provided under the object code of A04-Employee Retiring Benefits. Facility of assignment account was misused.

Audit is of the view that expenditure incurred is in violation of the Act and the Regulations.

The management replied that the payment of pension was made in accordance with the Competition Act, 2010.

The reply was not tenable as payment of pension from CCP Fund to retired civil servants of defunct Monopoly Control Authority (MCA) was not provided for in the Act.

DAC was not convened till finalization of this report

Audit recommends that responsibility be fixed for the irregularity.

11.5.16 *Unauthorized monetization of security guard's, transport and Fuel – Rs.14.47 million*

Item No.3 of Appendix to Regulation No. 1 of Chapter 3 of Competition Commission (Service) Regulations, 2007, as amended from time to time, states that security guard actuals will be admissible to Director General.

Cabinet Division UO No.2/11/2019-CPC, dated 25.02.2020 states that case for review of monetization policy of Competition Commission of Pakistan will be placed before the Steering Committee on Monetization during next meeting.

Competition Commission of Pakistan (CCP) made payments amounting to Rs.1,728,000 to Directors General on account of security guard's monetization for two security guards @ Rs.12,000 per month each.

Competition Commission of Pakistan (CCP) adopted different transport monetization policy from October, 2014 as compared to the Cabinet Division allowing vehicle monetization as well as cash fuel monetization irrespective of the utilization. The details are tabulated below:

The details are tabulated below:

Sl. No.	Position	CCP Monetization Policy				Security Guard's Monetization @ 24,000 pm
		Vehicle monetization allowance @		fuel monetization allowance		
1.	6 Director Generals CCP Grade-9/BPS-21	Rs. 71,300 with 5% annual increase	5,034,000	Rs. equivalent to 430 liters	3,493,008	1,728,000
2.	3 Directors CCP Grade-8/BPS-20	Rs. 65,500 with 5% annual increase	1,350,443	Rs. equivalent to 250 liters	596,909	-
		Total	**6,384,443**		**4,089,917**	**1,728,000**
					Grand Total:	**12,202,360**

Audit observed that there was no provision for payment of security guard's monetization to DGs and vehicle monetization alongwith payment of cash as part of salary on account of 430 and 250 liters of petrol (irrespective of utilization) to DGs and Directors respectively.

Audit is of the view that payments made are unauthorized and in violation of the Act.

The management replied that payment of monetization of vehicle and fuel was in accordance with service regulations and facility of Security Guards was monetized in the Commission meeting held on 08.04.2015.

The reply was not tenable as the Finance Division had already taken up the case of monetization with Cabinet Division and there was no provision of monetization of security guards.

DAC was not convened till finalization of this report.

Audit recommends to stop the payment beside recovery of the payment already made.

11.5.17 ***Unauthorized payment of inadmissible adhoc relief and personal pay allowance - Rs. 15.91 million***

Regulation 1 of Chapter 3 of Competition Commission (Service) Regulations, 2007, as amended from time to time, states that employees of the Commission to whom these regulations are applicable, shall be entitled to pay, allowances and other fringe benefits as are prescribed in the Appendix.

Competition Commission of Pakistan (CCP) made payment of adhoc relief 2018 and 2019 during financial year 2019-20 and Personal Pay Allowance to employees. Details are as under.

S. No.	Payment of inadmissible allowances	Rupees
1.	Adhoc Relief, 2018	8,918,283
2.	Adhoc Relief, 2019	4,617,446
3.	Personal Pay Allowance	2,371,601
Total		**15,907,330**

Audit observed that payment of Adhoc Reliefs and Personal Pay Allowance was inadmissible as the same was not provided in the Service Regulations of CCP.

Audit is of the view that the payment is unauthorized.

The management replied that the adhoc relief allowance was not a regular allowance and could not be made part of the Appendix of Service Regulations. The Personal Pay Allowance was paid on annual increments beyond the maximum of CCP pay scales

The reply was not tenable as pay and allowances only mentioned in the Appendix were admissible.

DAC was not convened till finalization of this report.

Audit recommends to stop the payment beside recovery of the already paid amount.

CHAPTER 12

HIGHER EDUCATION COMMISSION

12.1 Introduction

Higher Education Commission (HEC) was set up through an Ordinance in September, 2002 to facilitate the development of indigenous universities to be world-class centers of higher education, research and development.

To address the challenges of higher education a comprehensive strategy has been defined by HEC that identifies the core strategic aims for reform as (i) Faculty development, (ii) Improving access, (iii) Excellence in learning and research, and (iv) Relevance to national priorities. These strategic aims are supported by well-integrated cross-cutting themes for developing leadership, governance and management, enhancing quality assessment and accreditation and physical and technological infrastructure development.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

- All Public-Sector Universities

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2019-20) Rs. in million	Revenue/Receipt Audited (FY 2019-20) Rs. in million
1	Formations	27	8	20,940.027	
2	Assignment Accounts (Excluding FAP)	37	6	34,943.000	
3	Authorities / Autonomous Bodies etc. under the PAO	21	0		
4	Foreign Aided Project (FAP)	2	2	1,980.852	

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the HEC for the financial year 2019-20 was Rs. 94,148.67 million, out of which the Commission expended an amount of Rs.

92,789.50million. The Commission had 1 current and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

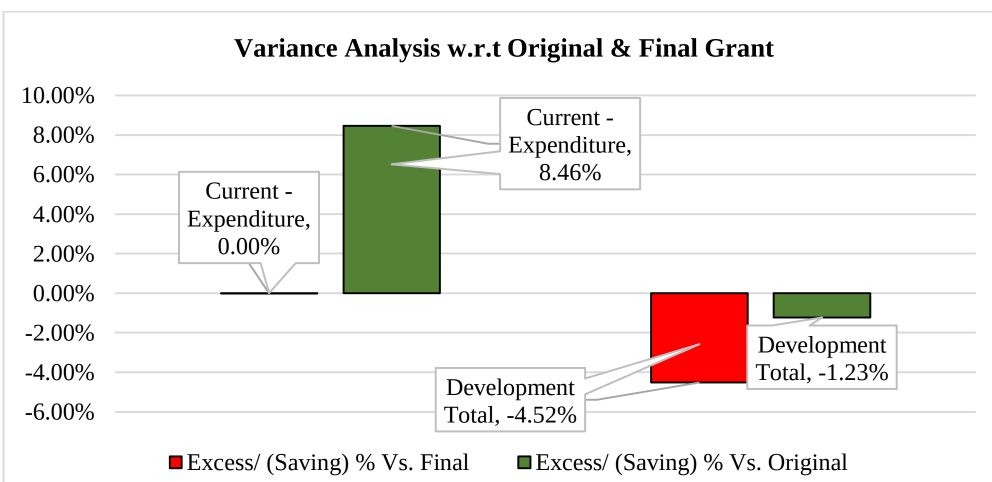
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	42	59,100.00	5,000.00	-	64,100.00	64,099.94	-0.06	0.00%
Dev.	122	29,046.88	1,550.83	-549.05	30,048.67	28,689.56	-1,359.11	-4.52%
Grand Total		**88,146.88**	**6,550.83**	**-549.05**	**94,148.67**	**92,789.50**	**-1,359.16**	**-1.44%**

Audit noted that there was an overall saving of Rs.1,359.16 million mainly due to non-utilization of development grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

In case of current grants excess expenditure the 8.46% w.r.t original allocation reduce to zero percent w.r.t final allocation as the commission obtained a supplementary grant of 5,000 million. A 1.23% of savings increased to 4.52% due to surrendering of Rs.549.05 million, as depicted in the graph below:



12.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.4,821.30 million, were raised in this report during the current audit of **Higher Education Commission**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	306.39
B	*Procurement related irregularities*	205.29
C	*Management of account with commercial banks*	-
D	*Recovery*	1,031.74
E	*Internal Control*	485.25
4	Value for money and service delivery	978.84
5	Others	1,813.79

12.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1991-92	1	1	0	1	-
1992-93	2	2	0	2	-
1993-94	4	4	0	4	-
1996-97	1	1	0	1	-
1997-98	24	24	9	15	38
1998-99	43	43	5	38	12
2000-01	26	26	14	12	54
2005-06	8	8	3	5	38
2007-08	8	8	7	1	88
2010-11	23	5	4	1	80
2013-14	70	46	16	30	35
2014-15	6	6	5	1	83
2015-16	22	22	8	14	36
2016-17	113	20	3	17	15
2017-18	83	13	5	8	38
Total:	**434**	**229**	**79**	**150**	**34**

12.5 AUDIT PARAS

Higher Education Commission

12.5.1 *Non-production of record*

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

Section 14 (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The management of HEC incurred expenditure of Rs. 4,066,064,341.22 on Pakistan Education and Research Network Pakistan Education and Research Network (PERN) related activities during financial years 2018-19 and 2019-20. Various written and verbal request were made to the management to provide record related to the activities performed and expenditure incurred under PERN.

Audit observed that no record was provided by the management to audit for scrutiny.

Audit is of the view that non-production of record hinders audit function.

The management replied that all the documents were provided to the audit Furthermore, audit requested for additional record via email and the same was provided. It is pertinent to mention that based on the record provided, the observation statements were produced. Moreover, the management can provide further documents as and when required by the audit.

Reply of the management was not accepted because management of PERN offered to produce record in the exit meeting which was not justifiable.

DAC was not convened till finalization of this report.

Audit recommends that responsibility be fixed for causing hindrance in audit.

12.5.2 *Selection of Foreign Scholars despite imposition of ban - Rs 1,408.694 million*

Minutes of the Meeting of Cabinet Committee on Universities of Engineering, Science and Technology of Pakistan (UESTPs) held on 18.12.2008 stated that no further scholars should be sent abroad under the HRD project of the UESTPs at this stage. However, scholars already selected out of the maximum 1000 who have already proceeded should be treated at par with scholars selected under other HEC programs who may be considered for sending abroad after due consultation with the Finance Division.

The management of HRDI-UESTP incurred an expenditure of Rs 1,408.694 million on account of expenses of scholars of MS and MS leading to PhD Program for faculty development for Universities of Engineering, Science and Technology.

Audit observed that the management despite Cabinet's decision on 18-12-2008 kept sending scholars abroad under UESTP and incurred an expenditure of Rs.1,408.694 million.

Audit is of the view that continuation of sending fresh scholars after Cabinet Committee's decision to stop the selection of scholars for the purpose was irregular.

The management replied that the establishment of UESTP was closed by Cabinet Committee, however, as per decision # 3 of the minutes of Cabinet Committee meeting held on 18 December 2008, the HRDI-UETPS project was kept alive and executed as per approved PC-I.

Reply was not acceptable because the selection of fresh scholars by the project after Cabinet Committee's decision for not sending further scholars under the HRD project of the UESTPs was in contravention of the Cabinet Committee's decision.

DAC was not convened till finalization of this report.

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

12.5.3 *Non-deposit of receipt into government treasury – Rs. 1,031.736 million*

Section 14 (2) of the HEC Ordinance 2002 states that the Federal Government shall provide funds to the Commission for meeting all expenses required for discharging its functions and for the public sector institutions and shall subject to availability of funds provide annual grant regularly.

Rule 7 of Federal Treasury Rules Vol-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury.

The management of HEC collected Rs. 1031.736 million on account of attestation and verification of degrees, fee against tender documents etc. during 2018-19 and 2019-20.

Audit observed that there was no provision of collection of receipts / income in HEC Ordinance 2002.

Audit is of the view that non-deposit of receipt into government treasury was violation of Section 14 (2) of HEC Ordinance, 2002 and Federal Treasury Rules.

The management replied that the accounting procedure of HEC were formulated and the Auditor General of Pakistan has approved HEC Accounting Procedure – 2009. In terms of Section 6 of HEC Accounting Procedure, the Commission is allowed to retain the income of Commission.

Reply is not acceptable because there is no provision for collection of fees and incurrence of expenditure therefrom in the HEC Ordinance.

DAC was not convened till finalization of this report.

Audit recommends that amount be deposited into Government Treasury.

12.5.4 *Delay in completion of research projects - Rs 978.842 million*

Research & Development (R&D) Program and Support Initiatives Policy Handbook of HEC states that the period of execution of the NRPU projects should not be exceeding three years.

The management of Research and Development Division, HEC approved various research projects and funds were released to the Principal Investigator to execute these projects.

Audit observed that despite a lapse of 1 to 17 years 308 research projects assigned to various researchers are still incomplete. Details are as under:

S. No	Title of the research project	No of Project	Delayed (in years)	Amount (Rs million)
1	National Research Project Unit (NRPU	154	1to 17	317.674
2	Start-Up Research Grant Program (SRGP)	78	5	20.784
3	Technical Development Fund (TDF)	76	2	640.384
		308		978.842

Audit is of the view that weak internal control and monitoring mechanism had resulted in to inordinate delays causing loss to the public exchequer.

The management replied that in order to resolve the issue of delayed projects, strict policy was developed and implemented. The policy for delayed projects has been circulated to all universities and DAIs.

The reply is not tenable as the incomplete projects still appear after many years from their completion date on HEC list of projects

DAC was not convened till finalization of this report.

Audit recommends devising an implementation of strict monitoring mechanism to ensure timely completion of the projects.

12.5.5 *Loss due to dropping out of scholars – Rs. 212.678 million*

Clause 29 of the Deed of Undertaking for foreign scholarship states that in case of breach of any of the above terms & conditions as well as those rules, terms and conditions of governing scholarship award, the scholar & guarantor shall be bound to pay the HEC a penalty up to 25% as prescribed/assessed by the HEC besides compensate the HEC by making a refund of the total amount of expenditure including "Travel Cost, Tuition Fee, Stipend, Book Allowance, Research Allowance, Health Insurance, Administrative Cost etc." in same currency incurred on scholar in Pakistani or foreign currency.

The management of HRDI-UESTP provided a list of scholars sent abroad on scholarships under MS and MS leading to PhD Program that dropped out of universities before completing their education.

Audit observed that an amount of Rs.212,677,564 was recoverable from the students who left without completing the degree as per agreement signed by the candidates while obtaining the scholarship.

Audit is of the view that expenditure on the dropout students is irregular and recoverable.

The management replied that the dropout of scholars was not due to the selection and placement procedure but it was due to different reasons i.e. medical grounds, not being able to secure admission in PhD after completion of MS degree and circumstances beyond the control of scholar and university etc.

Reply is not acceptable as it was not substantiated with documentary evidence.

DAC was not convened till finalization of this report.

Audit recommends inquiry to fix responsibility beside recovery.

12.5.6 *Wasteful expenditure due to excess purchase and expiry of warranty of 2,786 laptops – Rs. 146.036 million*

Para 10 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.

The project management of “Prime Minister’s Laptop Scheme (Phase-II)” of HEC issued purchase order to M/s Haier Electrical Appliance Corporation Ltd China vide letter No. HEC/IT/PMNLS/PNYP/01/067 dated 22.07.2017 for supply and commissioning of 200,000 laptops.

Audit observed that 2,786 number of laptops amounting to Rs. 146,036,548 had been lying undistributed in various universities since 2018. Moreover, the warranty period of one year had expired and management had refunded performance guarantee without testing the laptops.

Audit is of the view that government suffered financial loss due to negligence of the management.

The management replied that initially 10,000+ laptops were left and couldn’t be distributed due to several reasons beyond the control of the management.

The management accepted Audit observations.

DAC was not convened till finalization of this report.

Audit recommends that responsibility may be fixed against the person(s) at fault.

12.5.7 *Loss on account of dropout of Afghan students- Rs 110.723 million*

PC-I of the project titled “Award of 3000 Scholarships to Students from Afghanistan under Prime Minister Directive” states that the project will be implemented in institutional manner and standard operating procedure will be observed from selection and placement of students to release/renewal of scholarship. The students will be nominated by the Pakistan embassy in Kabul via screening test and criteria.

The management of the project “Award of 3000 Scholarships to Students from Afghanistan under Prime Minister Directive” incurred an expenditure of Rs.

104,302,512 on account of scholarships to 234 Afghan students admitted in various public and private universities.

Audit observed that these students dropped out of the universities at various stages of studies which caused a loss of Rs. 104,302,512 to the public exchequer. Lesson was not learned from the cases of the students dropped out previously and no steps were taken to improve the selection and placement process of the students. Audit further observed that an amount of Rs 6.420 million was recoverable from CIIT Islamabad on account of dropout Afghan students.

Audit is of the view that high rate of dropout of student reflects weak selection and placement process and defeated the purpose of awarding scholarship.

The management replied that the program was shifted to HEC in year 2015 and selection process was improved on the basis of the lessons learned. Scholarship is advertised widely in Afghanistan and students can apply online. Further, Testing Council of HEC conducts the test in all the 5 consulates/Embassy of Pakistan in Afghanistan. Around 30,000 students appear and out of which around 600 are being selected on merit. Afterwards, zero semester is also being conducted now to make these students at par with Pakistani students to reduce the dropout rate.

Reply of the management was not accepted because a huge expenditure was incurred but the objective of the project could not be achieved.

DAC was not convened till finalization of this report.

Audit recommends that the matter may be inquired and reasons for the dropping out of students may be ascertained so that a mechanism may be devised to retain the students enrolled in order to achieve the objectives of the project.

12.5.8 *Unauthorized collection of fee and expenditure therefrom – Rs. 55.148 million*

Para 25 of GFR Volume-I states that all Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

The management of HEC through Education Testing Council (ETC) collected application fees amounting to Rs. 55,144,792 for the conduct of various types of tests and incurred an expenditure amounting to Rs. 49,513,581 out of these collected fees.

Audit observed that collection of fee and expenditure therefrom was made in absence of approved rules and regulations.

Audit further observed that Rs. 18,032,000 was drawn as advances and deposited into private/personal accounts. No record pertaining to tests conducted, candidates appeared and details for payment (vouchers) was available for audit.

Audit is of the view that the collection of application fees and expenditure therefrom without any rules was unauthorized.

The management replied that fee was collected to conduct tests and to maintain the expenses required for the conduction of tests as directed by the Honorable Supreme Court. The expenditure was incurred with the prior approval of competent authority of HEC. Advances were drawn to pay the on-spot expenses to the human resource required to conduct the tests and payments were made and advances were adjusted accordingly. CEO of ETC has been hired already and working to arrange meeting of Board of Governors of ETC.

Reply of the management was not acceptable as the collection of receipts and incurrence of expenditure in absence of rules is irregular.

DAC was not convened till finalization of this report.

Audit recommends that matter may be investigated to fix responsibility besides taking corrective action.

12.5.9 *Appointment and extension of consultants without need assessment and performance evaluation– Rs. 36.101 million*

U.O. No.11-3/2001-MSW-III, dated 25-01-2002 notified by Establishment Division states that a consultancy would always be assignment specific and time bound and should be preferred only when it is considered value effective to hire services of a consultant compared to developing in-house expertise. No person retired from a government organization will be hired as a consultant only to re-employ him/her. Consultants should not be appointed to perform routine functions of an organization. Special attention should be given by the Divisions/ Organizations to train and develop their own personnel to take up higher responsibilities. An objective evaluation and assessment of a consultant's performance should invariably be undertaken on a periodic basis in a manner especially designed for the job.

The management of HEC incurred an expenditure of Rs. 36.101 million on account of remuneration of consultants during the financial years 2018-20.

Audit observed that the consultants were appointed for routine assignments without any need assessment and specific job description. Moreover, they were given extension without any performance evaluation.

Audit is of the view that appointment of retired government employees as consultant only to re-employ them without any need assessment was Irregular.

The management replied that no routine assignment has been given to the Consultants. It is clarified that only a few retired officers which were hired have had a vast experience in the relevant field/ assignments required in the TORs of the position, but not just for sake of re-employment. The suggestion of Audit for periodic evaluation and assessment of performance of the Consultants has been noted for compliance.

Reply of the management is not acceptable as consultants were appointed in violation of Establishment Division's notified guidelines.

DAC was not convened till finalization of this report.

Audit recommends inquiry to fix responsibility besides taking corrective action.

12.5.10 *Payment on account of over stay by foreign scholars– Rs. 28.600 million*

Clause 2.4 of the Document of Understanding between HEC and Campus France states that in cases where students are unable to complete their program within the specified timeframe and upon written request from their academic advisor, Campus France may request that HEC can allow the scholar to continue for 6 more months without funding subject to the condition that scholar will send this request to HEC at least two months prior to the expiration of the initial scholarship and final decision rests with HEC. Once the HEC has stopped the funding, Campus France is not to be responsible for the housing anymore.

Clause 3.1.3 HEC of the Document of Understanding between HEC and Campus France states that the duration of scholarships for M2+PhD (i.e. M2 leading to PhD for 1+3 years and for direct PhD funding will be up to 3 years, subject to satisfactory progress reports. Funding of 6 more months will be subject to strong endorsement of Supervisor. Student who do not receive an extension of their scholarship are responsible for funding their further stay in France subject to approval of HEC.

The management of Overseas II of HEC paid an amount of €137,498.79 (€31,468.79 & €106,050) equivalent to Rs. 28.600 million during the year 2018-20.

Audit observed that the scholars overstayed after completion of their degree and an amount of Rs.28.600 million was paid for their over stayed beyond permissible duration of scholarships for PhD and MS leading to PhD.

Audit is of the view that payment of charges for the scholars who overstayed was a serious lapse on the part of the management.

The management replied that as per clause of the PC-1 of Overseas Scholarships Phase-II the scholarship award will be for 4-5 years duration subject to the satisfactory progress of the awardees. However, upon the recommendation of the Host University / Supervisor the stay can be extended up to one year according to the savings in the any head of the scheme.

Reply is not acceptable as no recommendation of the host university / supervisor was provided. Moreover, the amount pertains to period over and above the maximum permissible limit of stay.

DAC was not convened till finalization of this report.

Audit recommends to fix the responsibility besides recovery.

12.5.11 *Irregular appointments without open competition – Rs. 28.527 million*

Para (vii) of the Establishment Division O.M. No. F.53/I/2008-SP dated 22.10.2014 states that the vacancies in each Ministry/Division/Department/Autonomous body/Corporation as per provincial/Regional quota etc. shall be advertised through widely published national /provincial / regional newspapers.

The management of Higher Education Commission management appointed 39 officers / officials in various Councils working under the administrative control of the Commission.

Audit observed that these posts were filled without advertisement and approved rules and regulations. The pay and allowances fixed against these positions were also not approved by the competent forum.

Audit is of the view that the appointment of the employees in councils without open competition and approved service rules and regulations from the government was irregular.

The management replied that National Agriculture Education Accreditation Council (NAEAC) follows By-Laws of the council as rules and regulations. The posts were advertised in 4 National Newspapers (Jang dated 7 May, 2015 Pakistan Observer, Ausaf, and Khabrain dated 12 January, 2020.

Reply of the management was not acceptable because copy of the advertisement was not attached with the reply.

DAC was not convened till finalization of this report.

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

12.5.12 *Payment of waived off tuition fee by HEC – Rs. 18.00 million*

Letter No S.O. (ME) 4-2/2014 dated 04.03.2014 of the Government of Punjab states that the Chief Minister, Punjab has been pleased to waive off the fee to the students belonging to Baluchistan Province and studying in various educational and training institutions under the direct or indirect control of Government of the Punjab, which include technical training centers, medical colleges, universities.

BAL FATA Project of HRD HEC incurred Rs 18.000 million on account of tuition fee and other living expenses of under graduate students during the year 2018-19.

Audit observed that fees and living expenses of the students belonging to Baluchistan admitted in medical colleges situated in Punjab were paid despite being waived off paid by the Government of Punjab.

The management replied that regarding the fee exemption by the Government of Punjab for the students of Baluchistan, some of the Universities/DAI's of Punjab did not consider it for the scholarship holders and kept on invoicing the HEC. Those universities which were demanding Fees were of the view that the project is offering fully funded scholarships and these payments would contribute in decreasing the financial burden on universities.

Reply of the management was not acceptable because the institutes situated in Punjab were bound to obey the government instructions.

DAC was not convened till finalization of this report.

Audit recommends that the matter may be investigated to fix the responsibility for the lapse besides taking corrective actions.

12.5.13 *Loss due to theft and mis-placement of distribution data of laptop – Rs. 11.951 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.

The project management of "Prime Minister's Laptop Scheme (Phase-II)" of HEC delivered laptops through M/s Haier Electrical Appliance Corporation Ltd to various universities. The record maintained by the management revealed that 1,011 laptops had either been stolen or misplaced out of which 784 laptops had been recovered and 227 were still missing. Detail is as under:

S. No.	Description	No. of laptops	Record recovered	Remaining / Outstanding	Cost per unit	Loss in Rs.
1	Theft	89	26	63	52,418	3,302,334
2	Distribution record missing	922	757	165	52,418	8,648,970
TOTAL		**1011**	**784**	**227**		**11,951,304**

Audit observed that:

i. The distribution record of 757 missing laptops was not produced.

ii. The recovered amount of Rs. 1,101,188 from the concerned universities on account of 23 stolen laptops was not deposited into government treasury.

iii. No efforts were made for recovery of remaining 227 laptops costing Rs.11,951,304.

Audit is of the view that government suffered a loss of Rs.11,951,304 and no action was taken against the person(s) at fault.

The management replied that the project is inching towards its completion. It is of vital importance for the closure of the project to reconcile the inventory procured, delivered and distributed 100%. To reconcile the inventory procured against the PC-I of the project, the PMU had already initiated the process of monitoring & reconciliation visits to the universities to reconcile the stock delivery and distribution of the delivered laptops. The project team put the serious efforts in order recover the missing data of laptops and recovery from universities, where theft laptops are reported.

The management accepted the audit observations.

DAC was not convened till finalization of this report.

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

12.5.14 ***Irregular payment of House Rent Allowance and utility allowance – Rs. 9.602 million***

Rule 15 (4) (c) of Accommodation Allocation Rules, 2002 states that an allottee may retain government accommodation and the total monthly house rent allowance payable to the allottee or his rental ceiling, whichever is more, will be payable into Govt. Treasury by the organization.

The management of Higher Education Commission, Islamabad paid an amount of Rs. 8.239 million to the Chairman HEC and Rs 1.363million to Dr. Fateh Muhammad Marri, Member (O&P), MP-I on account of House Rent Allowance.

Audit observed that the Chairman HEC and Member (O&P), MP-I was in receipt of House Rent Allowance and Utility Allowance at the rate of Rs 200,000 and Rs 100,000 per month while Member O&P was drawing house rent allowance at the rate of Rs 101,000 per month despite the fact that they were residing within the premises of HEC.

Audit is of the view that payment of house rent allowances despite living in government accommodation was irregular.

The management replied that Chairman HEC is in occupation of 1st floor (1900 Sq. ft.) of annaxy building in HEC H-9 for rent of Rs. 51,957 per month while Dr. Fateh Muhammad Marri, was allotted House No. 1 Sector H-8 Islamabad at monthly rent of Rs. 68,364 per month.

Reply is not acceptable as the employee can avail the house rent allowance or Government accommodation.

DAC was not convened till finalization of this report.

Audit recommends to stop the practice besides recovery of already paid amount.

12.5.15 *Time overrun of 01 to 13 years in 25 developmental projects*

Para 10 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.

The management of HEC was executing 25 developmental projects approved between the period 2007 to 2018 at the level of ECNEC, CDWP and DDWP valuing Rs. 6,217.329 million during the financial year 2019-20.

Audit observed that despite a lapse of 01 to 13 years in all the 25 projects none of the project was completed as on 30-06-2020. **(Annexure 12-A)**

Audit is of the view that time overrun of the projects has resulted in opportunity cost along with cost overrun in times to come.

The management replied that development projects are approved by the relevant forum with an estimated time period based on annual physical and financial targets. But during execution, progress is affected by various factors beyond the control of executing agencies which often lead to time overrun.

Reply of the management was not acceptable because these projects were time and again revised which reflects the lack of capacity of the project management.

DAC was not convened till finalization of this report.

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

12.5.16 *Non-recovery of the royalty share @ 2%*

PC-I of the Establishment of Technological Development Fund for HEC states that Intellectual Property Rights for the outcome of the projects will lie with the respective institute and 2% of the royalty share will be dedicated to the research fund under HEC to support such projects in future.

The management of Technological Development Fund, Research and Development Division of HEC provided a list of 26 projects completed at a total cost of Rs.210.847 million. According to the list, the respective universities signed Commercialization License Agreements with the collaborating industries and the process of filing for Patent has been completed.

Audit requested the management to provide the financial statements of the companies established for commercialization of the products in the market in order to assess the 2% royalty share but it was observed that HEC did not approach the Universities for the needful.

Audit is of the view that non-fulfillment of the terms of the agreement was negligence on the part of the management.

The management replied that at the time of award, PMU ensure this 2 % income share (if any) by signing a legal agreement with the University and the PI. Technology development does not mean that the capital investment is also done i.e. the installation of plant and start of production or sales. In many cases, university and the Industry sign the commercialization agreement but actual production and sales is still awaited.

Reply of the management was not acceptable because there was no data regarding status of these completed project in the PMU.

DAC was not convened till finalization of this report.

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

12.5.17 ***Appointment of consultants in violation of criteria***

According to Establishment Division's O.M No F 53/1/2008-SP dated 16.01.2015, top 5 candidates, shortlisted through a screening test, would be selected for interview against each post. The Departmental Selection Committee (DSC) would adjudge the applicant on the basis of the following selection criteria.

i. Score in the test would have 70% weightage

ii. The rest of 30% weightage would be allocated by the members of the DSC as under:

Chairman	40%
Two Members	30% each

The management of the Higher Education Development in Pakistan (HEDP) appointed seven consultants on contract basis during the financial year 2019-2020.

Audit observed that the Consultants were appointed only by interviewing, giving 100 % weightage to the interview and without conducting any test to which 70% weightage was to be assigned.

Audit is of the view that assigning 100% weightage to interview is serious compromise on merit and transparency.

The management replied that the selection of Individual Consultant under HEDP was made under Section V "Selection of Individual Consultant" of "Guidelines; Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers" and in these guidelines, no specific weightage is required.

The reply is not acceptable because there were no specific selection criteria in the guidelines and in the absence of selection criteria, existing government mechanism should have been followed to ensure transparency and merit.

DAC was not convened till finalization of this report.

Audit recommends inquiry to fix the responsibility.

12.5.18 *Irregular fixation of pay package at higher rates*

Finance Division vide O.M No F.4(9)R-14/2008 dated 19.07.2017 prescribed the pay packages for project employees selected from open market on contract basis.

The management of HEDP, Islamabad hired the services of project employees on contract basis during the financial year 2019-20. Details are as under:

S. No	Name	Designation	Current Pay Package	Prescribed Pay Package	Difference
1	Mr. Asif Shahid Khan	Project Coordinator	819,000	500,000	319,000
2	Dr. Zulfiqar H. Gilani	Program Specialist (Academic)	650,510	175,000	475,510
3	Mr. Rizwan Rashid	Program Specialist (IT)	650,510	175,000	475,510
4	Mr. NowmanManzoor	Communication Specialist	472,500	175,000	297,500
5	Mr. Muhammad FarooqAzam	Procurement Specialist	472,500	175,000	297,500
6	Mr. Ahmed Ali Khattak	Monitoring and Evaluation Specialist	472,000	175,000	297,500
7	KhawajaZahidHussain	Financial Management Specialist	495,000	175,000	320,000
8	Mr. Omer JawadGhani	Program Specialist (R&D)	600,000	175,000	425,000
9	Mr. Najeeb Ullah	Program Specialist	250,000	175,000	75,000
Total			**4,882,020**		**2,982,520**

Audit observed that Project Coordinator and Consultants were paid higher salary than the approved Special Pay package.

Audit is of the view that fixation of pay over and above the approved pay package was irregular.

The management replied that Salary package of the employees was within the prescribed limit in PC-I.

The reply is not acceptable because the employees were paid in excess of the rates approved by the Finance Division.

DAC was not convened till finalization of this report.

Audit recommends inquiry to fix responsibility besides recovery.

University of Baltistan, Skardu

12.5.19 *Non- production of record of revenues, and expenditure*

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The management of the University of Baltistan, Skardu generated revenues amounting to Rs. 43.878 million and incurred expenditure amounting to Rs. 28.646 million during the year 2017-18.

The management was requested to provide the record pertaining to revenues, earnings and expenditure for the period 2017-18 but the same was not shown to Audit.

Audit is of the view that in the absence of the record, the authenticity of the receipts and expenditure could not be ascertained which is serious lapse on the part of management.

DAC held on 13th January, 2021 directed the management to produce the record to audit.

No record was produced till finalization of report.

Audit recommends that the record be provided to Audit besides taking action against the persons responsible for non-production of record.

12.5.20 ***Non-Promulgation of First Statutes and Regulations by the Chancellor***

Section 39 of the University of Baltistan, Skardu Order, 2016 states that notwithstanding anything to the contrary contained in the order, the President of Pakistan shall promulgate the first Statues and Regulations which shall be deemed to be Statutes and Regulations framed under section 25 and 26 and shall continue to remain in force until amended or replaced or till such times as new Statutes and Regulations are framed in accordance with the provisions of this order.

The University of Baltistan, Skardu was established under UOBS Order, 2016.

Audit observed that no action was taken by the management to promulgate the First Statutes and Regulations that were to be deemed to have been framed under section 25 and section 26 of UOBS Order, 2016.

Audit is of the view that non-promulgation of First Statutes and Regulations was violation of University of Baltistan Order, 2016.

DAC held on 13th January, 2021 directed the management to take corrective action in the light of UoBS Order.

No progress was shown till finalization of the report.

Audit recommends that the provisions of UoBS Order, 2016 may be adhered to in order to run the official business of the university lawfully.

12.5.21 ***Non-preparation of rules and non-submission of Annual Certified Accounts to the Senate***

Section 27 of the University of Baltistan Order, 2016 states that the authorities and the other bodies of the university may make Rules consistent with the Order, Statutes and Regulations, to regulate any matter relating to the affairs of the university which has not been provided for by the Order or that is not required to be regulated by Statutes and Regulations, including rules to regulate the conduct of business and the time and place of meetings and related matters.

Section 13 (d) of the University of Baltistan, Skardu Order, 2016 states that the treasurer shall be the chief financial officer of the University and shall have the accounts of the university audited annually so as to be available for submission to the senate within six months of the close of the financial year.

Section 29 (6) of the University of Baltistan, Skardu Order, 2016 states that without prejudice to the requirement of audit by an auditor appointed by the Government in accordance with the provisions of any other law in force, the annual audited statement of accounts of the university shall he prepared in conformity with the Generally Accepted Accounting Principles by a reputed firm of chartered accountants and signed by the Treasurer. The annual audited statement of accounts so prepared shall be submitted to the Auditor General of Pakistan for his observation.

The management of the University of Baltistan Skardu was requested to provide rules framed consistent with the University of Baltistan, Skardu Order, 2016 and annual certified accounts for the financial years 2018-19 and 2019-20.

Audit observed that the rules for the conduct of the official business of the university were also not formulated by the university.

Audit further observed that the annual audited statement of accounts of the University were not prepared to be made available to Senate as well as Auditor General of Pakistan for scrutiny.

Audit is of the view that non-formulation of rules and non-preparation of annual certified accounts were violation of University of Baltistan, Skardu Order, 2016.

DAC held on 13th January, 2021 directed the management to formulate the rules at the earliest and submit the Audited Accounts before the Senate.

No outcome was shown till finalization of the report.

Audit recommends formulation of rules and submission of annual certified accounts to the Senate.

12.5.22 ***Conflict of interest by pre-audit of bills by the Treasurer himself***

Section 13 (d) of the University of Baltistan, Skardu Order, 2016 states that the treasurer shall be the chief financial officer of the University and shall have the accounts of the university audited annually so as to be available for submission to the senate within six months of the close of the financial year.

The management of University of Baltistan, Skardu incurred an expenditure of Rs. 138.254 million during the period 2017-20.

Audit observed that all expenditure was incurred without pre-audit. All bills were approved and pre-audited by the Treasurer himself.

Audit is of the view that granting approval and conducting the pre-audit of the bills by the Treasurer was conflict of interest

DAC held on 13th January, 2021 directed the management to get pre-audit from the Resident Auditor and place before the Syndicate.

No progress was shown till finalization of the report.

Audit recommends segregation of duties in the light of DAC directive.

12.5.23 *Irregular appointment against the post of Registrar, members of the Syndicate and members of the Academic Council*

Section 16 (10) of the University of Baltistan Order, 2016 states that the quorum for a meeting of the Senate shall be two thirds of its membership.

Section 23 (2) of the University of Baltistan Order, 2016 states that there shall also be a Representation Committee constituted by the Senate through Statute for the recommendation of persons for appointment to the Syndicate and the Academic Council in accordance with the provisions of sections 19 and 21.

Section 19 (1)(b) of the University of Baltistan Order, 2016 states that the Syndicate of the university shall consist of the DEANs of the Faculties of the university in addition to other members.

Ministry of Kashmir Affairs and Gilgit Baltistan vide office letter No 2(1)/2018 GB-II dated 22.02.2019 notified the appointment of 4 persons from society at large and two persons from Academic community. First meeting of the Senate of the University of Baltistan, Skardu was held on 18.11.2019. The terms and conditions for the post of Registrar were finalized in the said meeting.

The Vice Chancellor of University of Baltistan, Skardu appointed members of the Syndicate vide Notification No. UOBS-Estt-1(1)/2018/770 dated 01.07.2020 and the members of the Academic Council vide Notification No.UOBS-Estt-12(1)/2018/29 dated 02.04.2020.

Audit observed that:

i. The members mentioned in Section 16 (c) (d) (e) & (g) were not part of the meeting resulting in the non-compliance of quorum requirement.

ii. The Treasurer UOBS was allowed to participate in the meeting as coopted member in violation of the UOBS Order, 2016.

iii. The terms and conditions for the post of Registrar were tailor made to make them favourable to appoint the existing Registrar (working on additional charge basis) on regular basis without observing the post qualification experience.

iv. The Vice Chancellor appointed the members of the Syndicate and Academic Council without recommendations of Representation Committee to be constituted by the Senate and Deans were not appointed as members of the Syndicate.

Audit is of the view that convening of the Senate meeting without quorum and finalizing decision of importance therein and appointment of members of the Syndicate and Academic Council without the recommendations of Representation Committee and without the inclusion of Deans in the Syndicate was irregular.

DAC held on 13th January, 2021 directed the management to take corrective action in the light of UoBS Order.

No progress was shown till finalization of the report

Audit recommends that the above-mentioned instructions may be followed in letter and spirit besides inquiry to fix the responsibility.

12.5.24 *Irregular appointment of Treasurer*

Section 113 (1&2) of the University of Baltistan Order, 2016 states that there shall be a Treasurer of the University to be appointed by the Senate on the recommendation of the Vice Chancellor, on such terms and conditions as may be prescribed. The experience and professional and academic qualification necessary for appointment to the post of the Treasurer shall be as may be prescribed.

University of Baltistan, Skardu placed an advertisement in newspaper for the post of the Treasurer. The following eligibility criteria for the post was mentioned in the advertisement:

i. High academic achievements in finance and accounts with sufficient experience of working in a responsible position in Government, Semi Government Organization or firms of repute.
ii. First Division Master Degree (16 years of education in Finance, Commerce, Business Administration with specialization in Finance with 12 years wide ranging experience in Financial Management, Accounting and Auditing Administration in HEC recognized University/Institution or any Govt. or Autonomous, national or international organization in pay scale 17 or above.

University of Baltistan, Skardu vide officer order No UOBS-Estt-2(1)/2018/56 dated 06.02.2020 offered to appoint Mr. Muhammad Younas as Treasurer with immediate effect.

Audit observed that the candidate was MBA (Executive) without specialization in Finance. Only transcript of MBA was available while the degree was not available on record.

Audit further observed that the post of the Treasurer was made a tenure post in violation of the UoBS Order, 2016.

Audit is of the view that selection for the post of Treasurer without fulfilling the criteria was irregular.

DAC held on 13th January, 2021 directed the management to get the record verified from audit.

No record was provided for verification till finalization of the report.

Audit recommends inquiry to fix responsibility.

12.5.25 *Irregular grant of 50% Special University of Baltistan Allowance – Rs. 19.139 million*

Section 16(10) of the University of Baltistan Order, 2016 states that the quorum for a meeting of the Senate shall be two thirds of its membership.

The management of University of Baltistan paid an amount of Rs. 19,139,160 on account of 50% Special UOB Allowance as approved by the Senate in its 1st meeting held on 18.11.2019.

Audit observed that the quorum was not present in the meeting in which the grant of Special Allowance was approved. Audit further observed that the approval was granted retrospectively w.e.f. 25.07.2017.

Audit is of the view that grant of approval for payment of special allowance by the Senate in the absence of quorum was irregular.

DAC held on 13th January, 2021 directed the management to take corrective action in the light of UoBS Order.

No progress was shown till finalization of report.

Audit recommends corrective action in the light of UoBS Order.

12.5.26 *Less deposit of fee in bank – Rs. 17.003 million*

Para-4 of GFR states that all transactions to which any officer of Government is a party in his official capacity must be brought to account without delay.

Rule 26 of GFR Vol-I states that 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 they should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury.

The management of University of Baltistan, Skardu as per their record realized fee of Rs. 62,359,240 received, from students whereas the bank statement of the same account provided by the management showed an amount of Rs. 45,355,719.

Audit observed that the amount deposited in the bank was less by Rs. 17,003,521 than the amount realized as shown received by the management.

Audit is of the view that less deposit of fee in the bank account may lead to misappropriation of funds.

DAC held on 13th January, 2021 directed the management to take up the case with HEC and government to make up for the shortfall in receipts.

No progress was intimated till finalization of this report.

Audit recommends reconciliation of fee due and deposited and effect recovery of the less deposited amount.

12.5.27 ***Non-formulation of post-employment policy and non investment of employees fund - Rs. 10.285 million***

Section 34 of the University of Baltistan Skardu Order, 2016 states that the University shall constitute for the benefit of its officers, teachers and other employees' schemes, as may be prescribed, for the provision of post-employment benefits as well as health and life insurance while in service.

The management of UOBS made deductions from the salaries of the employees for different purposes i.e. Pension Fund, Provident Fund and Benevolent Fund resulting in accumulation of an amount of Rs.10.285 million. The management of University of Baltistan Skardu was requested to provide the details of schemes formulated for the post-employment benefits as well as health and life insurance of the employees.

Audit observed that the management of UoBS neither invested the amount so deducted to generate revenues in order to meet the requirements of extending the benefits of pension, provident fund and benevolent fund to its employees nor devised any post-employment schemes for the benefit of employees.

DAC held on 13th January, 2021 directed the management to prepare the rules and get it approved from the competent forum.

No progress was shown till finalization of the report.

Audit recommends formulation of post-employment welfare schemes and policies.

12.5.28 *Unauthorized expenditure incurred on maintenance of rest house/camp office – Rs. 5.945 million*

Section 13 (c) of the University of Baltistan Order,2016 states that the treasurer shall be the chief financial officer of the University and shall ensure funds of the University are expended on the purposes for which they were provided.

The management of the University of Baltistan, Skardu incurred an expenditure of Rs. 5.945 million on account of rent and purchase of air conditioners for a house hired as Camp Office at F-10, Islamabad.

Audit observed that there was no provision for establishment of camp office in the University of Baltistan Order, 2016. During verbal discussion, the management stated that the house is also utilized for the accommodation of the touring officials of the university to save hotel charges. But it was observed that an amount of about Rs. 3.000 million was only paid to the Vice Chancellor of the University on account of TA/DA during the year 2018-19 to 2019-2020 including payment of two DAs for night stay during his visits to Islamabad.

Audit is of the view that expenditure made without provision in the University of Baltistan, Skardu Order, 2016 was unauthorized.

DAC held on 13th January, 2021 directed the management to produce the record to audit.

No record was produced till finalization of report.

Audit recommends inquiry to fix responsibility.

12.5.29 *Payment of inadmissible allowance to Vice hancellor – Rs. 4.6 million*

Finance Division vide OM No F.4 (10) R-4/2002-Vol II dated 25.08.2011 notified the salary package of Vice-Chancellors/Rectors appointed through Search Committee of Federally Chartered Public Sector Universities as under:

i. Basic Salary equivalent to Professor at Tenure Track System

ii. Vice Chancellor Allowance @ 20% of basic pay

iii. Transport and medical facilities as per entitlement of BPS 22

iv. Any other perk and privilege granted by the Chancellor as deemed necessary under peculiar circumstances

Ministry of Kashmir Affairs and Gilgit Baltistan notified the appointment of Prof. Dr. Muhammad Naeem Khan as the Vice Chancellor of the University of Baltistan on standard terms and conditions for a period of three years w.e.f. 31.05.2018.

Audit observed that the residential building was hired for the accommodation of Vice Chancellor and the landlord was paid an amount of Rs. 878,100 during 2018-20.

Audit further observed that an amount of Rs. 3,717,200 was paid to the Vice Chancellor on account of UoBS Allowance @ 50% on running basic with effect from 01.06.2018 to 30.06.2020.

Audit is of the view that grant of additional benefits without the approval of Finance Division was unauthorized.

DAC held on 13th January, 2021 directed the management that the matter may be taken up with HEC for appropriate action.

No outcome was shown till finalization of report.

Audit recommends that the unauthorized payment of additional benefits to the Vice Chancellor may be stopped forthwith besides effecting recovery of the overpaid amount.

COMSATS University Islamabad, Lahore Campus

12.5.30 *Non-preparation of financial statements*

Section 32(6) & (7) of COMSATS University Islamabad Act of April, 2018 provides that the annual audited statement of accounts of the University shall be prepared in conformity with the Generally Accepted Accounting Principles by a reputed firm of charted accountants and signed by the Treasurer. The annual audited statement of accounts so prepared shall be submitted to the Auditor General of Pakistan for his observations. The observations of the Auditor General of Pakistan shall be considered by the Syndicate and shall be placed before the Senate within six months of the closing of the financial year.

The management of COMSATS University Islamabad, Lahore Campus, incurred an expenditure of Rs. 1,857.54 million during financial year 2019-20.

Audit observed that the management did not get the financial statements prepared by Chartered Accountant firm. Audit further observed that the preparation of financial statements has been pending since 2016.

Audit is of the view that non-preparation of financial statements through Chartered Accountant firm is a violation of the governing law.

DAC, meeting held on 6th January, 2021 directed that Audited Financial Statement for the year 2017-18 and Accounts Statements 2019-20 may be provided to audit at the earliest.

No progress was intimated till finalization of this report.

Audit recommends preparation of Financial Statements and their audit through a Chartered Accountant firm at the earliest under intimation to audit.

12.5.31 *Unauthorized expenditure and non-investment of employees' fund - Rs. 163 million*

Clause (7) of the Employees Contributory Provident Fund Statutes, 2006 framed in pursuance of Section-26 (I) (b) of COMSATS Institute of Information Technology Ordinance, 2000 states that a sum equal to 10% of the running basic pay shall be deducted from the salary of each subscriber every month and credited into the fund and the Institute shall contribute an equal amount in respect of each subscriber every month.

Clause (8) of Rules on Mode of Investment says that both deductions from salaries of the employees and centers share shall be invested in such schemes as approved by the Board of Trustees. Both principal and profit amounts of such investments shall be payable to Fund Account(s).

The management of COMSATS University Islamabad, Lahore Campus deducted an amount of Rs. 162,803,830 on account of CP Fund & GP Fund from salaries of its employees.

Audit observed that the amount so deducted was not deposited into the respective CP Fund and GP Fund accounts maintained at COMSATS University Islamabad (CUI), Headquarters for further investment into profitable schemes. Audit further observed that the management of Lahore Campus utilized the amount to meet its operational expenses.

Audit is of the view that the action of the management was in violation of the financial discipline of the Institute.

DAC, meeting held on 6th January, 2021, was apprised that out of Rs.162.803 million, an amount of Rs.46.24 million has been transferred to GP Fund and Rs.55.804 million has been transferred to pension fund. The remaining liability will be cleared by June, 2021. The DAC directed that the outstanding amount may be remitted to the funds concerned besides getting the already recovered amount verified by audit.

No record was produced till finalization of this report.

Audit recommends that remaining amount be remitted to the funds concerned at the earliest besides verification of the already deposited amount.

12.5.32 *Irregular expenditure on appointment of visiting faculty – Rs. 18.82 million*

Section 8 (a) of Employees Service Statutes, 2009 of COMSATS Institute of Information Technology states that appointment to all posts shall be made by recruitment on the basis of merit and fitness after publicity of the vacancies in the national press accordance with the conditions of educational / professional qualification and experience, as shown in the schedules appended with these statutes except for meeting urgent requirements of the Institute with the approval of the competent authorities

The management of COMSATS University Islamabad, Lahore Campus incurred an expenditure of Rs. 18,819,850 on hiring of visiting faculty during financial year 2019-20.

Audit observed that the management hired the services of visiting faculty without advertising the vacancies in the national press. Audit further observed that the services of the visiting faculty were hired by the management without the approval of Board of Governors / Senate.

Audit is of the view that hiring of visiting faculty in violation of statutes and without the approval of BOG / Senate was irregular.

DAC, held on 06-01-2021, directed the management to stop the irregular practice besides getting the appointment of visiting faculty regularized by the competent forum.

No progress was intimated till finalization of this report.

Audit recommends regularization of the matter by the competent forum.

12.5.33 *Irregular deduction from the salaries of employees on account of Taleem Fund – Rs. 4.362 million*

Para 25 of the General Financial Rules of Volume-I prescribes that all Departmental Regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with approval of the Ministry of Finance.

Para 27 of the General Financial Rules of Volume-I states that Detailed rules and procedure regarding assessment collection remission etc. of revenue should be laid down in the departmental regulations of the revenue and collecting departments concerned.

The Management of COMSATS University, Lahore Campus made compulsory deductions @ 1% from salaries of its employees amounting to Rs.4,361,676 on account of Taleem Fund during 2019-20.

Audit observed that deductions were made without the approval of Finance Division and Board of Governors.

DAC, meeting held on 6th January, 2021, directed to stop the practice and refer the case to Finance Division for regularization.

No progress was intimated till finalization of this report.

Audit recommends regularization of the matter by Finance Division.

National University of Modern Languages

12.5.34 ***Non-ratification of NUML Amendment Ordinance, 2011 form the National Assembly and Senate***

Section 89 (1) of the Constitution of Pakistan, 1973 (Power of President to promulgate Ordinances) states that the President may, except when the Senate or National Assembly is in session, if satisfied that circumstances exist which render it necessary to take immediate action, make and promulgate an Ordinance as the circumstances may require and shall stand repealed at the expiration of one hundred and twenty days from its promulgation.

NUML Ordinance No.XVIII of 2000 was approved by the President of Pakistan on 29.05.2000 and its few clauses were amended vide Presidential Order No. F.2(1)/2011-Pub on 14.03.2011 titled Amendment Ordinance, 2011 and Clause 2 of the said amendment states that Chairman Board of Governors means the Chief of Army staff or his nominee.

Audit observed that the Amendment Ordinance, 2011 is still in force despite non-ratification by the National Assembly and Senate before its expiration as required by the Article 89 of the Constitution of Islamic Republic of Pakistan, 1973.

Audit is of the view that all actions taken by the Chairman Board of Governors NUML after 15.07.2011 have no legal cover.

The management replied that NUML Ordinance is under process for revision.

The reply is not satisfactory as almost nine years have passed since the issuance of NUML Amendment Ordinance.

DAC was not convened till finalization of this report.

Audit recommends early ratification of the Amendments in the Ordinance.

12.5.35 *Promotions/appointments in violation laid down Criteria*

As per statutes of NUML University 2001 eligibility for different posts are tabulated below:

S.No.	Post	Qualification	Experience
1	Dean	PhD	25 years teaching/research experience plus 10 research publications in journals of international repute
2	Associate Professor	Ph.D.	10 years teaching/research experience plus 5 research publications in general of international repute
3	Director	Master's Degree	13 years administrative experience in BPS-17 and above
4	Assistant Director Regional Services	Master's degree or Bachelor's degree	5 years administrative experience OR 10 years' experience as superintendent in a university or educational department
5	Assistant Professor	PhD in relevant field	2 years teaching/research
6	Assistant Director Sports	Graduate degree holder possessing Senior Diploma in Physical Education or equivalent	15 years coaching and training experience in at least two major games
7	Lecturer	First Class Master's degree or equivalent qualification in the relevant field	According to the NUML Service Statutes for appointment of Lecturer the candidate having First Class Master's degree or equivalent qualification in the relevant field.

During the audit of NUML for the year 2019-20 it was revealed that the following employees were appointed / promoted in the capacities as mentioned against each.

Sr. No	Name	Designation	Remarks
1	Dr. Naveed Akhtar	Dean	Did not possess 25 years of teaching/research experience.
2	Dr. Arshad Mahmood	Dean	
3	Dr. Rizwana Abbasi	Associate Professor	She did not possess 10 years teaching/ research experience
4	Mr. Nazir Ahmad	Director Student Affairs	He did not possess required length of service for promotion as Director.

Sr. No	Name	Designation	Remarks
5	Lt. Col Waheed Mukhtar	Assistant Director Regional Services	He did not have required experience in a university or educational department for the post.
6	Dr. Arshad Mehmood	Assistant Professor	He did not have required post qualification experience.
7	Mr. Jamshed Issa	Assistant Director Sports	He did not have required experience for the post.
8.	Mr. Zaheer Uddin Babar	Lecturer	He did not have relevant qualification

Audit observed that above mentioned appointments were made without observing the possession of relevant length experiences as laid down in the Statute of the University.

Audit is of the view that the appointments without considering the required criteria were irregular.

The management replied that employees were promoted/appointed on merit as per HEC criteria.

Management reply was not acceptable as provision of the statue of the university were not followed in letter and spirit.

DAC was not convened till finalization of this report.

Audit recommends inquiry and fixing of responsibility.

12.5.36 *Payment of evening shift allowance without approval of BoG - Rs.413.926 million*

Clause 6 (i) of NUML Ordinance, No.XVIII, 2000 dated 29.05.2000 states that BoG has the power to fix the scale of pay, allowances and honoraria for all the staff, both academic and administrative, commensurate with their qualification and experience, in order to attract the best talent from within and outside Pakistan for the university.

The management of NUML paid an amount of Rs. 413,926,796 on account of Evening Shift Allowance to its employees during 2018-19 and 2019-20.

Audit observed that approval for the payment of evening shift allowance was accorded by the Rector, NUML instead of BoG.

Audit further observed that DAC held on a similar para on 09.11.2017 directed the administration of NUML to refer the matter of Evening Shift Allowance to BoG for approval but the same was not done.

Audit is of the view that payment of Evening Shift Allowance without the approval of BoG was unauthorized.

The management replied that Evening Shift Allowance will be approved from BOG and will be shown to audit.

The reply is not acceptable as matter is pending for resolution since 2017.

DAC was not convened till finalization of this report.

Audit recommends either to stop the practice or ensure early regularization.

12.5.37 ***Purchase of vehicles during ban period – Rs.59.250 million.***

O.M 7 (1) Exp. IV/2016-812 dated 21.08.2019 of Finance Division (Expenditure Wing) states that there will be a complete ban on purchase of all types of vehicles both for current as well as development expenditure and vehicles can be purchase after obtaining NOC from Finance Division.

The management of NUML incurred an expenditure of Rs. 59,250,000 on purchase of 05 Hino Buses during the financial year 2019-20.

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

Audit is of the view that procurement of vehicles without obtaining NOC from Finance Division during ban period was unauthorized.

The management replied that buses were purchased on urgent need basis.

The reply is not acceptable as buses were purchased during ban imposed by the Government and without obtaining NOC from Finance Division.

DAC was not convened till finalization of this report.

Audit recommends that matter may be got regularized from competent forum.

Allama Iqbal Open University

12.5.38 *Irregular payment of salaries in cash from imprest account – Rs.24.725 million*

Para 132 (vi) of GFR Vol-I states that the advance is intended to provide, on the responsibility of the officer entrusted with it, for emergent petty advances of all kinds, though it is seldom that they will be needed for other than contingent charges;

The management of Allama Iqbal Open University (AIOU), Islamabad was maintaining 48 imprest accounts at regional centers throughout the country. The record of expenditure revealed that an amount of Rs.24,724,798 was paid to employees as salaries from imprest account during the financial year 2019-20.

Audit observed that the disbursement of salaries from imprest account made by different regional offices of AIOU was against the rules as the same is meant for petty /day to day expenses and not for payment of salaries.

Audit is of the view that disbursement of salaries from imprest account was irregular.

The DAC in its meeting held on 27.01.2021 directed the management to get the record verified from Audit.

No record was produced to Audit for verification till finalization of this report.

Audit recommends stoppage of this practice besides verification of record.

12.5.39 *Irregular expenditure on retainer ship fee of lawyers – Rs.3.600 million*

Rule 6 (1) of AIOU Statues, 1978 states that if considered in the interest of the university, a person may be appointed on contract on such terms and conditions as may be determined by the Executive Council on the recommendations of the

Vice-Chancellor, or, where the pay of a contractual appointee is to be fixed at par or less than the maximum pay of Basic Pay Scale No.16, by the Vice Chancellor.

The management of Allama Iqbal Open University (AIOU), Islamabad retained / hired the services of 04 legal advisors in FY 2019-20. The Executive Council vide notification dated 19.08.2019 approved remuneration/retainer ship fee for these legal advisors w.e.f. 29.06.2019 as per the following detail:

S No.	Description	Amount in Rs.
1	Monthly retainer ship fee	75,000
2	Supreme court (per case)	75,000
3	High Court (per case)	40,000
4	High Court, 1st appellate forum (per case)	30,000
5	Civil court (per case)	25,000

Audit observed that the University paid Rs.3,600,000 as retainer ship fee @ Rs.75,000 per month to the 4 legal advisors, in addition to Rs.2,643,930 paid as Law Charges for 46 cases in different courts, without lawful provision in the University statues and regulations.

Audit is of the view that the incurrence of expenditure in violation of the statutes and payment of monthly retainer ship fee alongwith separate fee for every case was irregular.

The DAC in its meeting held on 27.01.2021 directed the management to devise procedure for hiring of legal advisors in consultation with Law Division through HEC.

No progress shared with Audit till finalization of this report.

Audit recommends formulation of proper procedure in consultation with Law Division if management intends to continue the practice.

CHAPTER 13

MINISTRY OF INDUSTRIES AND PRODUCTION

13.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. National industrial planning and coordination.
2. Industrial policy.
3. Employment of foreign personnel in commercial and industrial enterprises.
4. Federal agencies and institutions for:
    i. promoting industrial productivity;
    ii. promoting of special studies in the industrial fields; and
    iii. testing industrial products.
5. Keeping a watch, from the national angle, over general price trends and supply position of essential commodities; price and distribution control over items to be distributed by statutory orders between the Provinces.
6. Import and distribution of white oil.
7. Explosive (excluding the administration of Explosive Substances Act, 1908) and safety measures under the Petroleum Act, 1934 and Rules made thereunder.
8. Prescription and review of criteria for assessment of spare parts and raw materials for industries.
9. Administration on law on Boilers.
10. Administrative, financial, operational, personnel and commercial matters of Pakistan Garments Corporation.
11. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited.
12. National Fertilizer Corporation, Lahore.
13. Development of Industries (Federal Control) (Repeal) Ordinance, 1979.
14. Economic Reforms (Protection of Industries) Regulation, 1972.
15. All matters relating to state industrial enterprises, especially, in basic and heavy industries, namely:
    a) State Engineering Corporation, Karachi.

b) State Cement Corporation, Lahore.
c) Automobile Corporation, Karachi.
d) State Petroleum Refining and Petrochemical Corporation, Karachi.
e) Federal Chemical and Ceramics Corporation, Karachi.
f) Pakistan Steel Mills Corporation, Karachi.
g) Pakistan Industrial Development Corporation (PIDC);

16. Any other industrial enterprises assigned to the Division.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Department of Explosives.

ii. Pakistan Industrial Technical Assistance Centre, Lahore

iii. Engineering Development Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2019-20) Rs. in million	Revenue/Receipt Audited (FY 2019-20) Rs. in million
1	Formations	10	3	719.439	-
2	Assignment Accounts (Excluding FAP)	2	2	251.328	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Industries and Production Division for the financial year 2019-20 was Rs.45,657.46 million, out of which the Division expended an amount of Rs.45,649.25 million. The Division had 3 current grants and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	56	338.00	419.16	-12.25	744.91	742.05	2.86	0.38%
Current	56	6.00	0.00	-3.91	2.09	1.73	0.36	17.25%
Current	58	8,014.00	36,767.01	-419.15	44,361.85	44,358.31	3.54	0.01%
Current Total		**8,358.00**	**37,186.16**	**-435.32**	**45,108.85**	**45,102.09**	**6.76**	**17.64%**

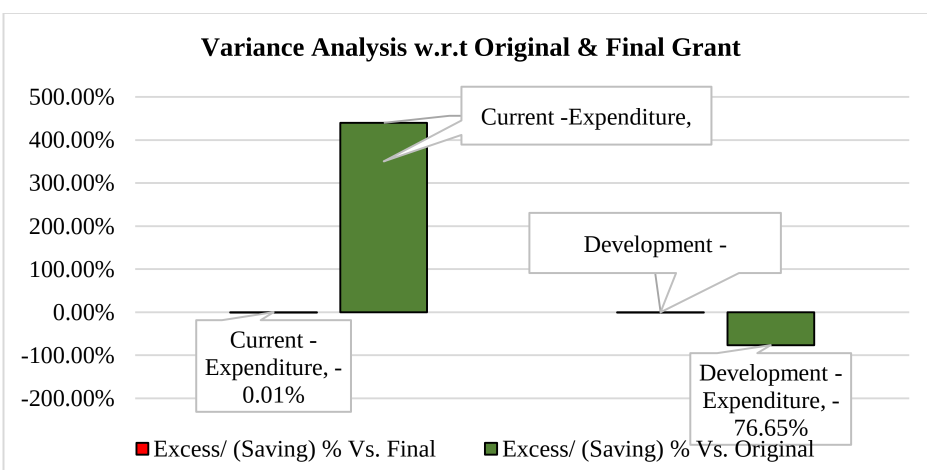
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Dev.	153	2,343.29	0.00	-1,769.79	548.61	547.16	1.45	0.26%
Dev. Total		**2,343.29**	**0.00**	**-1,769.79**	**548.61**	**547.16**	**1.45**	**0.26%**
Grand Total		**10,701.29**	**37,186.16**	**-2,205.11**	**45,657.46**	**45,649.25**	**8.21**	**0.02%**

Audit noted that there was an overall excess of Rs.8.21 million, which was due to excess in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 76.65% with respect to Original grant which changed to excess of 0.26% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 439.63% of excess in expenditure w.r.t original allocation turned into 0.01% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



13.3 Classified Summary of Audit Observations

Audit observations, raised in this report during the current audit of Industries And Production Division are of procedural nature with no financial impact.

13.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1987-88	2	2	0	2	-
1988-89	1	1	0	1	-
1989-90	8	8	2	6	25
1990-91	4	4	0	4	-
1992-93	2	2	0	2	-
1993-94	20	20	11	9	55
1994-95	4	4	1	3	25
1995-96	2	2	0	2	-
1998-99	18	18	4	14	22
2001-02	5	5	3	2	60
2010-11	3	3	1	2	33
2014-15	5	5	0	5	-
2015-16	1	1	1	0	100
Total:	**75**	**75**	**23**	**52**	**31**

13.5 AUDIT PARAS

National Productivity Organization (NPO)

13.5.1 *Unjustified selection of the officers of the Ministry for trainings arranged by Asian Productivity Organization*

Rule 10 (iii) of GFR Vol-I states that no authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

Rule 10 (iv) of GFR Vol-I states that public moneys should not be utilized for the benefit of a particular person or section of the community.

Asian Productivity Organization (APO) organized several trainings, courses and workshops on different topics in different countries for which 12 officers of the

Ministry of Industries & Production were nominated and deputed to attend those trainings and courses during 2018-2020.

Audit observed that trainees were nominated as there existed no criterion of selection. Audit further observed that the job descriptions of the selectees did not have any relevance to the trainings and courses.

Audit is of the view that the selection of officers of the Ministry for trainings abroad in the absence of any criteria and selection procedure was unjustified.

DAC held on 8^{th} January, 2021 was apprised that only 10 officers out of 93 belonging from public sector were nominated for the said trainings / seminars after selection process from Ministry and final approval from APO Japan.

DAC directed the management to get the verification of record regarding 10 employees to Audit as per eligibility criteria set by APO.

No record was produced to audit for verification

Audit recommends that the matter be investigated to fix the responsibility.

Engineering Development Board

13.5.2 *Non-establishment of Pakistan Automotive Institute*

Automotive Development Policy 2016-2021 envisions to develop a modern, competitive and viable automobile and auto-parts industry capable of meeting national and regional demands by 2021 through, inter alia, establishment of Pakistan Automotive Institute.

Automotive Development Policy 2016-2021 envisages:

i. To increase contribution to the gross domestic product from 2.3 percent to 3.8 percent

ii. To increase contribution to manufacturing from 22 percent to 30 percent and

iii. To increase direct and indirect employment from 2.4 million to 4.00 million

The management of Engineering Development Board (EDB) was requested to provide record of steps taken for the establishment of Pakistan Automotive Institute as envisioned and progress in achievement of the targets as envisaged in the Automotive Development Policy 2016-2021.

Audit observed that the management of EDB did not take any steps for the establishment of Pakistan Automotive Institute which is of prime importance to achieve the objectives of the Automotive Development Policy 2016-2021.

Audit further observed that the management has no mechanism or system in place to determine its progress in the achievement of targets spelled out in the policy.

Audit is of the view that the management did not make any serious efforts for the achievement of the objectives of the policy.

The management accepted the audit observation by stating that EDB is of the view that as automotive development takes time, it may not be construed that mission and goals of policy have not been given the priority.

DAC held on 8th January, 2021 was apprised that establishment of Pakistan Automotive Institute was planned in Auto Development Policy 2016-21, but despite lapse of 4 years could not be established. The PAO stated that policy should be more pragmatic and outcome of evaluation of study with Japan International Cooperation Agency (JICA) and Pakistan Institute of Development Economics (PIDE) be shared with audit by April, 2021.

Audit recommends that strenuous efforts be made for the establishment of Pakistan Automotive Institute to achieve the goals and missions of the Automotive Development Policy.

CHAPTER 14

INFORMATION TECHNOLOGY AND TELECOMMUNICATION DIVISION

14.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

Preparation of an overall integrated plan as well as formulation of policy for the development and improvement of Information Technology & Telecommunications Division, including related infrastructure, in Pakistan.

i. Co-ordination with the Provincial Governments, autonomous bodies, private sector, international organizations and foreign countries in respect of information technology and telecommunications.
ii. Human resource development in the field of information technology and telecommunications.
iii. Promotion of information technology applications.
iv. Providing guidelines for the standardization of software for use within the Government.
v. Planning, policy making and legislation covering all aspects of telecommunications excluding radio and television and issuance of policy directives.
vi. Matters relating to Pakistan Computer Bureau, Pakistan Software Export Board and the Electronic Government Directorate.
vii. All matters relating to National Telecommunication Corporation (NTC), Telecommunications Foundation (TF), Special Communications Organization (SCO), Virtual University (V.U) and Electronic Certification Accreditation Council.
viii. The administration of the Prevention of Electronic Crimes Ordinance 2007, and the rules made there under.

ix. Safeguard interest of Government of Pakistan in entities having public shares or government equity like PTCL, USF Co & ICT R&D Co.
x. Federal Government functions in regard to Pakistan Telecommunication Authority (PTA) and Frequency Allocation Board (FAB).

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. National Information Technology Board
ii. COMSATS (Inter-Islamic Network for Information Technology)
iii. Virtual University

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2019-20) Rs. in million	Revenue/Receipt Audited (FY 2019-20) Rs. in million
1	Formations	55	2	929.486	-
2	Assignment Accounts (Excluding FAP)	2	0	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	0	-	-
4	Foreign Aided Project (FAP)	1	1	373.272	-

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Information Technology and Telecommunication Division for the financial year 2019-20 was Rs.12,271.88 million, out of which the Division expended an amount of Rs.9,755.79 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

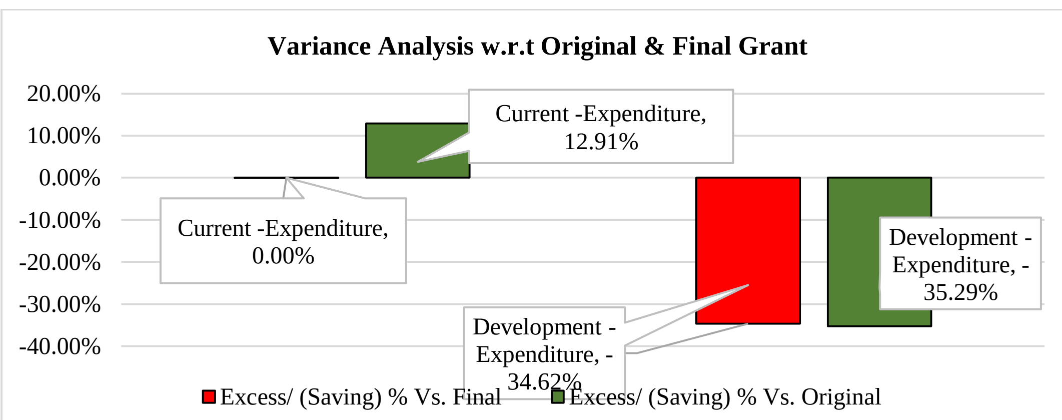
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	65	4,433.00	583.40	7,341.62	5,005.44	5,005.36	-0.08	0.00%
Current Total		**4,433.00**	**583.40**	**7,341.62**	**5,005.44**	**5,005.36**	**-0.08**	**0.00%**
Development	132	7,341.62	0.00	7,341.62	7,266.44	4,750.44	-2,516.00	-34.62%
Development Total		**7,341.62**	**0.00**	**7,341.62**	**7,266.44**	**4,750.44**	**-2,516.00**	**-34.62%**
Grand Total		**11,774.62**	**583.40**	**14,683.23**	**12,271.88**	**9,755.79**	**-2,516.08**	**-20.50%**

Audit noted that there was an overall savings of Rs.2,516.08 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 35.29% with respect to Original grant which reduced minutely to 34.62% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 12.91% of excess in expenditure w.r.t original allocation reduced to 0.00% w.r.t final allocation as the budget was surrendered in time, as depicted in the graph below:



14.3 Classified Summary of Audit Observations

Audit observations, raised in this report during the current audit of Information Technology and Telecommunication Division are of procedural nature with no financial impact.

14.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2010-11	10	2	2	0	100

14.5 AUDIT PARAS

Ministry of Information Technology & Telecom

14.5.1 *Non-execution of building work of the project 'Technology Park Project'*

PC-I of the project 'Technology Park Development, Islamabad' was approved by Executive Committee of the national Economic Council (ECNEC) on 20.12.2016 states that the project would be completed in 48 months starting from January 09, 2017.

Ministry of Information Technology & Telecommunication Division, Islamabad obtained approval for a project titled 'Technology Park Development Project' from ECNEC on 20.12.2016 with a total cost of Rs. 9,246.013 million (US$ 88.383 million) with completion period of 48 months starting from January 09, 2017.

Audit observed that even in December 2020 the construction work for Technology Park Building has not been initiated despite a lapse of four years whereas completion date of the project is January, 2021. Only an expenditure of Rs. 376.436 million was incurred up to June 2020.

Audit is of the view that inordinate delay in the execution of project will lead to cost overrun as well as loss in terms of opportunity cost.

DAC meeting convened on 03-12-2020 was apprised that selection of Design Consultant and evaluation of design consumed a lot of time. Hiring of contractor for construction was in process and the construction work of Technology Park Building was linked with necessary approval / NOC from CDA and Environmental Protection Agency which are under process. DAC directed verification of facts that caused delay.

Audit recommends that causes of delay in the execution and completion of project may be investigated to fix responsibility besides taking steps for timely completion of project.

National Information Technology Board

14.5.2 *Non-obtaining of Police Clearance Certificate of Service providers*

Article-I of contract agreement dated 16.01.2020 signed between NITB and M/s ALM Outsourcing Services Pvt. Ltd. states that Skilled HR provided by the Service provider must be able to obtain security clearance from law enforcement agencies (if so required). However, after the selection of the candidate, the service provider will provide the Police Clearance Certificate (from local police station) of each selected service provider within 07 days of his/ her engagement with NITB.

The management of National Information Technology Board (NITB) employed 45 IT personnel during 2019-20 through M/s ALM Outsourcing Pvt. Ltd. Clearance certificate from law enforcement agencies for 19 personnel were produced to audit.

Audit observed that the police clearance certificates for only 7 personnel were found valid. Police clearance certificate for the rest of the personnel was not obtained.

Audit is of the view that non-obtaining of security clearance certificate from law enforcing agencies was a serious lapse on the part of the management as the recruited professional are required to visit sensitive offices like Parliament, Civil Secretariat, President secretariat, PM secretariat etc.

DAC meeting convened on 03-12-2020 directed the management to obtain the security clearance and get it verified by the Audit.

No record was produced for verification till finalization of this report

Audit recommends that the clearance from security agencies be obtained at the earliest.

CHAPTER 15

INFORMATION AND BROADCASTING DIVISION

15.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Policy relating to internal publicity on national matters including the administration of the provisions of the Post Office, Act, 1898, and section 5 (1) (b) of the Telegraph Act, 1885, in so far as they relate to the Press.
2. Broadcasting including television.
3. Production of films on behalf of Government, its agencies, Government controlled Corporations, etc.
4. Press relations, including delegations of journalists and other information media.
5. Provision of facilities for the development of newspapers industry.
6. (i) Policy regarding government advertisement; control of advertisement and placement; (ii) Audit of circulation of newspapers.
7. Administration of the Newsprint Control Ordinance, 1971.
8. National Anthem
9. Liaison and coordination with agencies and media on matters concerning Government policies and activities.
10. Administration of the Information Group.
11. External Publicity.
12. Pakistan National Centers.
13. (i) Administration of-

a. Pakistan Broadcasting Corporation Act, 1973;
b. Associated Press of Pakistan (Taking Over) Ordinance, 1961; and
c. Pakistan Electronic Media Regulatory Authority.

(ii) Matters relating to-

a. The Pakistan Television Corporation; and
b. Omitted vide SRO NO.48(1)/2016 dated 26.01.2016.
c. Shalimar Recording and Broadcasting Company.

14. Training facilities for Radio and Television personnel.
15. Special Selection Board for selection of Press Officers for posting in Pakistan Missions abroad.
16. Establishment of tourists centers abroad.
17. Administration of the Newspapers Employees (Conditions of Service) Act, 1973.
18. (i) National Institute of Folk and Traditional Heritage of Pakistan (Lok Virsa).
    (ii) Pakistan National Council of Arts.
19. Cultural pacts and protocols with other countries.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

1. Press Information Department.
2. Directorate of Electronic Media and Publication.
3. Implementation Tribunal for Newspaper employees.
4. Central Board of Films Censor, Islamabad.
5. Federal Land Commission
6. Pakistan Electronic Media Regulatory Authority
7. Audit Bureau of Circulation

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY 2019-20) Rs. in million	Revenue/Receipt Audited (FY 2019-20) Rs. in million
1	Formations	68	7	3,038.207	-
2	Assignment Accounts (Excluding FAP)	3	2	235.000	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	1	1,909.573	-
4	Foreign Aided Project (FAP)	-	-	-	-

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Information and Broadcasting Division for the financial year 2019-20 was Rs. 9,052.55 million, out of which the Division expended an amount of Rs. 8,825.15 million. The Division had 6 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

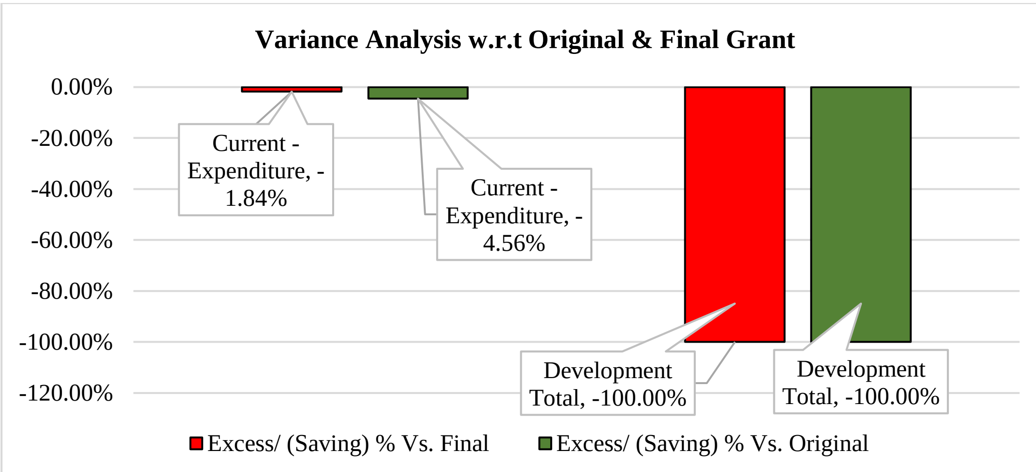
Type of Grant	Grant No.	Original Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	59	676.00	-24.75	651.25	582.51	-68.74	-10.55%
Current	60	335.00	0.00	335.00	309.72	-25.28	-7.54%
Current	61	732.00	0.00	732.00	685.85	-46.15	-6.30%
Current	62	841.00	0.00	841.00	836.26	-4.74	-0.56%
Current	63	6,663.00	-231.82	6,431.19	6,410.81	-20.38	-0.32%
Current Total		**9,247.00**	**-256.57**	**8,990.44**	**8,825.15**	**-165.28**	**-1.84%**
Development	130	75.62	-13.50	62.12	0.00	-62.12	-100.00%
Development Total		**75.62**	**-13.50**	**62.12**	**0.00**	**-62.12**	**-100.00%**
Grand Total		**9,322.62**	**-270.07**	**9,052.55**	**8,825.15**	**-227.40**	**-2.51%**

Audit noted that there was an overall savings of Rs.245.21 million, which was due to Rs.183.10 million of savings in Current grants and Rs.62.12savings in development grant.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 100.00% w.r.t Original grant as well as Final Grant in case of development expenditure. In case of current expenditure the 4.56% of savings in expenditure w.r.t original allocation reduced to 1.84% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



15.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.21,094.29 million, were raised in this report during the current audit of **Information And Broadcasting**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	366.32
B	*Procurement related irregularities*	144.57
C	*Management of account with commercial banks*	-
D	*Recovery*	1,110.50
E	*Internal Control*	7,013.72
4	Value for money and service delivery	11,598.41
5	Others	860.78

15.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1988-89	1	1	0	1	-
1989-90	3	3	2	1	67
1992-93	3	3	0	3	-
1993-94	8	8	2	6	25
1994-95	2	2	1	1	50
1995-96	3	3	1	2	33
1997-98	15	15	0	15	-
1996-97	16	16	0	16	-
1999-00	25	25	0	25	-
2005-06	9	9	1	8	11
2006-07	3	3	2	1	67
2008-09	2	2	1	1	50
2010-11	2	2	0	2	-
2013-14	17	17	0	17	-
2015-16	4	4	3	1	75
2016-17	11	4	0	4	-
Total:	124	117	13	104	11

15.5 AUDIT PARAS

Ministry of Information and Broadcasting (Main)

15.5.1 *Irregular release of funds to PTVC for AJK TV – Rs. 155.000 million*

Para 8 of PC-I of the project "TV Programme Production and Transmission facilities for AJ&K" states that the annual recurring expenses are to be borne by the Government of AJ&K for operation of the channel against annual recurring grant from the Government of Pakistan.

Later in a meeting held on 25.02.2005 under the chairmanship of Secretary Ministry of Information and Broadcasting it was decided that AJK Government will own and run the channel and PTV will raise an invoice against the AJK Government for reimbursement of recurring expenditure w.e.f February, 2004. It was also decided that AJK Government will raise revenues through license fee and advertisement, if any.

The Ministry of Information and Broadcasting released an amount of Rs.155,000,000 to Pakistan Television Corporation, Islamabad on account of re-imbursement of recurring expenses of AJK TV Centre during the financial year 2019-20.

Audit observed that Ministry directly released funds to PTV Corporation instead of releasing the same to government of AJK. Audit further observed AJK Government has neither taken over the charge of AJK TV center nor generated revenue as decided. The amount claimed by and released to PTV is not supported with any vouchers.

Audit is of the view that the direct payment to the Pakistan Television Corporation (PTVC), in violation of the provision of the PC-I, was irregular and unauthorized.

DAC was apprised that the reply submitted by the Ministry and point discussed during meeting was unmatched. DAC directed to submit revise reply with supporting documents to Audit.

Department did not submit the revised reply till finalization of this report.

Audit recommends that recurring grant of AJ&K TV should be stopped as sufficient time has elapsed for the AJ&K government to take over the operations.

15.5.2 *Unauthorized transfer of recurring cost to PTV Multan Centre without PC-IV - Rs. 140.000 million*

Para 1.55 of Manual of Development of Planning Division states that PC-IV form is required to be submitted at the time when the project is adjudged to be completed while the PC-V form is to be furnished on an annual basis for a period of five years by the agencies responsible for operation and maintenance of projects.

The DDWP of Ministry of Culture in its meeting held on 25.05.2005 approved a development project titled “Television Centre Multan” with estimated cost of Rs.379 million with implementation period 2004-05 to 2011-12.

The M/o Information and Broadcasting transferred an amount of Rs.140,000,000 to PTV Corporation, Islamabad on account of annual recurring expenses of Pakistan Television Multan Centre for the financial year 2019-20.

Audit observed that the recurring cost was paid without finalization of PC-IV and supporting vouchers of the amount paid were not available.

Audit is of the view that non-preparation of PC-IV and payment of operational expenses without obtaining detail of accounts was unauthorized.

DAC directed to the management for early submission of PC-IV and get it verified from Audit. Para stands.

No record was shown to audit.

Audit recommends obtaining and verifying complete adjustment accounts under intimation to audit. Further, the PC-IV also be obtained.

15.5.3 *Irregular appointment in Digital Media Wing in MP-Scales II and III - Rs. 42.791 million*

Management Position Policy, 2020 issued vide Establishment Division's O.M. No. 1/3/2020-E-6 dated 22.06.2020 states that PhD in relevant subject with 6-10 years' experience or Master in relevant subject with 10-14 years' experience and age limit from 40-62 and 35-62 is required for MP-II and MP-III respectively. The Establishment Division has also clarified at Sr. No. 6 (xiv) of their O.M. that all previous Office Memorandums/policy instructions, issued by Finance and Establishment Division from time to time relating to MP Scale positions, shall stand repealed with immediate effect, in so far as these are inconsistent with the MP Scale Policy, 2020.

Para (d) (xiv) of Establishment Division O.M. No.1/3/2020-E-6 dated 05.08.2020 states that if, keeping in view the specific requirements for any particular position(s), any Ministry/Division intends to modify or change the "Required Educational Qualification and Experience", a Summary for the Prime Minister shall be moved for the purpose, through Establishment Division, by giving therein full justification of the case; provided that any such case shall invariably be moved prior to advertising such a position.

The management of Ministry of Information and Broadcasting made 06 appointments in MP-II and MP-III scales during the Financial Year 2019-20.

Sr. No.	Name	Post	Qualification required as per advertisement	Required Qualification as per MP Scale Policy
1	Imran Haider Ghazali	General Manager (MP-II)	Bachelor of Business Administration + 11 years' experience	Either PhD + 10 years' experience or Masters with 14 years' experience
2	Syed Muzamil Hasan	Digital Media Consultant (MP-III)	BSc Computer Science + 5 years' experience	Either PhD + 6 years' experience or Masters with 10 years' experience
3	Usman Bin Zaheer	Digital Communication Officer (MP-III)	MSc Mass Communication + 14 years' experience	Either PhD + 6 years' experience or Masters with 10 years' experience
4	Shahbaz Khan	Digital Communication Officer (MP-III)	BSc Computer Science + 5 years' experience	Either PhD + 6 years' experience or Masters with 10 years' experience
5	Naeem Ahmed Yasin	Digital Communication Officer (MP-III)	MA Mass Communication + 7.5 years' experience	Either PhD + 6 years' experience or Masters with 10 years' experience
6	Syeda Dhanak Hashmi	Digital Communication Officer (MP-III)	MPhil Governance and Public Policy and 7 years' experience	Either PhD + 6 years' experience or Masters with 10 years' experience

Audit observed that position of General Manager – Digital Media Wing (MP-II) was advertised with educational requirement of Bachelor's Degree instead of Ph.D./Master's degree. Moreover, maximum age was restricted to 40 years instead of age range of 40-62 years. Audit further observed that this unauthorized relaxation resulted in appointment of bachelor degree holders in MP-II & III scale respectively.

Audit is of the view that appointment to posts in MP-II scale and MP-III scale without adhering to provisions in MP Scale Policy, 2020 was gross violation of rules.

DAC held on 08-01-2021 was apprised that the appointments were made after condonation of the required qualification and experience for the subject posts by the Prime Minister. DAC directed to provide the copy of condonation to Audit.

No record in support of condonation of the required qualification and experience was provided for verification till finalization of this report.

Audit recommends declaring the above appointments void ab initio. Audit further recommends that appointments must be under strict compliance with MP Scale Policy and no relaxation especially on education criteria be entertained. Audit also recommends fair and impartial investigation for the lapse.

15.5.4 *Non-obtaining of adjustment accounts – Rs. 25.700 million*

Para 207 (3) of GFR Vol-I states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body to ensure that any previous grant was spent for the purpose for which it was provided.

Para 209 (i) of GFR Vol-I states that unless it is otherwise ordered by Government, every grant made for a specific object is subject to the implied conditions that the grant will be spent upon the object within reasonable time, if no time limit has been fixed by the sanctioning authority and that any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to the Government.

Ministry of Information and Broadcasting released an amount of Rs.17,500,000 to different Press Clubs and Rs.8,200,000 to different journalists during financial year 2019-20. **(Annexure 15-A)**

Audit observed that the management released the amount but did not obtain the adjustment accounts and audited statements till date.

Audit is of the view that the lapse occurred due to non-compliance of rules.

DAC directed the Ministry to obtain adjustment/utilization accounts from the Press Clubs and Journalists and get verified from Audit.

No record of adjustments/utilization account was produced for verification till finalization of this report.

Audit recommends proper procedure for adjustments of releases be adopted besides obtaining of utilization accounts from the beneficiaries.

15.5.5 *Non-obtaining of Audited Statements against release of funds – Rs.6,195.00 million*

Para 207 (3) of GFR Vol-I states that before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body to ensure that any previous grant was spent for the purpose for which it was provided.

The Ministry of Information and Broadcasting released an amount of Rs.6,194,624,000 to the following organizations as summarized below:

S. No	Amount released to:	Amount
1	Pakistan Broadcasting Corporation	4,566,651,000
2	Associated Press of Pakistan	1,222,973,000
3	PTV-Multan Centre	140,000,000
4	PTV-AJK Centre	155,000,000
5	PTV-English news	110,000,000
Total		**6,194,624,000**

Audit observed that the Ministry of Information and Broadcasting did not obtain audited statements and adjustments accounts against the amounts released to above mentioned corporations / organizations.

Audit is of the view that the non-obtaining of audited statements against the release of funds is violation of above rules.

DAC directed the Ministry to provide audited financial statements to Audit.

No record of adjustments/utilization account was produced for verification till finalization of this report.

Audit recommends obtaining of Audited Statements against release of funds under intimation to audit.

Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad

15.5.6 *Non-Production of record*

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

Section 14 (3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad was requested to provide the following information/record for audit scrutiny:

i. Audited financial statements for the year financial 2018-19 and 2019-20.

ii. Detail of employees absorbed / inducted in PEMRA along-with personal files of Chairman, Executive Member, Directors General and notification of Authority members.

iii. Purchase file of furniture and fixture, construction of office building, development of software amounting to Rs. 51,373,063.

iv. Record including correspondence files and expenditure vouchers on account of repair of office building for Rs. 2,703,809 and Machinery and Equipment Rs. 4,928,329.

v. Details of complaints received from persons, organizations or general public and reviewed by COC and their opinion.

vi. Details of summons made to the licensees on the basis of complaints.

vii. Detail of fixed Assets / Physical verification reports and stock registers.

viii. Monitoring report of the licensees and detail of actions taken against the violators of the terms and conditions of license and code of conduct during the audit period.

Audit observed that despite several repeated written and verbal requests, the management failed to provide the above mentioned record.

Audit is of the view that in the absence of record, the authenticity of the expenditure could not be ascertained.

The management replied that some of the record was provided to the Audit team and the remaining record is attached with reply for scrutiny.

Reply of the management is not acceptable because the record was requisitioned time and again but no positive response was received till finalization of this report.

DAC meeting held on 08-01-2021 showed displeasure on non-production of record.

Audit recommends that the matter may be investigated to fix responsibility for the lapse besides ensuring the production of record to Audit for scrutiny.

15.5.7 *Unauthorized creation of PEMRA Employees Pension Fund*

Section 14 (1) of the PEMRA Ordinance, 2002 states that there shall be established a fund to be known as PEMRA Fund which shall vest in the Authority and shall be utilized by the Authority to meet charges in connection with its functions including payment of salaries and other remunerations to the Chairman, Members, employees, experts and consultants of the Authority.

The PEMRA Authority, in its 152nd meeting held on 16.08.2019, approved PEMRA Employees' Pension Scheme titled "PEMRA Employees Pension Fund" and transferred Rs. 150 million, reserved for Gratuity, to PEMRA Employees Pension Fund.

Audit observed that there was no provision for creation of pension fund in the PEMRA Ordinance, 2002. Moreover, the fund was created despite the dissenting note recorded by the Secretary, Information and Broadcasting, in the capacity of the Member of the Authority, who rightly suggested to obtain concurrence of Finance Division as many autonomous bodies such as PTV are crumbling due to pension burden.

Audit is of the view that reversal of gratuity scheme and creation of the pension fund without any provision in the Ordinance was unauthorized meant only to avoid deposit of surplus of receipt into FCF.

The management replied that creation of pension fund was for employees' welfare.

Reply of the management is not acceptable as there is no provision for creation of pension fund in the PEMRA Ordinance, 2002.

DAC held on 08-01-2021 directed the PEMRA management to get the approval of "PEMRA Employees Pension Regulations" vetted from the Finance Division as the Authority is not competent to establish Pension Fund.

Audit recommends that the matter may be regularized.

15.5.8 *Retention and investment of surplus receipts instead of depositing into Federal Consolidated Fund – Rs. 996.683 million*

Section 16 of the Finance Act, 2012 states that any surplus of receipts over the actual expenditure in a year, after payment of tax, shall be remitted to the Federal Consolidated Fund and any deficit from the actual expenditure shall be made up by the Federal Government.

The management of PEMRA, Islamabad deposited an amount of Rs.236,919 in Federal Consolidated Fund as surplus fund vide challan dated 06.08.2020. Moreover, an amount of Rs.996.68 million was invested in TDRs and other schemes during the financial year 2019-20. Details are as below:

Name of Bank	Type of investment	Amount in Rs.	Profit rate per annum	Tenure of investment	Date of investment
Zarai Taraqiati Bank Limited	TDR	88,211,080.34	7.60%	6-Months	19-06-2020
Soneri Bank	TDR	166,789,406.62	7.85%	6 Months	26-06-2020
Soneri Bank	TDR	243,685,653.97	10.75%	1-Year	01-04-2020
Bank of Punjab	TDR	330,394,526.00	10.25%	1-Year	13-04-2020
NBP, F-6	N.I.D.A	150,000,000.00	7.00%		27-03-2020
NBP, Foreign office branch	US$) 110,020.57	17,603,200			
	Total	**996,683,866.93**			

Audit observed that the management of PEMRA made investments in TDRs and other schemes in the closing month of the financial year i.e. June 2020.

Audit is of the view that investment were made just to avoid deposit into Federal Consolidated Fund.

The management replied that the Authority approved PEMRA Employee Pension Fund in 144th meeting of Authority held on 21st June 2018. The Authority also granted approval to set aside fund reserved for pension purpose which was complied accordingly.

Reply is not acceptable as no evidence of constitution of Pension Fund, its size, rules for pension contribution and investment made into it was provided to audit.

DAC held on 08-01-2021 was apprised that the surplus balance was deposited into FCF. DAC directed to verify the record and it was observed that funds were transferred to pension fund and investment was made in the last month of June to avoid deposit of surplus fund.

Audit recommends that the irregular practice may be discontinued and the amount may be deposited into FCF immediately.

15.5.9 ***Loss due to delay in the grant of DTH license – Rs. 11,595.600 million***

Section 22 of the PEMRA Ordinance, 2002 states that the Authority shall take decision on the application for a license within one hundred days from the receipt of the application.

Item No 5 of the Minutes of the 155 Authority Meeting held on 28 February, 2020, the Authority, unanimously, decided that the following should be added as a proviso to Rule 9 (5) of PEMRA Rules, 2009:

a. Provided that if the security clearance from the Ministry of Interior is not received within sixty days from the receipt of the application by the Ministry, final thirty days shall be provided to the Ministry of Interior to decide the pending application.

b. Provided further that in the event, no final response is received within the extended thirty days, the application may be presented before the Authority for decision which shall in compliance to Section 22 of the PEMRA Ordinance, 2002 decide the application for grant of license accordingly.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad approved Direct to House (DTH), License through bidding on 23-24 November, 2016 at Islamabad. The three selected bidders offered Rs.14,694,400,000 as applicable license fee and deposited 15% of the total license fee amounting to Rs.2,204,100,000.

Audit observed that:

i. PEMRA granted license to only one bidder M/s Shehzad Sky (Pvt.) Ltd on 11.02.2019 after a lapse of 25 months while the other two selected bidders were not granted license despite lapse of four years.

ii. The public exchequer was deprived of revenues amounting to Rs.10,775,600,000 that were to be deposited by the successful bidders at the time of grant of license.

iii. Due to the delayed decision of the management in the issuance of license, the public exchequer suffered a loss of Rs. 820,000,000 on account of annual license fee to be deposited by the successful bidders.

Audit is of the view that non grant of license as per PEMRA Ordinance causing loss to the public exchequer was a serious lapse on the part of management.

The management replied that under Rule 9 (5) of the PEMRA Rules, 2009 states that licenses shall be granted after the security clearance from the Ministry of Interior. So far only one company i.e. M/s Shahzad Sky (Pvt.) Ltd. was cleared from security point of view by the ministry of Interior and therefore, the DTH license was awarded to the company in February 2019. The two remaining successful bidders haven't received security clearance so far. Therefore, the license could not be awarded to them.

Reply of the management was not acceptable because it violates proviso to Rule 9 (5) of PEMRA Rules, 2009.

DAC held on 08-01-2021 was apprised that efforts are under process to get amendments in the Rules to resolve the issue. DAC was of the view that grant of license could not be pended for indefinite time. DAC decided to place the issue before PAC.

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

15.5.10 *Difference in receipt and expenditure due to non-reconciliation – Rs. 785.840 million*

Rule 77 of FTR Volume-I states that every officer receiving money on behalf of government should maintain a cash book and all monetary transactions should be entered in cash book as soon as they occur and attested by the head of the office.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad was maintaining 10 bank accounts wherein the receipts from different sources were deposited and payments against the expenditure and investments were made. As per statements provided to Audit the opening balance, receipts, expenditure and closing balances for the year 2019-20 are as under:

Description	Amount
Opening Balance	1,260,165,603
Receipts for the year	1,909,809,585
Total	3,169,975,188
Expenditure	1,909,572,666
Closing Balance	**1,260,402,522**
Closing Balance as per Bank statement	474,562,423
Difference	**785,840,099**

Audit observed that the PEMRA did not carry out any reconciliation with banks to ascertain the correct figure of closing balance as on 30.06.2020.

Audit is of the view that in the absence of reconciliation, the status of receipt and expenditure could not be authenticated.

The management replied that all bank books are fully reconciled with the bank statements which were provided during the audit of PEMRA. Moreover, copy of the Reconciliation Statements are attached.

Reply of the management is not acceptable because the reconciliation statement with the bank was not attached with the replies.

DAC held on 08-01-2021 directed to reconcile the record within a week. The departmental representative failed to provide the reconciled statement.

Audit recommends that the figures may be reconciled with the bank and accurate position with supporting documents may be provided to Audit immediately.

15.5.11 *Non-issuance of license to successful bidders of Satellite TV – Rs. 565.775 million*

Section 22 of the PEMRA Ordinance 2002 stated that the Authority shall take decision on the application for a license within one hundred days from the receipt of the application.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad invited bids for license of 58 Satellite TV Station in different categories (News, Entertainment, Sports etc.) on 25.12.2018. The received bids were evaluated under PEMRA (Eligibility Criteria and Bidding Procedure for

Satellite TV Licensing) Regulations, 2014, as a result of which various bidders were allowed to participate in bidding procedure which was held on 2nd & 3rd May, 2019. The successful bidders deposited Rs. 98.625 million (15% of the bid price).

Audit observed that the successful bidders were not granted license despite lapse of 18 months depriving the public exchequer of Rs. 558.875 million as bid money and Rs. 6.900 million on account of annual license fee.

Audit is of the view that non-granting of license in a timely manner resulting in loss to the public exchequer was a serious lapse on the part of management.

The management replied that security clearance from Ministry of Interior was a mandatory requirement and the process was beyond control of PEMRA. Hence, the pendency of the satellite TV licenses of the companies was not on the part of PEMRA.

Reply of the management was not acceptable because it violates proviso to Rule 9 (5) of PEMRA Rules, 2009.

DAC held on 08-01-2021 was apprised that efforts are under process to get amendments in the Rules to resolve the issue. DAC was of the view that grant of license could not be pended for indefinite time. DAC decided to place the issue before PAC.

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

15.5.12 *Unauthorized payment of advances – Rs. 311.340 million*

Section 14(1) of the PEMRA Ordinance, 2002 states that there shall be established a fund to be known as PEMRA Fund which shall vest in the Authority and shall be utilized by the Authority to meet charges in connection with its functions including payment of salaries and other remunerations to the Chairman, Members, employees, experts and consultants of the Authority.

The management of Pakistan Electronic Media Regulatory Authority, Islamabad issued revised policy for grant of House Building Advance, Motorcar Advance and Motorcycle Advance and General Purpose Advance vide letter No. 4(342)/2005-HR dated 08.04.2019. The management granted the following advances to Chairman / Member(s) and its employees during the financial year 2019-20 as per the following details:

S. No	Description	Amount
1	House Building Advance	299,740,471
2	General Purpose Advance	11,599,894
	Total	**311,340,365**

Audit observed that the advances were paid on the basis of policy approved by the Chairman in absence of approved financial rules. Moreover, in DAC meeting held on 06.12.2013 it was directed to stop the practice of payment of advance salary to the employees of PEMRA whereas the management, instead of complying with the direction of DAC, renamed the advances as General Purpose Advance.

Audit is of the view that payment of advances in the absence of approved financial rules is unauthorized.

The management replied that the House Building Advance (HBA) was granted / disbursed to the entitled PEMRA employees as per the seniority list within the sanctioned budget, under Serial No. 81 of the existing delegation of powers in the light of Revised Policy for advances with the approval of the Chairman. General Purpose Advance is also part of the policy. GPA is sanctioned in case of acute emergency to the PEMRA Employees only. Moreover, the management of PEMRA has drafted Financial Rules and the same have been forwarded to Finance Division for vetting / approval.

DAC held on 08-01-2021 was apprised that Draft Financial Rules have been submitted to the Finance Division. DAC directed to get these Rules approved/finalized

Audit recommends that rules be framed to get the advances regularized.

15.5.13 *Non-deduction of advance tax – Rs. 95.700 million*

Division XIII (2) of Income Tax Ordinance, 2001 states that the rate of tax to be collected by Pakistan Electronic Media Regulatory Authority under section 236 F in the case of IPTV, FM Radio, MMDS, Mobile TV, Mobile Audio, Satellite

TV Channel and Landing Rights, shall be 20 percent of the permission fee or renewal fee as the case may be.

The management of Pakistan Electronic Media Regulatory Authority, Islamabad issued Satellite TV (STV) licenses of different categories to M/s Sardar Media (Pvt.) Ltd vide letter No. 10-2 (315) STV-2019/1-4 dated 18.03.2020.

Audit observed that 20% Advance tax amounting to Rs. 95,700,000 was not deducted from the firm / company for depositing into government treasury.

Audit is of the view that non-deduction of advance tax was irregular.

The management replied that the company was asked for depositing the advance tax as per the undertaking submitted by the company. It was followed by reminder dated 15.06.2020. In the meanwhile, the government vide notification dated 30th June, 2020 wherein the president of Pakistan approved the Finance Act-2020 passed by Parliament, notified amendments in the Finance Bill-2012 and section 236 F pertaining to advance tax on electronic media was abolished. Hence, the company did not deposit the same.

Reply of the management was not accepted because the tax was applicable at the time of awarding the license. The referred amendment in Finance Bill was not retrospective.

DAC held on 08-01-2021 was apprised that Ministry of Interior ceased license of the Company for its security clearance. Once the case is decided the advance tax will be deposited by the Firm. DAC directed to pursue the matter.

Audit recommends recovery of advance tax.

15.5.14 *Loss due to non-opening of financial bid – Rs. 76.000 million*

Rule 38 b (1) of PPRA, 2004 states that the procuring agency shall consider single bid in goods, works and services if it meets the evaluation criteria, ensures compliance of specifications and other terms & conditions expressed in advertisement or bid solicitation documents, is not in conflict with any provision of the Ordinance, and conforms to the technical specifications, has financial conformance in terms of rate reasonability.

The management of Pakistan Electronic Media Regulatory Authority, Islamabad called open tender for the up-gradation of monitoring system of 250 TV channels in May- 2019, by adopting single stage-two envelop bidding procedure. Two firms participated in the bidding process out of which M/s Merchant Holding (Pvt.) Ltd was declared as technically qualified. The financial bid of the firm was not opened as the Chairman, PEMRA did not agree to proceed further with the single bid on the plea that it might deprive the Authority of the most competitive and best responsive bid(s) and accordingly approved its re-tendering. Later on, the project was retendered and awarded to the same firm i.e. M/s Merchant Holdings (Pvt.) Ltd for Rs. 248.500 million.

Audit observed that the M/s Merchant Holdings (Pvt.) deposited 2% bid security of the bid amount Rs. 172.50 million. However, the tender was cancelled and after retendering the same firm was awarded work with a financial bid of Rs. 248.500 million which was Rs. 76.00 million higher than the previous bid.

Audit is of the view that re-tendering in violation of Rule 38 (1) of PPRA, 2004 was a serious lapse on the part of the management

The management replied that in order to encourage a healthy competition, the competent authority decided to re-advertise the contract as in response to the first tender, only one company participated in the bid. Need was also felt to add new features to the TORs to make the system in line with the new technologies and software. Changes in the TORs and surge in the dollar rupee exchange rate resulted in the increased cost.

Reply of the management is not acceptable as there is no bar on accepting rate of a single bidder if it is responsive.

DAC held on 08-01-2021 directed to probe the matter, keeping the fact of rejection of the first bid being single bidder and justification of acceptance of bid at higher rate by the same bidder after re-advertisement. Fix the responsibility for the loss through a fact finding inquiry constituted by the Ministry.

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

15.5.15 *Unauthorized concession of paying bid price in installments – Rs.68.570 million*

Rule 31 (1) of the Public Procurement Rules, 2004 states that no bidder shall be allowed to alter or modify his bid after the bids have been opened.

Regulation 7 of the PEMRA (Radio Broadcast Station Operations) Regulations, 2012 as amended in 2012 states that the licensee shall pay to the Authority the applicable license fee, annual fee and license renewal fee at such rates as determined by the Authority from time to time within 30 days.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad issued licenses for Commercial FM radio station and Satellite TV stations through bidding on 2nd and 3rd May, 2019.

Audit observed that M/s Flare (SMC-Pvt.) Ltd, M/s Emtel Communication (Pvt.) Ltd and M/s J & N Communication (Pvt.) Ltd Islamabad were extended the benefit of paying the bid price in installments with 50% of the total amount to be paid upfront and balance amount in ten equal yearly installments by the Authority in its 153rd Meeting held on 20.11.2019

Audit is of the view that the permission to the bidders to pay the bid price in ten years has resulted in loss of time value of money.

The management replied that PEMRA issues licenses in different categories in accordance with PEMRA laws. Therefore, PPRA Rule 31 (1) was not applicable on the PEMRA licensing regime because it was not tender for sale/purchase of goods or services.

Reply of the management was not acceptable as change in the terms and conditions after the completion of bidding process was undue favor to the bidder.

DAC held on 08-01-2021 was apprised that the concession was allowed to the bidders as per terms and conditions of the bidding. DAC directed to provide the bidding record for grant of license which was not provided for verification.

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

15.5.16 *Non-forfeiture of security fee – Rs. 18.120 million*

Rule 8 of the PEMRA Rules, 2009 states that each successful applicant shall, within time prescribed by Authority and before the issue of the license, deposit the applicable fee, as set out in the Schedule-B. The security deposit shall be refundable after expiry of one year of operation of the station to the satisfaction of the Authority.

Clause 3 & 4 of the Schedule J of Bidding Procedure of PEMRA (Eligibility Criteria and Bidding Procedure for Satellite TV Licensing) states that in case the successful bidder fails to meet the requirement, he shall be considered ineligible for grant of license and the deposited earnest money and all other amounts paid in this regard shall be forfeited.

The management of Pakistan Electronic Media Regulatory Authority (PEMRA), Islamabad invited bids for grant of "F.M Radio Phase VIII, License" on 5-6 May, 2010. M/s Independent Newspaper Corporation, one of the successful bidders, for the FM Radio License for the cities of Islamabad, Karachi and Lahore offered a bid of Rs. 120,800,000

Audit observed that M/s Independent Newspaper Corporation deposited an amount of Rs.18,120,000 on account of 15% advance license fee and failed to deposit the remaining amount but PEMRA did not forfeit the security fee despite a lapse of 10 years.

Audit is of the view that non-forfeiture of the security fee was violation of the PEMRA rules.

The management replied that after completion of all legal formalities under PEMRA laws, the company was asked to deposit balance licence fee, Security Deposit (3% of licence fee) and Advance Tax levied by Federal Government (i.e. 20% of the licence fee) vide letter dated 13.6.2019 followed by reminders dated 2.9.2019 & 23.10.2019.

Reply of the management was not tenable because the Authority failed to take any punitive measures as per rules against the defaulter despite a lapse of ten years.

DAC held on 08-01-2021 was apprised that the remaining amount will be recovered from the vendor M/S Independent News within 60 days, failing which the bid will be cancelled and security will be forfeited and deposited into government account.

Audit recommends recovery of the balance amount.

15.5.17 ***Unauthorized payment of inadmissible allowances and HBA to MP-II contract employee – Rs. 12.186 million***

Section 9 (1) of Pakistan Electronic Media Regulatory Authority (Amendment) Act, 2007 states that the Chairman and members shall be paid such emoluments as the President of Pakistan may determine and shall not be varied to their disadvantage during their term of office.

The management of Pakistan Electronic Media Regulatory Authority, Islamabad paid an amount of Rs. 12,186,540 on account of Medical Allowance, Orderly Allowance, Adhoc Relief Allowances and House Building Advance to Mr.Ashfaq Jumani, Executive Member, appointed by Federal Government vide notification No. 1/116/2008-E-6 dated 26.03.2018 as per following detail:

Detail of Allowances	Per month	Total
Medical Allowance	55,082	660,984
Orderly Allowance	14,000	168,000
AR 2012@10%	18,361	220,332
AR 2015@10%	36,721	440,652
AR 2017@10%	18,361	220,332
House Building Advance	10,476,240	10,476,240
	Total	**12,186,540**

Audit observed that the above mentioned allowances and House Building Advance were paid to the Executive Member in addition to the perks and privileges allowed under MP-II Scale.

Audit is of the view that payments of any allowance or HBA in addition to the perks and privileges for MP-II Scale were unauthorized.

The management replied that Section 9 clearly specifies that the President of Pakistan cannot fix his salary to his disadvantage. Therefore, as per Section 9, the President will fix his salary equal to or above but not below the salary of Director General.

Reply of the management is not acceptable as it did not appropriately address the query raised by audit.

DAC held on 08-01-2021 was apprised that case of fixation of salary of the Executive Member as per PEMRA Ordinance has been forwarded to the Ministry of Information & Broadcasting for submission to the President. DAC directed to get the case finalized at the earliest.

Audit recommends that the matter may be inquired to fix responsibility for the lapse besides taking up the matter at appropriate level for fixation of perks and privileges of the Executive Member in the light of PEMRA Ordinance, 2002.

15.5.18 *Irregular payment on account of civil works – Rs. 7.175 million*

Turnkey Contract is a contract in which a company is given full responsibility to plan and build something that the client must be able to use as soon as it is finished without needing to do any further work on it themselves.

The management of Pakistan Electronic Media Regulatory Authority, Islamabad entered into an agreement with M/s Merchant Holdings (Pvt.) Ltd on turnkey basis for a project namely "Establishment of monitoring system to 250 TV channels" at a total cost of Rs. 248,500,000 on 27.12.2019. The firm in its bidding documents stated that it will outsource the civil work.

Audit observed that the management paid an extra amount of Rs 7.175 million to M/s SBS Engineers for civil works and did not charge the cost of civil works to M/s Merchant Holdings (Pvt.) Ltd as the contract was awarded to the latter on turnkey basis.

Audit is of the view that extra payment on account of civil works over and above the total cost of the project was serious negligence.

The management replied that the monitoring project was awarded to M/s Merchant Holdings (Pvt.) Ltd., on a turnkey basis, but the civil works related to the monitoring hall (ceilings, floor etc.) and two offices for the Dy. GMs and provision of furniture in these two offices was not part of the project.

Reply of the management is not acceptable because the firm offered a lump sum amount for the project including civil works on turnkey basis.

DAC held on 08-01-2021 directed the fact finding inquiry will also probe the reason of getting civil works from another firm despite the fact that civil works was included in the turnkey contract.

Audit recommends that the matter may be investigated to fix the responsibility besides taking corrective action.

15.5.19 *Irregular grant of license without observing the provision of PEMRA Ordinance*

Section 19 of the PEMRA Ordinance, 2002 states that the Authority shall have exclusive right to issue licenses for the establishment and operation of all broadcast media and distribution services, provided that this exclusive right shall be used by the Authority in conformity with the principles of fairness and equity applied to all potential applicants for license whose eligibility shall be based on prescribed criteria notified in advance and that this shall be done through an open, transparent bidding process.

The management of PEMRA, Islamabad granted Television Audience Measurement (TAM)/Television Rating Points (TRP) license to 05 companies including M/s Media logic Pakistan (Pvt.) Ltd., Lahore on 29.04.2019.

Issue got raised to the level of Honorable Supreme Court, who decided that in case cartels and anti-competitive measures that may affect the parties, the parties shall be at liberty to agitate the matter before the competent forum. Likewise, in case any of the parties feels that improvements need to be made in the draft Regulations in order to ensure free, fair and transparent competition in the provision of TAM Services by rating companies, it may make representation to PEMRA. After which PEMRA may pass such orders, after hearing the aggrieved, as it may consider appropriate. Any order making alteration or modification or change in the Regulations shall be justifiable by this Court.

Audit observed that licenses were granted without any prescribed criteria, advertisement and open tendering. Moreover, after order of the Honorable Supreme Court PEMRA granted licenses to 05 companies but used the services of only one.

Audit is of the view that the grant of license to 05 companies without ensuring competition and awarding business to only one company was in violation of rules and orders of the Honorable Supreme Court of Pakistan.

The management replied that after the direction of the Honourable Supreme Court, PEMRA prepared and submitted the TAM Regulation 2018 in CMA. No. 1562 of 2018, which have been made part of the order and Supreme Court directed PEMRA to implement the same.

Reply of the management is unacceptable because the Regulations framed for grant of license to the rating companies without bidding process/open competition was irregular.

DAC held on 08-01-2021 was apprised that the license was granted by observing the provision of PEMRA Ordinance in light of the court order. DAC observed that the subject provision was not adhered and ordered record verification.

Audit recommends implementation of Supreme Court's judgement.

Press Information Department (PID), Lahore

15.5.20 *Appointment without advertisement and selection criteria*

Establishment Division O.M. No. F.531/1/2008-SP dated 22.10.2014 states that vacancies in each Ministry / Division Department / Autonomous Body / Corporation as per the provincial / regional quota etc. shall be advertised through widely published National / Provincial / Regional newspaper.

Establishment Division vide O.M. No. F.53/1/2008-SP dated 16.01.2015 devised a mechanism to ensue transparency and merit based recruitment in the Ministries / Division / Attached departments / Autonomous bodies / Semi. Autonomies Bodies / Corporation, Companies and Authorities.

Management of Press Information Department (PID), Lahore made appointments of six officials during financial year 2019-20. Detail is given below:

S. No.	Name of Employee	Job Title	BPS	Date of Appointment
1.	Mr.Muhammad Masood Sultan	Dark Room Assistant	03	09.10.2019
2.	Mr. Hamid Nawaz	Telephone Operator	11	09.10.2019
3.	Mr. Qasim Ijaz	Dispatch Rider	04	09.10.2019
4.	M. Danial Javed	Chowkidar	01	09.10.2019
5.	Mr. Muhammad Shahzad	Dispatch Rider	04	17.06.2019
6.	Malik Zeeshan Arif	Staff Car Driver	04	24.06.2019

Audit observed that the appointments were made without any advertisement and selection criteria.

Audit is of the view that appointments in violation of government instructions is irregular.

Neither the management replied nor was DAC convened.

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

Department of Electronic Media and Publication (DEMP), Karachi

15.5.21 ***Loss due to expiry of film material – Rs. 2.809 million***

Para-145 of GFR states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. 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.

The management of DEMP, Karachi incurred an expenditure of more than Rs.2,809,439 on purchase of film material

Audit observed that the film material had been lying idle and got expired.

Audit is of the view that procurement without need assessment lead to wastage of resources.

DAC directed to constitute a fact finding inquiry on the purchase of unnecessary items and wastage of these materials

Audit recommends inquiry to fix responsibility.

CHAPTER 16

MINISTRY OF INTER PROVINCIAL COORDINATION

16.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. General coordination between the Federal Government and the Provinces in the economic, cultural and administrative fields.
2. Promoting uniformity of approach in formulation of policy and implementation among the Provinces and the Federal Government in all fields of common concern.
3. Discussions of policy issues emanating from the Provinces which have administrative or economic implications for the country as a whole.
4. All Secretarial work for Council of Common Interests and their committees.
5. Any other matter referred to the Division by a Province or any of the Ministry or Division of the Federal Government.
6. Malam Jabba Resort Ltd.
7. Pakistan Veterinary Medical Council Islamabad.
8. Inter Board Committee of Chairmen, Islamabad.
9. Medical, nursing, dental, pharmaceutical, para-medical and allied subjects; -
    i. education abroad; and
    ii. Educational facilities for backward areas and for foreign nationals, except the nomination of candidates from Federally Administered Tribal Areas for admission to Medical College.
10. Legislation covering all aspects of sports affairs and matters ancillary thereto.
11. Administrative control of Board established for the promotion and development of sports under the Sports (Development and Control) Ordinance, 1962.
12. Pakistan Sports Board (PSB).
13. Pakistan Cricket Board (PCB).
14. Dealing and agreements with other countries and international organizations in matters relating to Youth Exchange Programs (External).
15. National Internship Program.

16. National Volunteer Movement.
17. Paralympics.
18. Gun and Country Club.
19. Federal Land Commission.
20. International Organizations and agreements relating to tourism.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Department of Tourist Services in Islamabad.
ii. Pakistan Cricket Board
iii. Pakistan Sports Board.
iv. Guns & Country Club
v. Pakistan Veterinary Medical Council, Islamabad.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	25	6	17,274.211	-
2	Assignment Accounts (Excluding FAP)	4	4	1,032.360	-
3	Authorities / Autonomous Bodies etc. under the PAO	5	5	16,788.357	-
4	Foreign Aided Project (FAP)	-	-	-	-

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Inter-provincial Coordination Division for the financial year 2019-20 was Rs.1,634.84 million, out of which the Division expended an amount of Rs.1,534.97 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

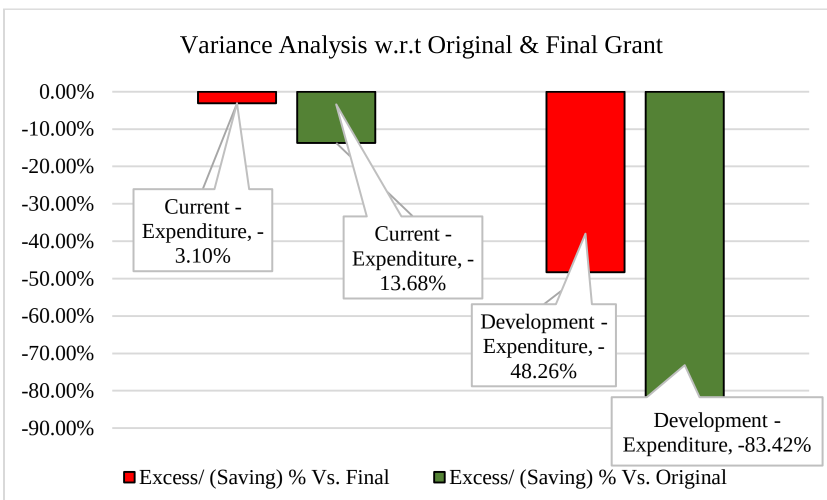
Type of Grant	Grant No.	Original Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	74	1,713.00	-187.08	1,525.93	1,478.61	-47.31	-3.10%
Dev.	132	339.96	-231.04	108.92	56.36	-52.56	-48.26%
Grand Total		**2,052.96**	**-418.12**	**1,634.84**	**1,534.97**	**-99.87**	**-6.11%**

Audit noted that there was an overall savings of Rs.99.87 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 83.42% with respect to Original grant which reduced to savings of 48.26% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 13.68% of savings in expenditure w.r.t original allocation reduced to 3.10% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



16.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.21,206.85 million, were raised in this report during the current audit of **Inter Provincial Coordination**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	234.96
B	*Procurement related irregularities*	568.48
C	*Management of account with commercial banks*	-
D	*Recovery*	6,261.01
E	*Internal Control*	13,264.56
4	Value for money and service delivery	806.58
5	Others	71.26

16.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1988-89	6	6	0	6	-
1990-91	1	1	0	1	-
1992-93	10	10	7	3	70
1996-97	1	1	0	1	-
1997-98	15	15	6	9	40
1999-00	1	1	0	1	-
2001-02	5	5	4	1	80
2005-06	4	4	3	1	75
2008-09	30	30	1	29	3
2010-11	7	7	1	6	14
2011-12	5	5	0	5	-
2013-14	15	3	1	2	33
2015-16	6	6	0	6	-
2018-19	139	1	0	1	-
Total:	**245**	**95**	**23**	**72**	**24**

16.5 AUDIT PARAS

Pakistan Cricket Board

16.5.1 *Irregular merger of PSL Allowance in Gross Pay of PCB employees*

Part II Paragraph 3(3) of the PCB's Constitution S.R.O.43(KE)/2014 dated 10th July, 2014 states that "The Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan cricket."

Management of PCB allowed PSL allowance to its employees working on PSL activities for the specific period of time. The detail is given as under.

S. No.	Name	Designation	Gross Pay	PSL Allowance	Pay after merger
1.	Asad Mustafa	SGM Operations (Logistics)	409,762	91,000	545,836
2.	Usman I.Wahla	GM International Cricket Operations	275,616	76,500	382,328
3.	Maqsood Ahmad Khan	Sr. Manager Logistics	185,315	30,500	236,597
4.	Farooq Iqbal Bhatti	Manager Apparel & Team Operations	112,078	28,500	154,936
5.	Aun Muhammad Zaidi	Manger New Media	201,761	34,500	260,187
6.	Muhammad Ishaq	Web Developer / input Administrator	131,926	22,500	170,169
7.	Ateeq Rasheed	GM Finance & Accounts	344,100	100,000	483,510
8.	Bilal Hanif	Manager Finance	102,826	26,000	140,909
9.	Adeel-Ur-Rehman	Manager Accounts	149,637	25,500	191,851
10.	Salman Naseer	GM Legal Affairs	346,875	75,000	459,063
11.	Mohammad Azam Khan	Director Security	448,856	66,000	545,836

Audit observed that PSL allowance was allowed to the employees working for PSL for the first time in year 2016 without fixing any slab in proportionate to the pay grades. PSL allowance was merged in gross pay without any proper justification and in violation of Section 2.1 "Grading Structure" of PCB's Employees Services Rules 2007. Moreover, merger of PSL allowance pay was not got approved from the BOG.

Audit is of the view that merger of PSL Allowance in gross pay of PCB employees was irregular being in violation of PCB's Employees Service Rules causing extra burden on PCB when PSL activities were not in progress. Further, absorption of allowance in gross pay will result into extra financial burden in shape of future liabilities.

The DAC in its meeting held on 12.01.2021 was apprised by the PCB management that new Service Rules have been introduced with revised slabs of pay, performance based appraisal system and pays exceeding beyond the maximum limit are being regularized by freezing the amount of annual increments. DAC recommended the para for settlement subject to provision of record for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that merging of PSL allowance into gross salary be stopped forthwith beside recovery.

16.5.2 *Non-transparent and irregular sale of Media rights - USD 149.121 million*

Rule 12(2) of PPRA states that "All procurement opportunities over two million Pakistani Rupees should be advertised on the Authority 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.

Section 8.1.5(a) of PCB's Procurement manual sates that for procurement of goods and services exceeding Rs.500,000 the Procurement Committee shall ensure publication of advertisement for inviting sealed bids in an open tender notice.

Rule 19 of General Financial Rules Vol-I lays down general principles for the guidance of authorities who have to enter into contracts or agreements involving expenditure. It stipulates that the terms of a contract must be precise and definite. As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

Management of PCB executed an agreement on 08.04.2015 with M/s Taj TV & Pakistan Television (PTV) for sale of media rights for eight years 2015-23 valuing USD 149,121,000.

Audit observed following irregularities in sale of media rights:

i. Media rights were sold to M/s Taj TV without open bidding competition.

ii. No legal advice was obtained from Law Division to safeguard the interest of PCB.

iii. No revocation clause was included in the agreement as required under the rules.

iv. Reserve price of media rights was not assessed.

v. Complete record regarding award of rights was not provided to Audit.

vi. Income Tax / Sales Tax on services was not deducted.

Audit is of the view that sale of media rights without open & fair competition was violation of PPRA rules. Further, execution of agreement without seeking legal advice from Law Division was irregular and unauthorized. Non-deduction of applicable taxes was a loss to Govt. treasury.

The DAC in its meeting held on 12.01.2021 directed the management to provide the proof of the exemption of taxes, however, advertisement was not made available. Para will be treated as settled once advertisement is provided to Audit for verification. DAC further directed that all contracts should be vetted by Law and Justice Division when required by the PCB.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that the matter be investigated to fix responsibility.

16.5.3 *Investment of funds without observing codal formalities- Rs. 9954.234 million*

Para 4(xxvi) of PCB Constitution states that the Board shall have powers to invest available funds of the Board in securities or instruments of the Government of Pakistan or any entity controlled by the Government of Pakistan or in such other instruments or assets/investments as may be deemed appropriate on the basis of advice of a reputed and independent investment advisor.

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization to be determined with the approval of administrative Ministry in consultation with Finance Division, obtaining competitive bids, investment exceeding Rs. 10 million not to be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, , utilization of services of professional fund managers approved by SECP etc.

Management of PCB made roll-over investment with different banks on different dates. Detail of investments made till 30.06.2019 is given below.

Sr. No.	Bank Name	Amount of Investment as on 30.6.2019
1	Soneri Bank Ltd Gulberg Branch Liberty MKT Lahore	2,412,788,800
2	Habib Metropolitan Bank	1,958,745,085
3	JS Bank Ltd Model Town Branch	1,850,000,000
4	Al Baraka Bank Hali Road Lahore	1,442,700,000
5	Faysal Bank Liberty Market	1,390,000,000
6	Al Baraka Bank (Pakistan) Ltd Hali Road Gulberg	650,000,000
7	JS Bank Limited Mall Branch Lahore.	250,000,000
Total		**9,954,233,885**

Audit observed that management invested funds without determination of working balance and surplus funds. Investment was made into poorly rated Banks without considering their PACRA rating and seeking advice from independent investment advisor as required in PCB’s Constitution.

Audit is of the view that investment of funds without obtaining open bids from banks and advice from independent investment advisor was nontransparent/irregular and unauthorized.

The DAC in its meeting held on 12.01.2021 directed the management that record relating to investment after inviting competitive rates from banks and ratings of the banks be provided for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that the enquiry be conducted to fix responsibility of this irregularity.

16.5.4 *Un-secured capital expenditure without long-term lease agreement - Rs.708.081 Million*

Paragraph 32(3) of the Constitution states that the Board shall follow applicable financial procurement and other regulations with due care and diligence.

Paragraph 3(3) Of the Constitution of PCB provides that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan Cricket.

Management of the Pakistan Cricket Board (PCB) incurred heavy capital expenditure of Rs.708.081 million on civil works and development of structure of the stadia which were not owned by PCB as tabulated below.

S. No	Name of Stadium.	Area	Seating Capacity	Administering authority	Amount
1	Ghari KhudaBux Cricket Stadium.	14.7 Acres	-	-	84,565,954
2	Iqbal cricket stadium FSD	132 Kanal 10 Marla	16126	-	123,613,796
3	National Cricket Academy LHR	38 Kanal 10 Marla	-	Punjab Govt.	136,179,379
4	Pindi Cricket Stadium Rawalpindi.	45 Kanal 7 Marla	19376	Punjab Govt.	363,721,803
Total Rs.					**708,080,932**

Audit observed that the management of PCB spent heavy funds on carrying out the capital works i.e. Civil Works, and development of existing structure (including installation of Flood Lights & provision of Electric Screens, etc.) of the stadia which were in fact owned by different agencies/ provincial governments. It was done without securing Board’s financial interests. The management of Board did not acquire long term lease agreements prior to incur such expenditures.

Audit is of the view that in lieu of such a heavy expenditure, the management did not secure PCB’s financial interest and promotion of cricket through a long-term lease agreement. No financial return/gains were worked out on account of these capital expenditure.

The DAC in its meeting held on 12.01.2021 directed the management to expedite the lease agreement for settlement.

Audit recommends that necessary steps be taken to safeguard Board’s interest.

16.5.5 *Irregular award of media rights for West Indies tour – Rs.256.900*

Para 3(3) of the PCB’s constitution circulated vide Ministry of IPC Notification SRO 201(KE)/ 2016 dated 5th November 2015 provides that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan Cricket.

Section 8.1.5(a) of PCB’s Procurement manual sates that “for procurement of goods and services exceeding Rs. 500,000 the Procurement Committee shall ensure publication of advertisement for inviting sealed bids in an open tender notice”.

Management of PCB awarded media rights for West Indies tour to Pakistan to M/s Sony TV April, 2018 for USD 3,032,127.

Audit observed that the rights were awarded through negotiations instead of open competition through advertisement in the national and international media. No formal agreement was signed with the vendor. Subsequently, when PCB raised an invoice for USD 3,032,127, the vendor refused to pay the amount. PCB had to again negotiate the terms and the dispute was ultimately settled for payment of USD 810,000 by the vendor.

Audit is of the view that the management put the Board into financial loss of Rs.256,900,102 (USD 2,222,127 @ Rs. 115.61) by not signing agreement with the vendor and awarding of rights without open competition.

The DAC in its meeting held on 12.01.2021 directed the management to probe the matter through an Inquiry and report be shared with Audit.

Audit recommends that matter be investigated to fix responsibility for causing huge loss to Board

16.5.6 *Non-recovery of advance payments - Rs.169.421 Million*

Para 4(viii) of the PCB's Constitution conveyed vide Ministry of Inter Provincial Coordination Notification SRO. 20(KE) 2016 dated 5th November 2015 states that the Board shall receive or generate funds and utilize them for a lawful purpose in a transparent manner for achieving its objects.

GFR 244 states that any default in payment of interest on loan or advances or in repayment of principal amount should be reported to the authority which sanctions the loan or advance. The authority should immediately take steps to get the default remedied. The authority may enforce a penal rate of compound interest upon all overdue instalments.

Management of Pakistan Cricket Board (PCB) made advance payment to its suppliers and employees. An amount of Rs.169,421,295 was outstanding against the Cricket Associations, suppliers, employees etc. as on 30.06.2019.

Audit observed that these amounts were stuck up and no recovery was made till 30th June 2020.All these advances / receivables were unsecured. Management was requested to provide aging of these receivables but the same was not provided.

Audit is of the view that these outstanding / stuck up amounts may turn into financial loss if steps are not taken to recover them immediately.

The DAC in its meeting held on 12.01.2021 was apprised that the management needs another three months (until 30.04.2021) to make recoveries / adjustments / write off of. Para stands.

Audit recommends that the recoveries besides fixing of responsibility.

16.5.7 *Non-deduction of tax on medical allowance - Rs. 68.50 million*

Section 12 (2) of the Income Tax Ordinance 2001 states that 'Salary' means any amount received by an employee from any employment, whether of a revenue or capital nature, including bonus, the amount of any allowance provided by an employer to an employee.

Section 149 (1) of the Income Tax Ordinance further states that, "every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid …"

Management paid medical allowance @ 10% of basic salary to all of its regular employees during the financial year 2017-18 & 2018-19 as under:

Description	2017-18	2018-19	Total
Medical Allowance	31,472,658	37,035,827	68,508,485

Audit observed that the management did not include Medical Allowance in Gross Salary while calculating income tax on salary. Hence, no tax was paid on medical allowance which is in contravention of Income Tax Ordinance 2001.

Audit is of the view that management made less deduction of tax and deprived the Govt. treasury of its due revenue.

The DAC in its meeting held on 12.01.2021 directed the management to stop the practice forthwith. However, for previous irregularity DAC directed that case should be refer to Finance Division / Competent Authority for regularization.

Audit recommends that the practice be stopped beside recovery.

16.5.8 *Award of Digital Media Rights without open bidding competition - Rs.53.902 million*

Rule 12(2) of PPRA states that "All procurement opportunities over two million Pakistani Rupees should be advertised on the Authority 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.

Section 9.1.5 of PCB Procurement Manual states that "procurement of goods, services and works for Rs.500,000 and above shall be made centrally after the advertisement of bids in an open tender notice".

Management of PCB awarded Digital Media Rights (YouTube Channel management for PCB & PSL) to M/s Dot Republic Media for Rs. 53,902,402.

Audit observed that Digital Media Rights were awarded in September, 2017 through negotiations instead of open bidding competition.

Audit further observed that agreement was signed with the firm on 15th January, 2019 with a significant delay of 18 months. PCB started invoicing for payment in January, 2019 but the whole amount of Rs.53,902,462 was still outstanding as on 30.06.2019. Moreover, the penalty clause for delayed payment was not inserted in the agreement.

Audit is of the view that award of contract to M/s Dot Republic Media without open bidding was in violation of PPRA rules. Moreover, protracted delay in signing the contract, delay in payment and non-inclusion of penalty clause for delayed payment has resulted into a loss to PCB.

The DAC in its meeting held on 12.01.2021 was apprised that M/s Dot Republic Media was the sole authorized dealer covered under Public Procurement Rules, 2004. Therefore, direct contracting was made, however, total amount has been recovered. DAC recommended the para for settlement subject to provision of record for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that the responsibility be fixed after proper investigation.

16.5.9 *Irregular Appointment of Chief Operating Officer and Head Player Acquisition -Rs 53.25 million*

Para 3(3) of the PCB's constitution circulated vide Ministry of IPC Notification SRO 201(KE)/ 2016 dated 5th November 2015 provides that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan Cricket.

Rule 9.1, of PCB Employees Service Rules 2007 provides that the guiding principles governing PCB recruitment policy would be as transparent and fair selection process and merit-based selection.

Rule 9.2.2 of PCB Employees Service Rules 2007 provides that a contractual employee is defined as a person engaged by PCB for a specific task and for a specific period. The term of employment and benefits admissible to the contractual employees would be governed by the terms of contract. The contractual employee therefore would not be entitled to benefits otherwise admissible to regular employee.

Management of PCB appointed Mr. Salman Naseer initially as Manager Legal without advertisement at monthly salary of Rs.90,000 on contract basis on 05.09.2011. Afterwards, he was appointed/promoted to higher posts within short span of time. Moreover, Mr. Faisal Mirza was appointed as Head Player Acquisition without advertisement, on contract basis w.e.f. 30.07.2015 at a monthly salary of Rs.400,000 in scale "FH-1". His salary package was enhanced w.e.f. 11.05.2016 with additional salary of Rs.485,000 as PSL Allowance. He resigned from services on 14.07.2017. The detail is given as under:

Sr. No.	Designation	Period	Promoted after No. of Months	Rate per Month	Amount
1.	Manager Legal	05.09.2011 to 15.07.2012	10	90,000	900,000
	Manager Legal Honorary	16.07.2012 to 04.11.2013	16	120,000	1,920,000
	Manager Legal	05.11.2013 to 03.03.2015	16	200,000	3,200,000
	Sr. Manager Legal	04.03.2015 to 07.03.2016	12	235,000	2,820,000
	GM Legal	08.03.2016 to 01.07.2018	28	250,000	7,000,000
	SGM Legal	01.07.2018 to 11.02.2019	7	275,000	1,925,000
	Chief Operating Officer	12.02.2019 to 30.07.2020	18	1,100,000	19,800,000
				Sub- Total	***36,465,000***
2	Head Player Acquisition	07/15 to 04/16	11	400,000	4,400,000
		05/16 to 06/17	14	885,000	12,390,000
				Sub- Total	***16,790,000***
				Grand Total	**53,255,000**

Audit observed that:

i. The appointments were made without advertisement and selection criteria i.e. minimum educational qualification, experience & age limit for the post.

ii. The officer at Sr.No.1 was promoted to higher scale posts within short span of time during contractual appointment without proper justification and without rule provision.

iii. The officer at Sr. No.2 was allowed extra ordinary increase in salary as PSL Allowance @ Rs.485,000 per month which was 121% of his basic salary of Rs.400,000.

Audit is of the view that appointment of Mr. Salman Naseer as Manager Legal without advertisement and his subsequent promotions in contractual capacity to higher post within one year was irregular, unauthorized and in violation of PCB rules. Lastly, his appointment as Chief Operating Officer without advertisement of post was also irregular.

The DAC in its meeting held on 12.01.2021 directed the management to probe the matter, responsibility be fixed and report be shared with Audit.

Audit recommends that matter be investigated to fix the responsibility besides adopting a transparent method of recruitment and promotion.

Pakistan Hockey Federation

16.5.10 *Expenditure without approved budget - Rs.83.949 million*

Para-1 of Financial Rules of PHF states that all expenditure will be made according to the Budget Estimates dully approved by the PHF Congress.

The Expenditure Statement of Pakistan Hockey Federation shows that the management made an expenditure of Rs.83.949 million during the year 2019-20. The detail is as under:

(Rs. in million)

S. No.	Year	Source	Amount
1	2019-20	Salaries/ Honorarium	17.657
2	2019-20	TA/DA	4.576
3	2019-20	Utilities	1.648

S. No.	Year	Source	Amount
4	2019-20	Senior/Junior Team Exp.	26.190
5	2019-20	Senior/Junior Champ. Exp.	7.997
6	2019-20	Depreciation Exp.	5.905
7	2019-20	Operational Exp	19.976
Total			**83.949**

Audit observed that the PHF management did not get the annual Budget estimates approved from the competent forum of Congress.

Audit is of the view that expenditure of Rs 83.949 million without approved budget is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that irregularity be got regularized.

16.5.11 *Unauthorized expenditure on TA/DA - Rs. 26.992 million*

Para-1 of Financial Rules of PHF states that all expenditure will be made according to the Budget Estimates prepared by the Honorary Treasurer dully approved by the PHF Congress.

Rule 157(1) of the Federal Treasury Rules states that cheques drawn in favour of government officers and departments in settlement of government dues shall always be crossed “A/C Payees only – Not Negotiable”.

The management of Pakistan Hockey Federation made an expenditure of Rs.31.773 million on Men’s Olympics Qualifier Round Amsterdam (Holland) on account of TA/DA.

Men’s Olympic Qualifier Round (Camp Exp)			
S.#	**Particulars**	**Cheque/ JV No.**	**Amount**
1.	TA/ DA Exp.	1465, 1492, 1495	12,297,200
Men’s Olympic Qualifier Round (Holland)			
2.	TA/DA Exp.	1495, 1499	5,943,230
3.	Hotel & Meal Exp.	Jv. 34, 35	4,870,569
65th National Senior Championship			
4.	TA/ DA Exp.	1393, 1412, 1420	1,881,760
36th National Junior Championship			
5.	TA/ DA Exp.	1536, Jv38	1,998,800
Total Rs.			**26,991,559**

Audit observed that budget estimates of the tournament were neither prepared nor approved by the Congress. Moreover, TA/DA bills were paid in cash instead of cheques and without supporting documents.

Audit is of the view that expenditure without approval from the Congress and payment in cash that too without supporting documents was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that an inquiry be conducted to fix responsibility.

16.5.12 *Loss due to penalty paid by PHF for non-participation in World Hockey Pro League - Rs. 16.00 million (USD 0.1 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.

The management of PHF signed an agreement with International Hockey Federation (FIH) to participate in World Hockey Pro League Championship during 2019-20. However, PHF could not participate and being defaulter had to pay fine of USD 100,000 to FIH.

Audit observed that there was no budgetary provision of fine/penalty, and same was not approved by the Congress. Audit further observed that penalty was paid by drawing cash to purchase USD from open market.

Audit is of the view that imposition of heavy penalty is due to sheer negligence and mismanagement on part of the PHF.

Neither the management replied nor was DAC convened.

Audit recommends that inquiry be conducted to fix responsibility in the matter.

16.5.13 *Procurements without open competitive bidding – Rs. 12.215 million*

Rule 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website, as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of Pakistan Hockey Federation (PHF), Lahore incurred an expenditure of Rs.3.612 million and Rs.8.603 million on procurement of catering services and air tickets respectively during 2019-20.

Audit observed that this procurement opportunity was not advertised on PPRA's website and in media.

Audit is of the view that procurement of catering services and air tickets without procedure of open competitive bidding was irregular being a violation of PPRA Rules. It deprived PHF of the potential benefits of economical procurement.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed for the irregularity

16.5.14 *Non- adjustment of advances – Rs.11.825 million*

Article 22.2.4 of the Constitution of the PHF provides that the Treasurer will keep and maintain accounts of PHF properly and may produce the same for inspection to any person, duly authorized by the President.

Para 16 of PHF Financial Rules provides that the payment of TA/DA shall only be made upon submission of TA/DA bills along with air travel ticket jacket.

The management of PHF withdrew an amount of Rs.11.825 million on various occasions during 2019-20 and paid to different PHF officials in cash as an advance for making expenditure for different purposes as per detail given in the **Annexure 16-A.**

Audit observed as under:

i. All the amounts for advances were drawn in cash and no adjustment was made so far.
ii. PHF officials did not submit TA/DA bills and adjustment bills alongwith supporting documents in respect of amount drawn for boarding and lodging to substantiate the expenditure.

Audit is of the view that non-submission of TA/DA bills and non-adjustment of the advance is a violation of the PHF Financials Rules. In absence of supporting documents, the authenticity of expenditure could not be ascertained.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity besides obtaining the adjustment account or the recovery of the amount as the case may be.

16.5.15 *Unauthorized retention of withholding tax - Rs. 5.222 million*

Section 53(1) of the Income Tax Ordinance, 2001 provides that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for a supply of goods or the rendering of or providing of services, shall at the time of making the payment, deduct tax from the gross amount payable at the rate specified in Division III of Part III of the first Schedule.

GFR 8 states that it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

The management of PHF, Lahore deducted withholding tax of Rs.5.222 Million during previous years against the purchase of various taxable goods & services up to 30th June 2020.

Audit observed that the management did not deposit the withholding tax in Govt. treasury.

Audit is of the view that retention of withheld tax was irregular and unauthorised.

Neither the management replied nor was DAC convened.

Audit recommends that amount of withheld tax be deposited into the government treasury.

Gun and Country Club, Islamabad

16.5.16 *Non-framing of Financial and Service Rules*

Rule-12 of Part-III of Rules of Gun and Country Club, Islamabad dated 29.01.2011 states that the Managing Committee shall exercise all powers of Gun & Country Club including approval of Rules & Regulations.

Audit observed that the management did not get approved Service Rules, Procurement Rules and Financial and Service Rules from the Federal Government. Gun & Country Club did not have any financial rules to regulate its financial transactions. Management prepared a draft of Accounting Manual but it was not submitted to Government for approval.

Audit is of the view that in the absence of Financial and Service Rules, operations of the club were devoid of regulatory framework and internal controls. An unapproved accounting/ procedural manual was not a substitute for financial rules and regulations.

The management replied that the Management Committee has done its utmost not only to control the expenses but to increase the savings.

Reply was not relevant and acceptable.

DAC held on 9th February, 2021 directed the management of GCC to frame and finalize the Service and Financial rules within 2 months.

Audit recommends implementation of DAC directive.

16.5.17 *Expenditure without approval of Management Committee– Rs. 202.442 million*

Rule-12(c) of Part-III of Rules of Gun and Country Club, Islamabad dated 29.01.2011states that the Managing Committee shall be responsible for the approval of budget for next financial year by May each year.

The management of the Gun and Country Club, Islamabad generated income of Rs. 301,906,141 and incurred expenditure of Rs. 202,442,219 during financial years 2018-19 and 2019-20. The detail is given below:

Financial Year	Income (Rs.)	Expenditure
2018-19	134,181,770	115,474,501
2019-20	167,724,371	86,967,718
Total Rs.	**301,906,141**	**202,442,219**

Audit observed that annual budget estimates were neither prepared nor approved from the Managing Committee of the Club.

Audit is of the view that the expenditure incurred without approval was unauthorized.

The management replied that budget estimates were not prepared but every expenditure was approved by the Management Committee.

The reply of the management was unsatisfactory as no evidence for the approval of budget estimates was provided.

DAC held on 9th February, 2021 directed the management of GCC to obtain post facto approval of the expenditure from the Management Committee.

Audit recommends implementation of DAC directive.

16.5.18 *Irregular appointments without sanctioned posts – Rs. 18.130 million*

Para-1(xv) and (xii) of the Establishment Division's O.M. No. F-53 /1/2008-SP dated 22.10.2014 states that Administrative Ministries/ Divisions shall ensure merit and transparency in the recruitment process at all level and vacancies in posts should be filled only against the approved sanctioned strength of the said category.

The management of Gun and Country Club, Islamabad made appointments without sanctioned posts and paid Rs. 18,130,392 on account of salaries and wages to these employees during the financial years 2018-19 to 2019-20.

Audit observed that 35 employees were working over and above the sanctioned strength.

Audit is of the view that the appointments of employees over and above the sanctioned posts were irregular. Therefore, payment of pay& allowances to these employees was also irregular

The management replied that most of the designations mentioned in the observation are actually employees hired as far back as 2004. Most of employees were hired on the designations and granted promotions with additional ranks of Supervisor/ Senior/ Assistant as in case of Dishwashers/ Cooks in order to recognize their seniority and length of service in the Club. But no new hiring/ appointment beyond strength have been done.

Reply was not accepted because it did not address the audit observation.

DAC held on 9th February, 2021 directed the management of GCC to frame the Service Structure of the club and get it approved from the competent authority.

Audit recommends implementation of DAC directive.

16.5.19 ***Non-recovery of outstanding dues and penalties – Rs. 10.708 million***

Para-6 of Part-IX of the Gun and Country Club Rule, 2011 states that members on the list of Gun & Country Club will be sent a bill for the previous month containing monthly club subscription, other dues and expenses incurred by the Member. The bill must be paid by the end of the month failing which late fee @ prevailing Bank interest rate per month will be charged.

The management of the Gun and Country Club, Islamabad was maintaining a portfolio of long-standing receivables from Club's members amounting to Rs10,708,387.

Audit observed that dues of Rs. 10,708,387 were recoverable from members for last 06 to 12 months. Moreover, management neither imposed penalty nor made efforts to effect recovery.

Audit is of the view that non-recovery is causing financial loss to the club.

The management replied that filing civil suits for recovery is a long, tedious and expensive option, with many dues having become time barred. The process is ongoing. Imposing penalties was considered but dropped as mere recovery of the amount due would be an achievement.

The management accepted the audit observation.

DAC held on 9th February, 2021 directed the management of GCC to expedite the recovery and progress be shared with Audit. DAC further directed to take strict measures against the defaulters.

Audit recommends implementation of DAC directive.

16.5.20 *Procurement of goods and services without open tender – Rs. 9.610 million*

Rule-12(1) of PPRA Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

The management of the Gun and Country Club, Islamabad made payments of Rs. 9,610,377 to various firms during the year 2018-19 and 2019-20. The detail is as under:

S. No.	Head of Account	FY 2018-19	FY 2019-20	Amount
1	Repair & Maintenance	3,240,067	3,216,231	6,456,298
2	Uniform & Shoes	583,537	1,150,022	1,733,559
3	Pool Maintenance items	386,280	1,034,240	1,420,520
Total Rs.				**9,610,377**

Audit observed that the procurements of goods and services were made without open tender.

Audit is of the view that procurements in violation of PPRA rules is irregular.

The management replied that the application of PPRA Rules was purely voluntary and not a statutory compulsion.

Reply was not accepted because observance of PPRA Rules is mandatory.

DAC held on 9th February, 2021 directed to hold an inquiry to fix responsibility for non-observance of PPRA rules.

Audit recommends implementation of DAC directive.

16.5.21 *Expenditure on repair & renovation without open tender– Rs. 6.621 million*

Rule-12(2) of PPRA's Rule, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Serial-9(46) of System of Financial Control and Budgeting, Finance Division states that the power to give administrative approval to works in respect of non-residential buildings for Works Division is up to Rs. 2,000,000 (Rs. Two Million) and for other Ministries and Divisions it is up to Rs. 500,000 (Rs. Five Hundred thousand) respectively.

The management of the Gun and Country Club, Islamabad incurred expenditure of Rs. 6,621,233 on civil work during the financial years 2018-19 and 2019-20. The detail is as under:

Sr. No.	Work Description	Amount (Rs.)
1	Renovation of Restaurant kitchen	3,366,038
2	Construction of Indoor Pool Roof	817,034
3	Repair of Shooting Range Roof	2,438,161
	Total	**6,621,233**

Audit observed that the work was awarded to various firms without open tender and technical sanction. Moreover, payment was made without actual measurement of work.

Audit is of the view that award of civil work in violation of PPRA rules and payment without actual measurement is irregular.

The management replied that material was purchased by the Club and work was done through daily wages laborers and masons. Tendering was not done. There was no competent engineer in the Club.

The management accepted the audit observation.

DAC held on 9th February, 2021 directed to hold an inquiry to fix responsibility for non-observance of PPRA rules.

Audit recommends implementation of DAC directive.

16.5.22 *Unauthorized collection of service charges– Rs. 4.233 million*

Item-3(b) of Minutes of meeting of Managing Committee held on 02.12.2018 states that no charges will be received in cash from the guests. Bill will be charged directly to the member who will be informed about it the very next day.

Part-H onward of Human Resource Manual of the Gun and Country Club, Islamabad and the terms and conditions of service to employees at the time of their appointment states that the employees are entitled to the monthly salary which was fixed at the time of appointment.

The management of the GCC, Islamabad collected cash amounting to Rs.1,336,435 on account of catering services, shooting games etc. Moreover, management also applied 5% Service Charges on sale of food items, shooting and hall rent and paid Rs. 2,896,680 to its employees as Staff Service Charges. The detail is as under:

S. No.	Head of Account	FY	Total Income (Rs.)	Service Charges 5%
1	Sales of Food & Beverages	2018-19	21,584,374	1,079,219
		2019-20	19,428,714	971,436
2	Sales of Shooting items	2018-19	4,494,362	224,718
		2019-20	7,738,543	386,927
3	Income from Hall Rent	2018-19	1,704,600	85,230
		2019-20	2,983,000	149,150
			Sub Total	***2,896,680***
4	Cash Collection on services			***1,336,435***
			Grand Total	**4,233,115**

Audit observed that no rules or approval of competent authority existed to justify collection and distribution of 5% service charges. Moreover, collections were made in cash as well.

Audit is of the view that the collection and distribution of services charges was unauthorized/ irregular.

The management replied that Club does not fall in the domain of entities who need to seek mandatory approval from Ministry of Finance for any financial regulations. The Management Committee is the competent authority to decide financial and other matters of the Club under the current arrangement/ legal position. Management further replied that, since October 2019, the cash collection has been eliminated.

Reply was not accepted as the service charges are undue favor to the employees at the cost of the public. No written approval of the competent authority was available on record either.

DAC held on 9th February, 2021 directed the management of GCC to frame the rules regarding collection and utilization of Service Charges.

Audit recommends implementation of DAC directive.

16.5.23 *Unjustified payment on hiring of accounting & taxation firms– Rs. 1.549 million*

Part-N (6) of Accounting and Finance Manual of the Gun and Country Club, Islamabad states that the Manager Finance will be responsible to prepare annual tax returns and make tax payments as per the requirements of relevant provisions of taxation laws applicable to the operations of the Club.

The management of Gun and Country Club, Islamabad made payments of Rs.1,548,560 on the account of professional fees during the financial year 2018-19 and 2019-20 just to file tax returns. The detail is as under:

FY	Name of Firm	Amount
2018-19	M/s Bin Faraz	513,000
2019-20	M/s Peter& Co.	1,035,560
Total Rs.		**1,548,560**

Audit observed that the firms were hired without floating the tender. Moreover, as per Accounting and Financial Manual of the Club, the preparation and submission of annual tax returns was the responsibility of Manager Finance.

Audit is of the view that in presence of a regular Manager Finance, expenditure on account of payment of fee to the professional firms for filing tax returns is irregular.

The management replied that M/s Bin Faraz had been hired in 2017 and were dealing with monthly tax returns. Being dissatisfied with their performance, M/s Peter & Co. were re-hired to do the same.

The management accepted the audit observation.

DAC held on 9th February, 2021 directed to hold an inquiry to fix responsibility for irregular hiring of the accounting and taxation Firms that too in presence of already appointed Manager Finance.

Audit recommends that Manager Finance be charged for causing loss for unfulfilling his responsibilities.

16.5.24 *Irregular appointment of employees without advertisement*

Establishment Division's O.M. No. F.53/1/2008-SP dated 22.10.2014 states that vacancies in each Ministry/Division/ Department/Autonomous Body/ Corporation as per the Provincial/ Regional quota etc. shall be advertised through widely published National/ Provincial/ Regional newspaper.

Establishment Division's O.M. No. F.53/1/2008-SP dated 16.01.2015 devised a mechanism to ensure transparency and merit base recruitment in the Ministries/ Divisions/ Attached Departments/ Autonomous bodies/ Semi-Autonomous Bodies, Corporations, Companies and Authorities.

The management of the Gun and Country Club, Islamabad appointed following employees during the financial year 2019-20.

S. No.	Name of Employee	Joining Month
1	Ms. Zobia Parveen	October, 2019
2	Mr. Muhammad Hassan	October, 2019

S. No.	Name of Employee	Joining Month
3	Mr. Muhammad Zeeshan	October, 2019
4	Mr. Nawab Hussain	October, 2019
5	Mr. Hamza Pervaiz	November, 2020
6	Mr. M. Umair Chohan	November, 2020
7	Mr. Kashif Iqbal	November, 2020

Audit observed that the Appointments were made without advertisement.

Audit further observed that the qualification, experience, age and other eligibility criteria was not specified.

Audit is of the view that the appointments without advertisement and selection criteria was irregular and unauthorized.

The management replied that advertisements were made in the press only for the posts of Chief Accountant, Internal Auditor and Secretary as these were substantive post at a reasonably high salary.

Reply is not acceptable as every employment opportunity needs to be advertised.

DAC held on 9th February, 2021 directed to hold an inquiry to fix responsibility for non-observance of Establishment's direction regarding recruitments.

Audit recommends implementation of DAC directive.

Pakistan Super League-III and IV

16.5.25 *Loss due to non-recovery of dues from the contractor at default - USD 790,348*

Para 26 of the General Financial Rules Vol-I of the Federal Government further states that "It is the duty of the department Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account".

Part II Paragraph 3(3) of the PCB's Constitution S.R.O.43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan cricket.

Management of PCB during PSL 2019 incurred an additional expense of USD 790,348 on account of production services due to back out by original firm M/S IMG Reliance (IMGR). Para 4 & 5 of Note Sheet dated 03.09.2019 stated that Transgroup/Blitz identified certain costs incurred as additional costs (USD 790,348).

Audit observed that PSL management signed a production services agreement with IMGR for USD 4.86 million. But the firm backed out after production of initial seven matches in PSL 2019 for which USD 790,348 (out of USD 4.86 million) had already been paid to the vender. After this, the management of PSL signed another agreement with M/S Transgroup / Blitz for USD 4.86 million for provision of production services for remaining matches. But the management did not recover USD 790,348 from IMG Reliance.

Audit is of the view that PCB management put the Board into loss for USD 790,348 due to non-recovery from M/s IMG Reliance (IMGR).

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to verification of record by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that the matter be investigated to fix the responsibility and the recovery be made from M/s IMGR.

16.5.26 *Non-obtaining Bank Security from franchises - Rs.5,714.24 million*

Clause 8.6 of franchise agreement states that the franchise fee payable to PCB by the franchisee and other obligations of the franchisee under this agreement shall be secured by a bank security in all material respects on terms and in the form set out in schedule VII.

Management of PCB granted franchise rights of PSL teams to various franchisee firms for PSL-III & IV. Detail of PCB's dues in shape of franchise fee and other expenses recoverable from the franchises owners is given below.

	PSL-III			PSL-IV		
Sr. No.	**Name of Franchise**	**F. F**	**Other**	**F. F**	**Others**	**Total**
1.	Leom Global (Islamabad United)	159,000,000	243,775,281	159,000,000	258,931,788	820,707,069
2.	JW International (Peshawar Zalmi)	168,880,000	194,034,984	168,880,000	277,778,539	809,573,523
3.	Qatar Lubricants (Lahore Qalandars)	264,930,500	168,902,890	264,930,500	210,552,253	909,316,143
4.	Omer Associates (Quetta Gladiators)	116,105,000	209,344,880	116,105,000	280,318,020	721,872,922
5.	ARY Digital (Karachi Kings)	287,300,000	177,907,238	287,300,000	219,047,046	971,554,284
6.	Schon Properties (Multan Sultan)	459,680,000	211,870,838		2,030,860	673,581,698
7.	Sixth Team (Multan Sultan)	-	-	578,500,000	229,134,500	807,634,500
					Total	**5,714,240,117**

Audit observed that PCB management did not obtain bank security from franchise firms to cover the risk of non-payment of PCB dues amounting to Rs 5714.24 million.

Audit is of the view that negligence of management put PCB's receivables worth Rs. 5,714.24 million at risk.

The DAC in its meeting held on 13.01.2021 decided that matter may be placed before PAC.

Audit recommends that matter may be investigated to fix responsibility.

16.5.27 *Unsecured advance payments to vendors - Rs.1,906.903 million*

Section of 4.2.15.1 of the Accounting Policies & Procedures Manual of Government of Pakistan stipulates that payment must not be made in advance unless it is required by the agreement with the supplier and supported by a bank guarantee for the value of the advance.

Paragraph 32 (3 & 4) Part V of the PCB's Constitution state that "The Board shall follow applicable financial, procurement and other Regulations with due care and diligence".

During audit of PSL III & IV, the management of PSL made advance payment amounting to Rs.1,906.903 million to different vendors on account of provision of services.

Audit observed that the advance payments were made without framing of financial rules and obtaining bank guarantees from the vendors.

Audit is of the view that advance payment without rule provision bank guarantee from the vendor was irregular and unsecure.

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to provision of adjustment of advance payments to vendors for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that irregular advance payment be got regularized and matter be investigated for corrective action.

16.5.28 *Non-transparent investment of PSL funds - Rs.600.00 million*

According to Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balances/surplus funds be made subject to fulfillment of certain requirements such as investment in A-rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP etc.

Clause 3.3 of the PCB’s policy on financial investment dated 28th November 2014 states that all funds shall be placed only in scheduled commercial banks, declared as such by the State Bank of Pakistan. Placements of funds shall be made with different banks to maximize returns but also with regard to credit worthiness of the bank concerned. For this purpose, Long Term credit ratings issued by PACRA, JCR/VIS, Standard & Poor’s, Moody’s or Fitch shall be considered.

Management of PCB invested PSL funds to the tune of Rs.600,000,000 with Faysal Bank Limited, Liberty Market Branch, Lahore vide Bank advice No.HN/BAL/048/18 dated 19.02.2018.

Audit observed that management invested funds without determination of working balance and without seeking advice from independent investment advisor. No record relating to investments, except minutes of the Investment Committee was available. (i.e. complete file including minutes of the investment committee, bidding process and credit rating data applicable on each investment) was not shared with audit team except minutes of investment committee.

Audit is of the view that investment of funds was made in nontransparent way in violation of rules.

The DAC in its meeting held on 13.01.2021 directed the management that record relating to investment after inviting competitive rates from banks and ratings of the banks to be provided to Audit for verification by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that matter may be inquired to fix responsibility.

16.5.29 *Unauthorized transfer of PSL funds in third party bank accounts outside Pakistan - Rs. 198.997 million*

Para 2 (V) of SBP letter No EPD/12366/EPP-16 (326) NFCA-2015 dated 29.05.2015 states that PCB is allowed to withdraw cash up to 25,000 dollars for its petty cash requirements abroad, such as TA/DA, from the retained balance of its above foreign currency account for different official engagements while travelling abroad, on submission of related documentary evidence to the satisfaction of its bank.

Management of PCB transferred huge amounts of foreign currency in the bank account maintained abroad by third parties for parking of funds. Management of PCB transferred heavy amounts out of its USD account No 0028-1004729272 – Bank Alflah Limited, Gulberg Branch, Lahore to Dubai. These transfers were not part of any payment due to Dubai Cricketing partner. Some of the transactions in respect of PSL activity are given below:

Date	Voucher Type	Voucher No.	Description	Amount
2017-18				
22.01.2018	BP	218	Advance for Visa Charges for PSL 2018 AED 302206 or USD 82,796 @ 110.50	9,148,958
12.02.2018	BP	136	Paid Advance for Daily Allowances for Squad and Match Officials for PSL 2018 (USD 665,000 @ 110.50)	73,482,500
13.02.2018	BP	190	Advance for DA for PCB Officials for PSL 2018 $ 200,000 @ 110.50	22,100,000
Total				**104,731,458**
2018-19				
31.10.2018	BP	401	DA to Pakistan Team Players & Entertainment Allowances $ 12220 @ 132.40	1,617,928
23.01.2019	BP	278	Advance for Visa Fee for PSL 2019 AED 143669 or USD 39254 @ 139.20	5,464,156
04.02.2019	BP	33	Advance for Daily Allowances for PSL 2019 at UAE $ 600,000 @ 138.70	83,220,000
26.06.2019	BP	252	Payable to DSC against Medical Coverage Insurance for PSL 2019 (AED 103,625 @ 38.25)	3,963,656
Total				**94,265,740**
Grand Total Rs.				**198,997,198**

Audit observed that PCB transferred the above amounts from its foreign currency accounts to Dubai International Support City (DISC) account for disbursement in cash among different vendors, players, PCB Officials etc. The amounts were transferred to third party accounts instead of transferring the same to vendor's bank accounts directly.

Audit is of the view that PCB management transferred huge foreign currency amounts to the 3rd party account in violation of SBP's instructions which was insecure and nontransparent means of making payments. For foreign currency related transactions, PCB must observe the prescribed procedure and restrictions imposed by the Finance Division and SBP.

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to provision of permission granted by State Bank of Pakistan for operating single Foreign Currency Account for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021. Audit recommends that irregular transfer of funds be got regularized.

16.5.30 ***Non-deduction of income tax - Rs.192.563 million***

Section 159 (2) of Income Tax Ordinance states that "A person required to collect advance tax under Division II of this Part or deduct tax from a payment under Division III of this Part 6 shall collect or deduct the full amount of tax unless there is in force a certificate issued under sub-section (1) relating to the collection or deduction of such tax, in which case the person shall comply with the certificate".

Management of PCB paid Rs. 1,925,634,748 to 29 non-resident persons on account of execution of various contracts. Details are at **Annexure 16-B.**

Audit observed that income tax amounting to Rs. 192.563 million was not deducted.

Audit is of the view that management of PCB deprived the Government of its due revenue of Rs. 192.563 million due to non-deduction of income tax.

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to verification of record by 15.01.2021.

Audit recommends immediate recovery of tax from the payees.

16.5.31 ***Advance payments to third parties without agreement and guarantee - Rs.109.274 million***

Section of 4.2.15.1 of the Accounting Policies & Procedures Manual of Government of Pakistan stipulates that payment must not be made in advance unless it is required by the agreement with the supplier and supported by a bank guarantee for the value of the advance.

Part II Paragraph 3(3) of the PCB's Constitution S.R.O.43(KE)/2014 dated 10th July, 2014 states that "the Board shall be the governing body of Pakistan cricket and its primary aim shall be to promote the game of cricket in Pakistan. The Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan cricket."

Management of PCB made payments for Rs.109.274 million to third parties for PSL-IV. The details are given below.

(Rs. in million)

S. No.	Name of Vendor	BP No. & Date	Description	Amount
1.	Spidercam BmbH	0288/ 22.02.2019	Advance for Spidercam services USD 170,106 @ 139	23.645
2.	UK Media city ltd	0288/ 22.02.2019	Advance for satellite up linking PSL 2019 USD 135,000 @ 139	18.765
3.	Mondial Logistics LLC	0289/ 22.02.2019	Advance Logistics freight movement cost 207,000 @ 139	28.773
4.	Print & Visual Media ltd	0274/ 21.02.2019	Advance to outside broadcast kit USD 274,137 @ 139	38.091
Total				**109.274**

Audit observed that the payments were made to the above parties without signing written agreements and without obtaining bank guarantees from the parties.

Audit is of the view that advance payments without signing the agreement and bank guarantee was irregular / unauthorized.

The DAC in its meeting held on 13.01.2021 was apprised that due to circumstance MGR pulled out of the contract. PCB was left with no other option to enter into an agreement with M/s Transgroup, which was the only other prequalified with this type of contract. Third party payments were made on the instruction of M/s Transgroup. DAC recommended the para for settlement subject to provision of record of pre-qualification of M/s Transgroup for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that the matter be investigated to fix responsibility.

16.5.32 *Loss due to non-imposition of surcharge on late payment by franchisee - Rs.41.414 million*

Clause 8.2 of franchise agreement states that the entire amount of franchise fee in respect of each of the remaining tournaments shall be paid by the franchisee into the PCB's designated account at least three (3) months prior to the start of the relevant tournament.

Clause 8.11 of franchisee agreement also states that any payments due by the franchisee under this agreement which are not made on the due date shall be subject to interest at the rate of LIBOR plus five percent (5%) per annum, payable quarterly (and, if not paid, compounded) on the last day of each interest period.

Management of PCB (PSL) awarded franchise rights for PSL III & IV tournaments to various firms against specific franchise fee for each team to be paid three (03) months prior to start of tournament.

Audit observed that franchise firms paid franchisee fee very late. Some installments were paid even after conclusion of the tournament. Audit further observed that management of PCB did not impose/recover interest of Rs. 41.414 million on payments made after due date.

Audit is of the view that PCB suffered a loss for Rs.41.414 million due to non-imposition of interest on payments made after due date.

The DAC in its meeting held on 13.01.2021 directed the management to recover interest / surcharge on late payments amounting to Rs. 41.414 million and verify the same from Audit by 15.01.2021.

Audit recommends that responsibility be fixed for the irregularity besides recovery of interest on late payments by franchisees.

16.5.33 *Irregular appointments of contractual employees- Rs.28.56 million*

Rule 9.1, of PCB Employees Service Rules 2007 provides that the guiding principles governing PCB recruitment policy would be merit based selections through transparent and fair selection process.

Rule 9.2.2 of PCB Employees Service Rules 2007 provides that a contractual employee is defined as a person engaged by PCB for a specific task and for a specific period. The term of employment and benefits admissible to the contractual employees would be governed by the terms of contract agreed between the employee and PCB at the signing of the contract. The contractual employee therefore would not be entitled to benefits otherwise admissible to regular employee.

Management of PCB made various contract appointments during the period January 2015 to July, 2018. Detail of appointments and promotion and Gross Salary paid during this period is given below:

S. No.	Name	Appointment	Period	No. of Months	Salary Per month	Total
1.	Mr. Imran Ahmad Khan	Assistant Manager Projects (Umpires & Referees)	01/2015 to 08/2015	08	75,000	600,000
		Manager (PR & Media)	09/2015 to 06/2016	10	100,000	1,000,000
		Head Player Acquisition	09/2017 to 01/2018	04	300,000	1,200,000
			02/2018 to 07/2020	29	350,000	10,150,000
2.	Ms. Sana Meer	Assistant Manager Sales, PSL	19.10.2015 to 23.09.2019	45	85,000	3,825,000
3.	Mr. Aun Muhammad Zaidi	Assistant Manager (Coordination & Planning New Media)	05/14 to 04/15	11	100,000	1,100,000
		FH-2 (upgraded)	04/15 to 04/17	24	150,000	3,600,000
			04/17 to 07/18	15	171,741	2,576,115
		Manager (Player & Tour operations) FH-1	07/18 to 06/20	24	188,915	4,533,960
					Total Rs.	**28,585,075**

Audit observed that the appointments of the officers were made without advertisement of the posts in the print media. Moreover, the management did not frame the requisite selection criteria i.e. minimum education qualification, experience, & maximum age limit for the post. Officer at Sr. No. 1 and 2 were appointed and promoted to higher posts within a short span of time of 1 year.

Audit is of the view that appointments and promotions in violation of PCB rules are irregular and unauthorized.

The DAC in its meeting held on 13.01.2021 directed the management to refer the questioned cases to PCB BOG for regularization. Once regularized by PCB's BOG, para would treated as settled.

Audit recommends that matter be investigated to fix responsibility.

16.5.34 *Irregular award of contract of event management services - Rs.23.057 million*

Section 8.1.5 (a) of PCB Procurement Manual states that "procurement of goods, services and works for Rs. 500,000 and above shall be made centrally after the advertisement of bids in an open tender notice".

Rule 12(2) of Public Procurement Rules 2004 states that "All procurement opportunities over two million Pakistani Rupees should be advertised on the Authority 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.

Management of PSL awarded contract to M/S JB & Jaws for event management for PSL (III & IV) Player Draft at Islamabad and incurred expenditure of Rs. 23,057,346 as detailed below:

S. No.	Event	Amount
1.	PSL-III	9,660,305
2.	PSL-IV	13,397,041
Total Rs.		**23,057,346**

Audit observed that management floated Request for Proposal (RFP) for event management services from two prequalified firms i.e. JB & Jaws and Trans international. Only single firm i.e. JB & Jaws quoted rate for the event. The quotation was single liner instead of head wise/item wise break-up.

Audit is of the view that non-transparent tendering process by management deprived the Board of benefits of most economical rates. Award of contract of event management for Rs.23.075 on single quotation basis without proper justification was irregular and unauthorized.

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to verification of record by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by 18.01.2021.

Audit recommends that matter may be investigated to fix responsibility.

16.5.35 *Illegal payment of TA/DA to journalists - Rs.6.833 million*

Paragraph 3 (3) of the PCB's constitution states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interest of Pakistan cricket.

Paragraph 32 (3) of the PCB's Constitution further states that the Board shall follow applicable financial, procurement and other Regulations with due care and diligence.

Management of PCB incurred expenses on payment of TA/DA to journalists during PSL III and IV. Details are as under:

S. No	Year	PSL	Description	Amount
1	2018	III	DA to Journalists @ 1000 USD	4,530,500
			Visa Travelling Charges	1,901,728
2	2019	IV	Surface Traveling	400,998
Total Rs.				**6,833,226**

Audit observed that payment of TA / DA was made to journalist/media persons without any provision in rules of PCB.

Audit is of the view that payment of TA / DA to the journalist without any provision in the PCB's rules was illegal and unauthorized.

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to provision of complete list of journalists (visited UAE at the expense of PCB for media coverage of PSL) for verification to Audit by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends that the expenditure be got regularized.

16.5.36 *Non-recovery of dues from franchisee M/S Schon Properties LLC - Rs.4.058 million*

Clause 8.6 of franchise agreement states that the franchise fee payable to PCB by the franchisee and other obligations of the franchisee under this agreement shall be secured by a bank security in all material respects on terms and in the form set out in schedule VII.

The PCB awarded franchisee rights of team “Multan Sultan” to M/S Schon Properties LLC for PSL-III. Management of PCB did not obtain Bank Security from the franchisee against franchise fee and other obligations.

Audit observed that an amount of Rs.4.058 million was due from the firm as on 30.06.2018 which remained unrecovered till 30.06. 2019. Later on, the management terminated franchisee agreement with M/S Schon Properties LLC due to nonpayment of dues.

Audit is of the view that PCB suffered loss of revenue Rs.4.058 million due to non-recovery of its dues from M/S Schon properties LLC. To cover the risk of non-payments, PCB had not obtained bank security from the franchisee.

The DAC in its meeting held on 13.01.2021 was appraised that matter is sub-judice. Para stands.

Audit recommends to investigate the matter to fix responsibility and recovery of dues.

16.5.37 *Award of Instadia Media Management Rights through negotiations - Rs.3.485 million*

Section 8.1.22.2 (c) of the Procurement Manual PCB states that “General terms and conditions of procurement as elucidated in this manual are non-negotiable.”

Part II Paragraph 3(3) of the PCB's Constitution S.R.O.43(KE)/2014 dated 10th July, 2014 states that the Board shall operate in a transparent manner and ensure that all decisions are made on merit and in the best interests of Pakistan cricket

Management of PCB awarded contract for Instadia Media Management Rights for PSL 2019 to 2021 (3 years) to M/S Transgroup-ITW for Rs.3,485,293.

Management stated vide note sheet dated 26.11.2018 that advertisement was published in newspapers as well as in PCB website but original press clipping was not provided to audit. Note sheet dated 26.11.2018 further revealed that only single bidder i.e. Transgroup-ITW participated in the bidding process for Gold Rights.

Audit observed the bidder initially submitted financial proposal for Rs.2,700,000 against reserve price of Rs.3,485,293 which was opened on 14.11. 2018. Later on, the bidder approached PCB management via email to submit revised proposal equal to reserved price which was allowed and the revised proposal equal to reserve price Rs. 3,485,293 was accepted as per minutes of Bid Committee meeting held on 15.11.2018.

Audit is of the view that award of contract of Instadia Media Rights, through negotiations instead of open tendering was irregular / unauthorized which deprived the Board of benefits of open bidding and fair competition.

The DAC in its meeting held on 13.01.2021 recommended the para for settlement subject to verification of record by 15.01.2021.

No record was provided for verification by the management of PCB to Audit by18.01.2021.

Audit recommends fixing of responsibility after an enquiry.

16.5.38 ***Non-obtaining of performance guarantee from franchise owners***

Clause 8.12 of franchise agreement states that the performance of this Franchise agreement must be guaranteed, in addition to the required Bank Security, by the franchise owner in the form attached hereto as Schedule VIII.

Management of PCB (PSL) awarded franchisee rights of PSL teams to various firms. The details are given below:

S. No.	Name of Team	Name of Franchise
1.	Islamabad United	Leom Global
2.	Lahore Qalandars	Qatar Lubricants
3.	Quetta Gladiators	Omer Associates
4.	Peshawar Zalmi	JW International
5.	Karachi Kings	ARY Digital
6.	Multan Sultan	Schon Properties

Audit observed that management did not obtain performance guarantees from franchise owners to ensure proper enforcement/performance of the franchise agreement. On the other hand, during PSL III and IV, the management of PSL made advance payments to various vendors on account of Hotel Accommodation, Traveling, Match fee etc. on behalf of franchises.

Audit is of the view that by not obtaining performance guarantees from franchise owners, the PSL management put Board's financial stakes at risk given the fact the PSL management made huge advance payments to various vendors.

The DAC in its meeting held on 13.01.2021 directed the management to ensure strict compliance to all clauses of all future contract agreements. DAC decided that matter may be placed before PAC.

Audit recommends that matter may be investigated to fix responsibility.

Pakistan Sports Board

16.5.39 ***Non-production of record***

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that "any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person".

The audit of accounts of the Pakistan Sports Board Islamabad for the period 2018-19 to 2019-20 was started w.e.f. 10.08.2020 and management was requested to provide the auditable record vide requisition Nos. 01, 02, 03, 04, 05, 06, 07 & 08 dated 10.08.2020, 17.08.2020, 19.08.2020, 21.08.2020, 24.08.2020, 26.08.2020 and 27.08.2020 respectively for scrutiny.

Audit observed that despite repeated written requests made to the management, the above record was not produced to Audit till 24.08.2020.

Audit is of the view that in the absence of the record the authenticity of the expenditure could not be ascertained and non-production of record was hindrance in the auditorial function of the Auditor General of Pakistan.

Neither the management replied nor was DAC convened.

Audit recommends that appropriate action may be taken against the persons responsible for non-production of record.

16.5.40 *Non-submission of audited financial statements since 2010-11*

According to Rule-13(3) ibid “The audited statement of accounts and balance sheet together with the annual report of the Board for the preceding years shall be submitted to the Federal Government.”

Management of Pakistan Sports Board, Islamabad incurred expenditure of Rs.1,929,999,631 during financial years 2018-19 to 2019-20.

Audit observed that neither accounts were prepared nor audited by chartered accountant firm since 2010 to 2019-20.

Audit is of the view that non submission of audited statement of accounts and balance sheet was violation of rules.

Neither the management replied nor was DAC convened.

Audit recommends that accounts of PSB be got audited from Chartered Accountant firm and responsibility be fixed.

16.5.41 *Non-appointment of regular Directors General*

Rule-2 (i)(a) of Pakistan Sports Board Rules, 1981 states that "Director General" means a whole-time Director General of the Board appointed by the Federal Government".

The management of PSB appointed following officers as Directors General Pakistan Sports Board on additional charge basis in addition to their own duties for a period of 03 months as under:

Sr. No.	Name &	Notification No.	BPS	Period
1.	Mr. Arif Ibrahim, Sr. Joint Secretary	1-609/2016-Admn-I dated 21.05.2018	21	w.e.f 21.05.2018 for 90 days or till the posting of regular incumbent, whichever is earlier.
2.	Mr. Arif Ibrahim, Sr. Joint Secretary	1-617/2017-Admn-I dated 13.09.2018	21	w.e.f 13.09.2018 for 90 days or till the posting of regular incumbent, whichever is earlier.
3.	Mr. Khaqan Babar, Joint Secretary	1-637/2018-Admn-I dated 01.11.2018	20	w.e.f 01.11.2018 for 90 days or till the posting of regular incumbent, whichever is earlier.
4.	Mr. Arif Ibrahim, Sr. Joint Secretary	2(10)/2010-Admn-I (Pt. F) dated 01.02.2019	21	w.e.f 01.02.2019 till further orders.
5.	Mrs. Amna Imran Khan, Additional Secretary	F.1-617/2017-Admn-I dated 16.10.2019	21	w.e.f 16.10.2019 till further orders.

Audit observed as under:

i. Regular appointment of Directors General of Pakistan Sports Board was not made despite the post lying vacant since May, 2018.

ii. Charge of post of DG (BPS-20) was granted to officers in BPS-21.

iii. Financial and administrative powers were delegated to Mrs. Amna Imran Khan.

Audit is of the view that due to non-appointment of regular Directors General the delegation of powers and charge of BPS-20 post to BPS-21 officers was irregular.

The management neither replied nor convened the DAC till finalization of this report.

Audit recommends that regular appointment of Director General be made besides regularization of expenditure from the competent forum.

16.5.42 *Irregular payments without measurement books - Rs. 270.816 million*

Para 208 of Central Public Works Account (CPWA) Code states that "payments of all work done otherwise than by daily labour and for all supplies are made on the basis of measurements recorded in Measurement Books (MBs) in Form 23 in accordance with rules in Para 209 of CPWA Code."

Pakistan Sports Board Islamabad incurred expenditure of Rs. 270.816 million on the following construction projects during the financial years 2004-05 to 2019-20:

(Rupees in million)

S No.	Name of Project	Approved cost	Expenditure up to 30.06.2020
1.	Construction of Boxing Gymnasium at Quetta (President's Directive)	Rs. 39.595 million (Original) Rs. 70.949 million (Revised) Rs. 104.663 million (2nd Revision)	104.663
2.	Construction of Boxing Gymnasium at Karachi (President's Directive)	Rs. 39.595 million (Original) Rs. 76.747 million (Revised) Rs. 133.671 million (2nd Revision)	118.713
3.	Replacement of synthetic Hockey Turf in six cities Islamabad, Faisalabad, Wah Cantt, Peshawar, Quetta and Abbottabad	Rs. 523.163 million	47.440
Total Rs.			**270.816**

Audit observed that the payments were made to the contractors without recording the value of work done in measurement books.

Audit is of the view that in absence of MBs the authenticity of value of work done and payment admissible could not be ascertained.

Neither the management replied nor was DAC convened.

Audit recommends fixing of responsibility for the said lapse.

16.5.43 *Cost overrun due to inordinate delay in completion of development projects-Rs. 159.144 million*

According to Rule-6(iii) of Financial Rules of Pakistan Sports Board, 1981 "The Director General shall be responsible for enforcing financial discipline in all spheres and strict economy at every step. He shall ensure not only that the total expenditure is kept within the limits of the authorized appropriations but also that the funds are expended in the Board's interest and upon objects services for which the money has been provided".

Pakistan Sports Board Islamabad got approved two development projects from DDWP but it could not complete the projects within stipulated time which resulted in cost overrun of these projects.

Sr No	Project name	Stipulated Completion period	Original cost	First Revision	Second revision	Status as on 30-06-2020
1	Construction of Boxing Gymnasium at Quetta	30 months w.e.f.11-11-2004	Rs.39.595 million	Rs.70.949 million	Rs.104.663 million	Incomplete
2	Construction of Boxing Gymnasium at Karachi	30 months w.e.f.10-01-2005	Rs. 39.595 million	Rs. 76.747 million	Rs. 133.671 million	Incomplete

Audit observed that despite lapse of 16 years and incurrence of huge expenditure, both projects were still incomplete. Inordinate delay in project execution resulted into cost overrun amounting to Rs 159.144 million.

Audit is of the view that weak internal controls and monitoring mechanism caused undue delay in execution and completion these projects.

Neither the management replied nor was DAC convened.

Audit recommends fixing of responsibility against the officials concerned.

16.5.44 ***Irregular payment of house rent ceiling with monthly salary - Rs.57.437 million***

Ministry of Housing and Works vide O.M. No. F 2(3)/2003-Policy dated 31.07.2014 states that "it is the responsibility of the respective Ministries/Divisions/Departments to hire residential accommodation for their employees within their budgetary resources. The specification, covered area of house and the present rental ceiling of Federal Government Employees at the six specified stations should be observed besides adoption of procedure/modalities for hiring of residential accommodation e.g.

Pakistan Sports Board, Islamabad issued office order No. F.41-2/2011-PSB (Admin) dated 15.02.2011 which states that "the Federal Minister for Sports/President, PSB has been pleased to allow the payment of house rent ceiling alongwith their monthly salaries w.e.f 01.07.2011 to all employees of the Board from BPS-1 to 10 according to rent ceiling rates as notified by Ministry of Housing and Works from time to time.

Pakistan Sports Board Islamabad made payment of Rs. 57,437,477 on account of house rent ceiling to their employees along with salaries during the financial years 2018-19 & 2019-20.

Audit observed that the facility of payment of rental ceiling to employees in BS-01 to 20 along with salary was without approval from Finance Division.

Audit is of the view that payment of rental ceiling to employees in BS-1 to 20 along with salary without approval from Finance Division was violation of the instructions of Ministry of Housing & Works.

Neither the management replied nor was DAC convened.

Audit recommends for immediate observance of the government policy instructions regarding payment of rental ceiling besides regularization of the matter.

16.5.45 *Non-completion of development project -Rs. 47.440 million*

According to 43.1 of General Condition of Contract given in the Tender Documents, "the whole of the Works and, if applicable, any Section required to be completed within a particular time as stated in the Appendix to Tender, shall be completed in accordance with the provision of Clause 48, within the time stated in the Appendix to Tender for the whole of the Works or the Section calculated from the commencement date, or such extended time as may be allowed under Clause 44".

Pakistan Sports Board, Islamabad got approved a development project titled "Replacement of synthetic Hockey Turf in six cities Islamabad, Faisalabad, Wah Cantt, Peshawar, Quetta and Abbottabad" at a total cost of Rs. 523.163 million from the CDWP on 04.12.2017. The administrative approval was issued by the Ministry of Inter Provincial Coordination on 01.02.2018 with completion period of 36 months (i.e. up to 03.12.2020).

Pakistan Sports Board, Islamabad awarded the work to M/s Unique Builders & Waheed Corporation (Joint Venture) for one component namely replacement of synthetic Hockey Turf at Islamabad vide PSB's letter of acceptance dated 19.02.2018 at a contract price of Rs. 89,209,982 with completion period of 18 months.

Audit observed that only one work order for supply of hockey turf at Islamabad was issued. The work for replacement of hockey turf in remaining 5 cities was not awarded till August, 2020.

Audit further observed that date of completion of the work was 18-08-2019 but the firm despite receiving payment of Rs. 47,440,582 could not replace the turf till August, 2020.

Audit is of the view that the management failed to complete the said project causing unnecessary burden on exchequer.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix responsibility.

16.5.46 *Non-recovery of dues from sports federations-Rs. 31.517 million*

Pakistan Sports Board Islamabad obtained NOC from Finance Division for travelling by airline other than PIA for Pakistan contingent of 245 members to participate in 18th Asian Games Jakarta, Indonesia vide Finance Division letter No U.O No. F.2 (2) EF (Exp)/2018-Vol-IX-474 dated 28.08.2018. (140 Government Sponsored and 105 Federation Sponsored persons)

Para-26 of GFR 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.

Pakistan Sports Board Islamabad incurred, on behalf of the federations, entire expenditure of Rs. 73,540,785 out of Board's own funds during financial year 2018-19 on account of participation of 245 persons in 18th Asian Games at Jakarta, Indonesia from 18th August to 2nd September, 2018.

Audit observed that Pakistan Sports Board did not make recovery of dues of Rs. 31,517,430 from 24 Sports Federations for sponsoring of players/persons.

Audit is of the view that prolonged recoverables was a serious lapse on part of management.

Neither the management replied nor was DAC convened.

Audit recommends that recovery of due share from the federations be made expeditiously.

16.5.47 *Unauthorized drawl of cash advance for TA/DA – Rs. 30.010 million*

According to para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008, "the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier."

Rule-5(iii) of Financial Rules of Pakistan Sports Board, 1981 states that "Money shall not be withdrawn from the Bank without written permission of the Director General who shall be responsible for seeing that payments are made to persons entitled to receive them."

During F.Y 2018-19, PSB Islamabad had to make advance payment of TA/DA to the participants of 13th South Asian Games and 18th Asian games. PSB purchased US Dollars from open market and paid to the Acting Deputy Director General (Tech) and DDO for onward payments to the participants. Mr. Muhammad Azam Dar, Deputy Director General (Tech) disbursed USD 55,200 (equal to Pak Rs. 6,853,080) and Mr. Muhammad Usman, Assistant Accounts Officer/DDO disbursed USD 11,000 (equal to Pak Rs. 1,712,700) with details given below:

S.No.	Name	Cheque No.	Amount	Eq. USD purchased	Disbursed Amount	Balance
1	Mr. Muhammad Azam Dar	515582	16,785,080	135200 @ Rs.124.15	6,853,080	9,932,000
2	Mr. Muhammad Usman	671949	13,225,340	84805 @ Rs.155.700	1,712,700	11,512,640
		Total	**30,010,420**		**8,565,780**	**21,444,640**

Audit observed that the payments were made in cash by drawing the amount from assignment account to purchase dollars. Moreover, the whereabouts of the balance amount of Rs.21,444,640 was not known.

Audit is of the view that the cash drawl from the Assignment Account was unauthorized and absence of record/evidence for balance amount is irregular.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix responsibility.

16.5.48 *Unauthorized retention of funds of Assignment Account in PSB's own account - Rs. 21.015 million*

According to para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008, "the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier."

Pakistan Sports Board, Islamabad received unspent amount of Rs. 16.695 million from officers/officials during financial year 2018-19 to 2019-20. Moreover, an Assignment Account Cheque No. 631224 dated 20.06.2019 for Rs. 4.320 million was issued in favor of Manager National Bank Main Branch Islamabad. The said cheque was credited in PSB's Account No. 4007923015 NBP Branch, Islamabad on 24.06.2019.

Audit observed that the amounts were drawn out of Assignment Account and deposited in PSB's bank account taking it as Board's income instead of depositing into the government treasury.

Audit further observed that cheque of Rs.4.320 million was drawn for payment of honorarium to employees. However, instead of making payment as honorarium the same was deposited into PSB's bank account.

Audit is of the view that amount was drawn from assignment account just to avoid lapse of funds. Furthermore, depositing of irregular drawn amount and unspent amounts into PSB's receipt account is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that unspent amount be deposited into government treasury.

16.5.49 *Hiring of contingent paid/contract staff without approval of the Board- Rs. 19.021 million*

Rule-32 (i) of Financial Rules of Pakistan Sports Board, 1981 states that the contracts shall be entered into by those officers of the Board only who have been empowered by the competent authority.

Rule-32(iv) of ibid further states that "The terms of contract, once entered into, shall not be materially carried out except with the prior approval/consent of the competent authority. Any uncertain or indefinite liability or any condition of unusual character shall not be included in a contract without the prior approval of the competent authority.”

Pakistan Sports Board, Islamabad incurred expenditure of Rs. 19.021 million on payment of wages/salaries to contingent paid/contract staff during F.Y 2018-19 and 2019-20 as under:

Financial year	Expenditure Rs.
2018-19	9,467,458
2019-20	9,553,578
Total Rs.	**19,021,036**

Audit observed that the contingent paid staff was hired without approval of the Board. Moreover, relevant record i.e. total number of CPS /contract staff, their date of hiring, date of expiry of period and further extension was not available.

Audit is of the view that expenditure without the approval of the Board was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter besides regularization of expenditure.

16.5.50 ***Payment of temporary advances to avoid lapse of funds -Rs 16.436 million***

According to para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008, states that the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier.

Rule-157 of Federal Treasury Rules states that all third-party payments shall be made through cheques drawn in the name of the recipients. Cheques drawn in favor of government officers and departments in settlement of government dues shall always be crossed “A/C Payee only- Not Negotiable.

Pakistan Supports Board, Islamabad paid temporary advances of Rs. 16.436 million, during 2018-20, to its employees out of Assignment Account for various purchases and repair works**.**

Audit observed that amounts were paid to employees as advances for procurements and repair works without fulfillment of codal formalities. Moreover, neither income tax was deducted nor GST invoice was obtained.

Audit further observed that out of total advances of Rs. 16.436 million, an amount of Rs. 9.492 million was drawn unnecessarily to avoid lapse of funds.

Audit is of the view that drawl of advances from Assignment Account was irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends fixing of responsibility for the said lapses.

16.5.51 *Non-deduction of Income Tax – Rs. 16.268 million*

Clause 12 (2)(a) Income Tax Ordinance 2001 states that Salary means any amount received by an employee from any employment, whether of a revenue or capital nature, including:

> (a) any pay, wages or other remuneration provided to an employee, including leave pay, payment in lieu of leave, overtime payment, bonus, commission, fees, gratuity or work condition supplements (such as for unpleasant or dangerous working conditions)

Pakistan Sports Board, Islamabad paid disbursed cash award of Rs. 143,100,000 to the medal winners of 13th South Asian Games held at Kathmandu (Nepal) and sports persons during financial years 2018-19 and 2019-20. Further, PSB paid an amount of Rs.39,166,672 on account of payment of honorarium to the officers/officials of Pakistan Sports Board as per detail given below:

Sl. No.	Cheque No.	Date	Total amount of bill	Income tax to be deducted @ 10%
1.	515593	17.08.2018	8,750,880	437,544
2.	599877, 599883, 599884, 599885	21.05.2019	9,473,321	473,666
3.	631224	20.06.2019	9,501,580	475,079
4.	631224	20.06.2019	2,432,891	121,644
5.	2854493	01.08.2019	9,008,000	450,400
Total			**39,166,672**	**1,958,333**

Audit observed that:

i. Income tax of Rs. 14,310,000 was not deducted from the payments made to medal winners.

ii. Income Tax was not deducted from the officers/officials of Pakistan Sports Board at the applicable rate. At a flat rate of 10%, the amount of Rs. 1,958,333 was recoverable from the recipients of honoraria

Audit is of the view that due to non-deduction of Income Tax, public exchequer was put to loss of Rs. 16.268 million.

Neither the management replied nor was DAC convened.

Audit recommends that entire amount of income tax be recovered and deposited into government treasury under intimation to Audit.

16.5.52 *Unauthorized payment of inadmissible allowances-Rs. 13.809 million*

Serial No. 11(16) of Schedule-II of Rule 3(3) of Rules of Business, 1973 has assigned the Finance Division to frame rules on pay and allowances, retirement benefits, leave benefits and other financial terms and conditions of service.

Rule 12(1) (h) of the Rules of Business, 1973 states that “no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of government servants, on their statutory rights and privileges, which have financial implications".

Pakistan Sports Board, Islamabad made payments of miscellaneous allowances of Rs. 13,809,853 to its employees during financial years 2018-19 & 2019-20. **(Annexure 16-C)**

Audit observed that allowances were inadmissible and paid without approval of the Finance Division.

Audit is of the view that the payment of inadmissible allowances without the approval of the Finance Division was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends to stop the practice and effect recovery.

16.5.53 *Unauthorized grant of honoraria to the employees of controlling ministry and other departments -Rs. 5.935 million*

According to Fundamental Rules (FR) - 46 (b) "a local Government may grant or permit a Government servant to receive an honorarium from general revenues as remuneration for work performed which is occasional in character and either so laborious or of such special merit as to justify a special reward, except when special reasons which should be recorded in writing, exist for a departure from this provision, sanction to the grant or acceptance of an honorarium should not be given unless the work has been undertaken with the prior consent of the local Government and its amount has been settled in advance".

Pakistan Sports Boards, Islamabad drew an amount of Rs. 5,935,466 for payment of honorarium to the employees of Ministry of IPC, FA office, DFA office and AGPR out of Assignment Account. Detail is as under:

F.Y	Cheque No.	Date	Amount Rs.	Cheque drawn in favour of	Remarks
2018-19	2854478	17.06.2019	3,879,913	Mr. Muhammad Usman, Acting Accounts Officer/ DDO	Amount was drawn from of bank a/c No. 635-4, NBP Aabpara Branch, Islamabad

F.Y	Cheque No.	Date	Amount Rs.	Cheque drawn in favour of	Remarks
2018-19	2854482	27.06.2019	916,880	Mr. Anjum Shahzad, Accounts Assistant	-do-
2019-20	777404	30.06.2020	1,138,673	Mr. Muhammad Usman, Acting Accounts Officer/ DDO	Amount was drawn out of Assignment Account No. 2410-2 at NBP, Islamabad
Total Rs.			**5,935,466**		

Audit observed that sanction of competent authority was not obtained, cheques were drawn in favour of DDO and Accounts Assistant and no acknowledgment was obtained from the recipients. Moreover, income tax was also not deducted.

Audit is of the view that grant of honorarium without sanction and codal formalities is irregular.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix responsibility.

16.5.54 *Non-deposit of proceeds of auction into Govt. treasury - Rs.4.670 million*

Rule 8 of GFR states that it is the duty of the Department concerned to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury.

Pakistan Sports Board Islamabad collected proceeds of Rs. 4.670 million on account of auction of official vehicles during February, 2018 and August, 2018 as under:

Credit Voucher No.	Amount deposited into bank account	Particular of receipt
39/04 dated 28.08.2018	2,332,000	Auction money of vehicle No. IDB-3507 (Toyota Coaster) Rs. 1,600,000 and vehicle No. RIE-945 (Truck)

Credit Voucher No.	Amount deposited into bank account	Particular of receipt
293/23 dated 28.02.2018	938,700	Auction money of 09 vehicles
292/23	1,400,000	Auction money of GD-494 Shahzore
Total Rs.	**4,670,700**	

Audit observed that physical assets of the Government were disposed of but sale proceeds were deposited into Pakistan Sports Board 's bank account No. 635-4, NBP unauthorizedly.

Audit is of the view that the entire auction money was required to be deposited into Government account

Neither the management replied nor was DAC convened.

Audit recommends that auction money be deposited into government treasury immediately under intimation to audit.

16.5.55 *Unauthorized drawl of cash for payment of pension - Rs.3.00 million*

According to para 2(vi) of revised procedure of Assignment Account issued vide letter No.AC-II/1-39/08-Vol-V/632 dated September 24, 2008, "the officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate disbursement. Moneys will not be drawn for deposit into chest or any bank account. The cheques for payments on account of purchases / supplies will be drawn in the name of contractor / supplier."

Pakistan Sports Board, Islamabad transferred a sum of Rs. 3,000,000 out of Assignment Account for transfer to Bank Account No. 635-4 NBP for payment of pension to Ex-NST employees. As per noting para-2/N of the relevant file, DG PSB approved the transfer of this amount as pension to Ex-NST employee's banks Account No. 2635-5.

Audit observed that approval of Board was not obtained and instead of making payment to pensioner, the amount was drawn on 26-06-2019 and then deposited into Account No. 635-4 on 26.11.2019 and till date no payment has been made to the pensioner.

Audit is of the view that the payment of pension from assignment account is irregular. Moreover, keeping the amount out of bank is illegal.

Neither the management replied nor was DAC convened.

Audit recommends appropriate action against the officers/officials concerned.

16.5.56 *Overpayment of travelling charges to M/s Al-Ghaffar Travel Agency-Rs.2.424 million*

Rule-5(iv) of the Financial Rules of Pakistan Sports Board, 1981 states that "if the Director General finds that moneys have been incorrectly withdrawn, he, shall effect the recovery from the drawing officer without delay repay the same in such manner as the Director General may direct.

Rules-6 (vi) of ibid states that an officer or individuals or organization, as the case may be supplied with funds for expenditure shall be responsible for such funds until an account of them has been rendered to the satisfaction of the Director General.

Pakistan Sports Board, Islamabad made payment of Rs. 24,343,800 as cost of air tickets to M/s Al Ghaffar Travel Agency, Karachi.

Audit observed that an excess payment of Rs.2.424 million was made without the approval of the competent authority, for air tickets of 03 persons who were not included in the approved list of Finance Division.

Audit is of the view that the overpayment of Rs. 2.424 million was made without justification.

Neither the management replied nor was DAC convened.

Audit recommends recovery of overpayment of Rs. 2.424 million from the firm concerned.

16.5.57 *Extravagant purchase of excess quantity of uniform cloth not on record -Rs. 2.147 million*

Rule 33(iii) of Financial Rules of Pakistan Sports Board, 1981 states that purchases shall be made in the most economical manner in accordance with the definite requirements.

Rule 33(xv) of Financial Rules of Pakistan Sports Board, 1981 states that all articles received shall be examined, counted, measured and weighed, as the case may be when delivery is taken and they shall be taken in charge by officer In charge stores not be low grade-11 who shall ensure that the quantities and qualities are good and record a certificate to that effect. The officer shall also be required to give a certificate that he has actually received the article and recorded in the appropriate stock register.

According to Rule-33(xvi) ibid when articles are issued from stock, the officer in charge shall see that an indent in the prescribed form No. F.R VII has been made by a properly authorized person. When articles are issued, a written acknowledgement shall be obtained from the person to whom they are delivered or dispatched.

Pakistan Sports Board, Islamabad made payment of Rs. 4,810,000 to M/s Swift Enterprises, Islamabad vide Bank payment voucher No. 217/22 dated 29.10.2018 (Cheque No. 531596-97 dated 13.11.2018) for provision of uniform to 245 members of Pakistan contingent for participating in 18th Asian games held in Indonesia as under:

Description	**No. of contingents**		**Rate/ meter**	**Cloth purchased**	**Cloth issued to tailor**	**Difference** (col-4 – col-5)	**Amount** (col-3 X col-6)
1	**2**		**3**	**4**	**5**	**6**	**7**
Off white cloth for Shalwar Kameez	Men	177	800	1,600	950+306	344	275,200
	Women	68					
White cloth for dress shirts	Men	177	400	1,200	844	356	142,400
Green cloth for blazer & waste coat	Men & women	490	1,400	1,250	307+552	391	547,400
Fawn cloth for pent	Men	177	1,300	500	317	183	237,900
Grey cloth for pent	Men	177	1,300	500	317	183	237,900
Total				**5,050**	**3,593**	**1,457**	**1,440,800**

Audit observed that:

i. PSB management needed to purchase 3,752 meters cloth for the 245 members of the contingent but it actually purchased 5,050 meters cloth.

ii. Out of total quantity of 5,050 meter cloth, only 3,593 meters cloth was issued to tailor for stitching of uniforms. As per stock registers there was nil balance as on 13.08.2018. The whereabouts of balance quantity 1,457 meters cloth (5,050 – 3,593) worth Rs. 1,440,800 was not on record.

Audit observed that Pakistan Sports Board needed to purchase 3,752 meters cloth for the 245 members of the contingent but it actually purchased 5,050 meters cloth.

Audit is of the view that excess quantity of 1,298 meters cloth costing Rs. 2.147 million was purchased unnecessarily. Audit is also of the view that missing of the store items was a serious lapse of management.

Neither the management replied nor was DAC convened.

Audit recommends fixing of responsibility for the said lapse.

CHAPTER 17

MINISTRY OF INTERIOR

17.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Internal security; matters relating to public security arising out of dealings and agreements with other countries and international organizations.
2. Preventive detention for reasons of State connected with defence, external affairs or the security of Pakistan or any part thereof; and for reasons, connected with the maintenance of public order or the maintenance of supplies and services essential to the community; persons subjected to such detention.
3. Nationality, citizenship and naturalization.
4. Admission of persons into, and expulsion of persons from Pakistan, including:

a) policy regarding entry, exit and sojourn of foreigners and aliens; and (b) regulation of movement in Pakistan of persons not domiciled in Pakistan.

5. Admission of persons into, and departure of persons from Pakistan.
6. Policy regarding censorship; prescription of books and publications in consultation with the Education Division, where necessary.
7. National Database and National Data Warehouse for issuance of National Identity Cards, Pakistan Origin Cards and Aliens Registration Cards.
8. Security measures for the Federal Secretariat and Subordinate Offices.
9. Pardons, reprieves, respites, remissions, commutation, etc. (excluding personnel belonging to the Armed Forces), issuance of warrant of execution of death sentence.
10. Police Commission and Police awards.

11. Policy coordination of, and higher training in Civil Defense and A.R.P. matters.
12. Pakistan Flag, Coat of Arms, monograms, seals etc.; Standard Time for Pakistan; public holidays; Gazette of Pakistan.
13. Warrant of Precedence; celebrations and ceremonial parades (other than those of Armed Forces); action to be taken on the death of high officials; civil uniform rules.
14. Coordination of policy matters relating to Police.
15. Coordination of anti-smuggling measures.
16. Matters relating to Federal Police Forces, their establishment etc.
17. Administrative Control of the Civil Armed Forces (i.e. Frontier Corps including Baluchistan Constabulary and Frontier Constabulary) Rangers and Coast Guards.
18. Arms Act jurisdictions to Federal areas.
19. Border incidents and disputes.
20. Permission to Government servants to visit India.
21. Political asylum, Genocide.
22. Surrender of criminals and accused persons to Government outside Pakistan.
23. Special studies of penal reforms in the context of national mores and requirements; coordination of reforms by the Provinces and provisions of facilities for professional and technical training of jail staff, at home and abroad; and dealing with such items pertaining to prisons, etc., as are embodied in the Federal and Provincial Subjects.
24. Protection and maintenance of non-Muslim shrines in Pakistan and pilgrimages from India.
25. Administrative Control of National Police Academy.
26. All Administrative matters relating to Federal Investigation Agency.
27. Investigation and prosecution of cases falling under the Schedule appended to the Federal Investigation Agency Act, 1974.
28. To act as National Central Bureau to keep liaison with the INTERPOL.
29. Anti-Corruption laws, except the National Accountability Ordinance, 1999 35. Islamabad Capital Territory Administration.

30. Advocate General (ICT), Metropolitan Corporation Islamabad, Capital Development Authority.
31. Management and distribution of zakat and Ushr in Islamabad.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. Directorate General of Immigration and Passports.
ii. Directorate General of Civil Defense.
iii. Pakistan Rangers, Lahore.
iv. Pakistan Coast Guards.
v. Frontier Corps, Khyber Pakhtunkhwa.
vi. Frontier Corps, Baluchistan.
vii. Chief Commissioner, Islamabad Capital Territory.
viii. Pakistan Rangers Sindh (South), Karachi.
ix. Federal Investigation Agency.
x. Frontier Constabulary, Khyber Pakhtunkhwa.
xi. Gilgit Baltistan Scouts.
xii. Central Jail Staff Training Institute.
xiii. National Police Foundation.
xiv. National Alien Registration Authority
xv. National Database and Registration Authority
xvi. National Police Academy
xvii. National Counter Terrorism Authority
xviii. Capital Development Authority

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	243	45	96,758.405	
2	Assignment Accounts (Excluding FAP)	3	3	352.471	
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	1,682.633	693.129
4	Foreign Aided Project (FAP)				

17.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2019-20 was Rs.171,604.14 million, out of which the Division expended an amount of Rs.176,081.61 million. The Division had 8 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) -%
Current	66	1,236.00	0.00	-357.60	878.40	833.22	-45.18	-5.14%
Current	67	9,263.90	1,538.27	-100.00	10,702.17	10,540.65	-161.52	-1.51%
Current	68	2,952.00	90.00	0.00	3,042.00	2,974.61	-67.39	-2.22%
Current	69	83,863.00	13,444.00	-67.58	97,239.42	102,731.35	5,491.93	5.65%
Current	70	10,300.00	1,144.12	0.00	11,444.12	11,434.79	-9.33	-0.08%
Current	71	2,183.00	216.91	0.00	2,399.91	2,390.48	-9.44	-0.39%
Current	72	23,349.00	1,834.63	-5.00	25,178.63	25,583.66	405.03	1.61%
Current	73	6,714.00	3,890.58	-84.22	10,520.36	9,918.22	-602.14	-5.72%
Current Total		**139,860.90**	**22,158.52**	**-614.40**	**161,405.02**	**166,407.00**	**5,001.97**	**-7.81%**
Development	133	9,808.99	1,615.00	-1,224.87	10,199.12	9,674.62	-524.50	-5.14%
Development Total		**9,808.99**	**1,615.00**	**-1,224.87**	**10,199.12**	**9,674.62**	**-524.50**	**-5.14%**
Grand Total		**149,669.89**	**23,773.52**	**-1,839.27**	**171,604.14**	**176,081.61**	**4,477.47**	**2.61%**

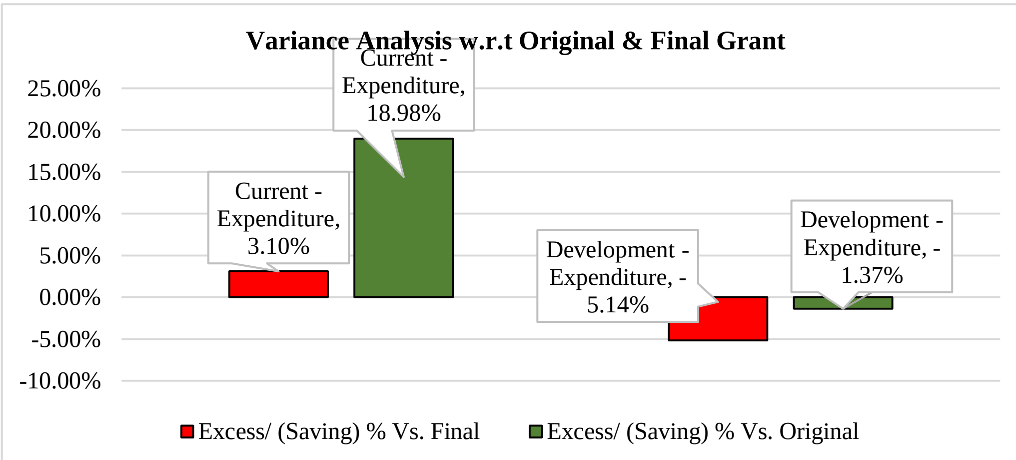
Audit noted that there was an overall excess of Rs.4,477.47 million, which was due to excess in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 1.37% with respect to Original grant which increased to savings of 5.14% w.r.t Final Grant in case of development expenditure as the Interior Division obtained supplementary grant more than the actual demand.

In case of current expenditure the 18.98% of excess in expenditure w.r.t original allocation reduced to 3.10% of excess in expenditure w.r.t final allocation, as depicted in the graph below:



17.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.7,534.18 million, were raised in this report during the current audit of **Interior Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	35.00
3	Irregularities	
A	*HR/Employees related Irregularities*	727.39
B	*Procurement related irregularities*	1,824.42
C	*Management of account with commercial banks*	-
D	*Recovery*	328.26
E	*Internal Control*	4,067.49
4	Value for money and service delivery	60.31
5	Others	491.32

17.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1989-90	7	7	1	6	14
1991-92	28	28	27	1	96
1993-94	13	13	6	7	46
1994-95	21	21	13	8	62
1999-00	110	110	95	15	86
2001-02	21	21	0	21	-
2005-06	21	21	10	11	48
2006-07	9	9	3	6	33
2007-08	5	5	1	4	20
2008-09	11	11	9	2	82
2009-10	14	14	10	4	71
2010-11	25	25	16	9	64
2013-14	26	26	15	11	58
2015-16	19	15	6	9	40
2016-17	62	29	13	16	45
2017-18	58	58	25	33	43
2018-19	48	15	8	7	53
2019-20	16	16	6	10	38
Total:	**514**	**444**	**264**	**180**	**59**

17.5 AUDIT PARAS

Interior Division

17.5.1 *Unauthorized charges by NADRA over and above the arms licenses fee and non-reconciliation by Ministry of Interior- Rs. 239.553 million*

Para-25 of General Financial Rules Volume-I states that “all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance”.

Ministry of Interior, Islamabad issued Arms Licenses Policy 2012 and authorized National Database & Registration Authority (NADRA) for issuance and renewal of computerized arms licenses. After approval by the Ministry, the NADRA issued 40,109 computerized arms licenses and collected arms license fee of Rs.239,553,000 during financial year 2019-20.

Audit observed that during financial year 2019-20, NADRA collected arms license fee of Rs. 239.553 million without approval of rates of license fee from the Finance Division. Moreover, the Ministry of Interior did not reconcile the receipts of Rs. 179.389 million deposited by NADRA into govt. treasury.

Audit is of the view that collection of NADRA charges over and above the arms fee without approval of Finance Division was unauthorized. Further, the reconciliation of receipts collected by NADRA was mandatory but the management did not do so.

Neither the management replied nor was DAC convened.

Audit recommends that approval of rates of fee be obtained from Finance Division besides proper reconciliation of government receipts with the FTO.

17.5.2 *Non-adjustment of advance payments to Civil Armed Forces-Rs. 479.053 million*

Rule-157 of Federal Treasury Rules Volume-I states that “payment exceeding Rs. 500 should be made through crossed cheque.”

Rule-668 of Federal Treasury Rules Volume-I states that “advances granted under special orders of competent authority to government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund as may be necessary”.

Ministry of Interior, Islamabad made advance payments of Rs. 611,131,466 to Civil Armed Forces i.e F.C, Rangers, G.B Scouts, Gilgit, Pakistan Coast Guards etc. on account of deployment of personnel cost/troop cost of Police Unit Darfar Sudan (UN Mission).

Audit observed that instead of making payment to the concerned official/officials through crossed cheques, a lump sum amount of Rs. 611.131

million was paid to Civil Armed Forces (in advance) for further disbursement to their employees who were posted in UN Mission.

Audit further observed that out of a total amount of Rs. 611.131 million, an amount of Rs. 132.078 million was disbursed by HQ Frontier Constabulary KPK Peshawar. Balance amount of Rs. 479.053 million was lying undisbursed with Civil Armed Forces despite lapse of considerable period ranging from 05 months to 08 months. The whereabouts of unadjusted amounts of Rs. 479.053 million was not on record.

Audit is of the view that issuance of cheques of advance payments in favor of head of Civil Armed Forces and not surrendering the undisbursed amount was a violation of treasury rules.

The management replied that "the available adjustment has already been submitted to Audit team. Further a reminder to all Civil Armed Forces has been issued for provision of the said adjustment.

The reply is not acceptable as the adjustments accounts of Rs. 479.053 million was not provided to audit.

Audit recommends that the payments be made through crossed cheques in future and un-disbursed amount be surrendered

Pakistan Coast Guard, Karachi

17.5.3 *Irregular expenditure without Technical Sanction - Rs.78.811 million*

Para-56 of CPWD Code states that for each individual work proposed to be carried out, a properly detailed estimate must be prepared for the sanction of competent authority; this sanction is known as the technical sanction to the estimate to be obtained before the construction of the work is commenced. It indicates that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. Such sanction will be accorded by the authorized officer of the Public Works Department.

Para-68 of CPWD Code states that the Chief Engineer is empowered to accord technical sanction to detailed estimates for works above Rs.10.00 million.

The management of Pakistan Coast Guard Sindh, Karachi incurred expenditure on construction work amounting to Rs. 78.811 million during the year 2019-20. Details are as under:

Cost center	Head	Description	Amount
HQ 0874	A13301	Repair of office building	10,406,000
	A13302	Repair of residential building	10,406,000
KA0212	A09104	Building and structure others	57,999,719
Total Rs.			**78,811,719**

Audit observed that expenditure was incurred without technical sanction by an authorized/competent engineer.

Audit is of the view that without Technical sanction by an authorized/competent engineer the construction work was irregular and a violation of building code.

The DAC in its meeting held on 06.01.2021 was apprised that technical sanction was granted by the competent authority. DAC directed the management to provide the record of technical sanction estimates to Audit for verification.

No record was submitted to Audit for verification till finalization of this report.

Audit recommends that practice to be discontinued and the technical estimates be got sanctioned from the competent engineer only.

17.5.4 *Purchase of uniform and other assets without open tender - Rs.53.122 million*

Rule 12(2) of PPRA states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

Management Pakistan Coast Guards Karachi incurred expenditure amounting to Rs.38,967,000 on purchase of uniform from M/s BSF Associate

Karachi and Rs.14,155,000 on purchase of physical assets during 2019-20. As detail below:

S. No.	Item	Qty	Amount
1.	CCD Uniform	10000	33,000,000
2.	Field Cap	1200	522,000
3.	Vest Cotton	11000	5,445,000
4	Other Physical Assets	**Annexure 17-A**	14,155,000
		Total	**53,122,000**

Audit observed that procurement was made without calling open tender.

Audit is of the view that procurement without open tender/bidding was a violation of PPRA rules which deprived the public exchequer of the benefits of competitive rates.

The DAC in its meeting held on 06.01.2021 was apprised that uniform cloth was a security item to be purchased from selective firms only. DAC directed the Ministry to take up the matter with Public Procurement Regulatory Authority for exemption of PPRA Rules on procurement of uniform cloth.

No record was submitted to Audit for verification till finalization of this report.

Audit recommends that responsibility be fixed for the irregularity.

17.5.5 *Purchase of Uniform excess than requirements - Rs. 11.661 million*

GFR-145 states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. 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.

PPRA Rule 36 states that where scales of consumption or limits of stores have been laid down by competent authority, the officer ordering a supply should certify on the purchase order that the prescribed scales or limits are not exceeded.

The Pakistan Coast Guards purchased uniform items during the year 2019-20 detail are as under:

S. No	Items	Quantity	Rate	Amount
1	Combat uniform	10,000	3,300	33,000,000
2	Desert Boot	4,400	4,100	20,757,000
Total				**53,757,000**

As per stock entries 269 combat uniform and 364 Desert Boots were available at the time of placing order thus the total quantity available of both items was 10269 and 47064 respectively. As per computerized payroll, the strength of the Pakistan Coast Guard was 3979 on 10th April 2020 when the order was placed. As per approved scale two Combat uniforms in a year and one pair of Desert Boot in Two years are authorized for one personal.

Audit observed that management purchased 2311 Combat Uniform for Rs. 7,626,300 and 917 Desert Boot for Rs. 4,034,800 excess than requirement.

Audit is of the view that expenditure amounting to Rs. 11,661,100 was incurred excess than requirement which caused financial loss to the public exchequer.

The DAC in its meeting held on 06.01.2021 directed the Ministry to provide the record to Audit for verification.

No record was submitted to Audit for verification till finalization of this report.

Audit recommends to probe the matter.

Islamabad Administration (Chief Commissioner's Office)

17.5.6 *Non-production of auditable record*

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During audit of accounts of Office of the Chief Commissioner, ICT management was requested to produce the following information / record to Audit vide Requisition No. 01 dated 06.07.2020, Requisition No. 2 dated 13.07.2020 and Requisition No. 3 dated 16.07.2020 for scrutiny:

i. List and name of DDOs/Head of Department showing the period against each.
ii. Copies of Internal Audit Report and Physical Verification Report for the period under Audit.
iii. A certificate regarding theft, embezzlement, fraud etc. during the period under audit.
iv. Personal file of Mr. Irshad Ali, Accountant, Office of the Chief Commissioner ICT, Islamabad.

Audit observed that despite repeated written requests made to the management, the above record was not produced to Audit till 20.07.2020.

Audit is of the view that in the absence of the record the authenticity of the expenditure could not be ascertained and non-production of record is hindrance in the auditorial function of the Auditor General of Pakistan.

Neither the management replied nor was DAC convened.

Audit recommends to fix responsibility beside provision of record.

17.5.7 *Unauthorized contract with ANF for hiring of building -Rs 92.080 million*

According to Section-40 of Control of Narcotics Substances Act, 1997, where a citizen of Pakistan is convicted by a court for an offence which is also an offence punishable under this Act, the Special Court, may order that assets acquired in Pakistan by such citizen shall be forfeited to the Federal Government".

Office of the Chief Commissioner ICT, Islamabad made payments to ANF, Rawalpindi on account of rent of office building No. 14-I, F-8 Markaz, Islamabad amounting to Rs. 92,080,841 for the period 19.02.2001 to 14.02.2020**.**

According to the record, Lahore High Court, Rawalpindi Bench vide Judgment dated 17.01.2011, ordered for forfeiture of the building No. 14-I, F-8

Markaz, Islamabad. But Chief Commissioner Office Islamabad executed following agreements with ANF for hiring the subject building on rent.

Audit observed that despite court orders for forfeiture of the building, office of the Chief Commissioner acquired the building on rent and made payment amounting to Rs. 92.080 million to ANF, Rawalpindi.

Audit is of the view that since the building was ordered to be forfeited in favor of Federal Government, taking that building on rent and making rent payment without approval of Federal Government was unauthorized.

The management replied that the payment of rent for further period was stopped and the observation of Audit was being forwarded to ANF, Rawalpindi.

The reply was not satisfactory as the building belonged to Federal Government whose approval was mandatory for execution of the lease agreement.

DAC was not convened till finalization of this report.

Audit recommends recovery of the rent from department concerned.

17.5.8 *Mis-use of budget provided for Prosecution Department - Rs.35.00 million*

Para 4 (ii) of the New System of Financial Control and Budgeting, 2006 states that the funds allotted to a Ministry/Division, Attached Departments and Subordinate Offices are spent for the purpose for which they are allocated.

Office of the Chief Commissioner ICT Islamabad received funds amounting to Rs. 35.00 million under IB-5000 for the establishment of Prosecution Department in ICT Islamabad during financial year 2019-20.

Audit observed that despite sanctioned posts, approval of recruitment Rules and provision of funds, neither the recruitment of officers/officials was made nor the Prosecution Department was established.

Audit further observed that out of total original allocation of Rs.35.000 million for Prosecution Department, the funds amounting to Rs. 25.996 million were re-appropriated by the Director (Finance) without authorization. The said re-appropriation was made to meet recurring expenditure of Chief Commissioner Office and other attached departments.

Audit was of the view that diversion and expending of funds for the purposes other than the approved objects was in contravention of the financial rules.

The management replied that due to certain administrative issues, Prosecution department could not start functioning.

Reply is not acceptable as re-appropriation of funds to meet recurring expenditure was irregular and un-authorized as Director (Finance) was not competent to do the same.

DAC was not convened till finalization of this report.

Audit recommends probe into the matter to fix responsibility.

17.5.9 *Non-transparent expenditure on entities of proscribed organizations - Rs. 24.762 million.*

Rule-154 of General Financial Rules-Vol-I states that "an inventory of the dead stock should be maintained in all Government offices in a form prescribed by competent authority, showing the number received, the number disposed of (by transfer, sale loss etc.), and the balance in hand for each kind of article".

Office of the Chief Commissioner ICT Islamabad incurred expenditure of Rs.24.762 million on payments of stipend to persons of taken-over entities of proscribed organizations during financial years 2018-19 & 2019-20 as under:

(Amount in Rs. in million)

Financial Year	Budget Allocation	Expenditure	Remarks
2018-19	26.4	9.3	Rs. 26.4 million was released by Finance Division out of which only Rs. 9.3 million was spent.
2019-20	Nil	15.462	No budget allocation was made by Finance Division. The expenditure was incurred under the head A03919-Payment to other for services rendered.
Total	**26.4**	**24.762**	

Audit observed that the expenditure was made without approved rates of stipend by Finance Division and in absence of the possession report, list of both moveable and immovable assets, list of beneficiaries and detail of liabilities.

Audit further observed that on non-availability of funds, Chief Commissioner ICT Office made payment of stipend charging head of account A03919-"Payment to other for services rendered" by making re-appropriation of funds from cost center of Prosecution Department ICT.

Audit is of the view that the expenditure made without approval of the government and fulfillment of codal formalities was non-transparent and unauthorized.

The management replied that complete record is available with Auqaf Directorate-ICT.

The reply was not cogent as record was not produced to Audit.

DAC was not convened till finalization of this report.

Audit recommends proper probe the matter for fixing of responsibility.

17.5.10 *Irregular appointments of Director (Law), Record Keeper and Accountant*

As per New System of Financial Controlling and Budgeting, 2006 issued by Finance Division, the appointment of contingent staff is required to be made with the prior approval of Finance Division.

Ministry of Interior vide S.R.O 1358(I)/2018 dated 07.11.2018 issued methods, qualification and other conditions for appointment to the post of Director (Law) in the office of the Chief Commissioner, ICT. Chief Commissioner ICT vide office order No. 2(9)-Admn/95/Vol-IV-777 dated 02.05.2018 assigned the duties of Director (Law) in Chief Commissioner Office to Ch. Asghar Ali who had retired from Govt. Service on 30.09.2012. Later on, Flt. Lt. (Retd) Imran Qureshi a BS-19 officer of PAS was also posted as Director (Law) vide office order No. 1(8)-Admin/2019-745 dated 26.03.2019.

Further, office of the Chief Commissioner appointed Mst. Sana D/o Muhammad Maqbool Khan as Record Keeper in Office of the Chief Commissioner, ICT Islamabad vide office order No. 1(1)-Madaris/Auqaf/2019 dated 01.07.2019 at lump sum salary/remuneration of Rs. 20,000 per month. Office of the Chief Commissioner made payment of stipend amounting to Rs. 342,000 to Mr. Irshad Ali, Accountant who was hired for Chief Commissioner Office for maintenance and preparation of accounts and salaries.

Audit observed that:

i. The first appointee i.e. Ch. Asghar Ali was a retired employee. Second appointee Mr. Imran Qureshi was appointed despite the fact that the post was already occupied by Ch. Asghar Ali.

ii. No sanctioned post of Record Keeper and Accountant was available in the Chief Commissioner Office, ICT. Approval of competent authority was not obtained for their appointments.

iii. Proper procedure for their selection i.e. advertisement in newspaper, constitution of committee for selection was not observed.

iv. Instead of making payment of salary under Employees Related Expenses, the payment was made under the head of account A03919-Payment to other for services rendered.

Audit was of the view that appointments against the aforementioned posts were made in violation of relevant rules.

The management replied that the post of Director (Law) has never been occupied by Ch. Asghar Ali since its creation. Flt. Lt. (Retd.) Imran Qureshi a BS-19 was paid salary against that post from March 2019 to September 2019. No other officer has drawn salary against that post. All the persons attached with Madaris/ Masajid /Schools/ Dispensaries are being paid on the specific direction of Ministry of Interior/Prime Minister's Office.

The reply was not cogent as the post of Director (Law) can be filled in accordance with the provision of approved Recruitment Rules. Orders regarding assigning the charge of the post to a retired officer was not covered under the rules.

Further, there were no instructions of the Government to make appointment of persons of proscribed organizations in Chief Commissioner Office ICT.

No DAC was convened till finalization of this report.

Audit recommends to investigate the matter and fix the responsibility against for irregular appointments.

Deputy Commissioner's Office, ICT

17.5.11 ***Non-production of record of quarantine centers in Islamabad/ Rawalpindi***

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Office of the Deputy Commissioner ICT, Islamabad had supplied various food items at quarantine center Haji Camp and Pak China Friendship center.

Audit observed that no proper record regarding number of quarantines centers along with source of funding for their establishment was maintained at office of DC Islamabad. Audit requested in writing for the record of establishment of quarantine centers along source but no detail was provided till date.

In absence of essential record of expenditure/reconciliation statement, Audit was unable to verify the authenticity of expenditure incurred

Neither the management replied nor was DAC convened.

Audit recommends preparation and submission of requisite record.

17.5.12 *Unauthorized execution of the functions of the District Disaster Management Authority (DDMA) Islamabad by Deputy Commissioner*

According to Rule 18 of NDM Act 2010, each Provincial Government shall, as soon as may be after issue of notification under sub-section (I) of section 13, by notification in the official Gazette, establish a District Disaster Management Authority for every district.

Audit observed that the DDMA Islamabad was not constituted notified as required under NDM Act 2010. All the functions of the DDMA were being performed by office of Deputy Commissioner Islamabad alone.

Audit was of the view that non-constitution of the DDMA was a violation of the NDMA Act 2010.

Neither the management replied nor was DAC convened.

Audit recommends that District Disaster Management Authority Islamabad be constituted as per the provision of NDMA Act, 2010.

17.5.13 *Collection of registry fee and stamp duty without approved rates*

Rule-8 of General Financial Rules Vol-I states that it is the duty of the Revenue or Administrative Department concerned to see that the dues of Government are correctly and promptly assessed collected and paid into the treasury.

According to Section 27 (1and 2) of Stamp Act, 1899 "when any instrument chargeable with ad valorem duty under Article 23, 31 or 33 of Schedule-I relates to an immovable property, the value of the immovable property shall be calculated according to the valuation table notified by the district collector in respect of immovable property situated in the locality.

Office of the Joint Sub-Registrar Islamabad collected receipts of Rs.353.347 million on account of Registration fee and stamp duty during July to December, 2019.

Audit observed that no approved rates were notified by the district collector to assess value of immoveable properties in rural and urban areas of Islamabad

Capital Territory. Moreover, in rural registries, no Fard was found enclosed with the registries.

Audit is of the view that registration of deeds without Fard/ownership documents and collection of registry fee and stamp duty without approved rates is irregular and unauthorized

The management replied that in the light of the Stamp Act, notification regarding face value of properties in urban and rural area has been issued and duties are being charged on the basis of said valuation table.

The reply was not cogent. Due to non- approval/revision of rates by the District Collector as result of above said amendment, the Govt. exchequer was put to loss on account of less assessment of value of property and taxes.

DAC was not convened till finalization of this report.

Audit recommends appropriate corrective action to realize Govt. revenue as per approved rates.

17.5.14 *Unauthorized retention of government money - Rs. 174.131 million*

According to Rule 7 of General Financial Rules Vol-I "unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance".

Office of the Deputy Commissioner, ICT had been maintaining current bank A/c No. 4010124944 with NBP Islamabad with closing balance of Rs. 174.131 million as on 30.06.2020.

Audit observed that bank account was opened without approval of Finance Division and Rs. 174.131 million was retained as on 30.06.2020.

Audit is of the view that retention of government money without approval of finance was unauthorized.

The management replied that the purpose of said account was to deposit the amount received on account of death compensation to the legal heirs. The balance amount is also to be expended on remaining payees of disaster and compensation of individuals concerned.”

The reply is not convincing as amount was retained to avoid lapse of budget.

DAC was not convened till finalization of this report.

Audit recommends closure of Bank account and deposit of funds into treasury.

17.5.15 *Unauthorized deposit of death grant into bank account - Rs.153.250million*

Rule-9 (1) of the Federal Treasury states that a Government officer may not, except with the special permission of the Government, deposit in a bank money withdrawn from the Federal Consolidated Fund or the Public Account of the Federation.

Rule-290 of the Federal Treasury states that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

Office of the Deputy Commissioner ICT Islamabad received Supplementary Grant of Rs. 153.250 million during F.Y 2019-20 for payment of compensation to victims of suicidal attack at District Courts, F-8 Markaz, Islamabad on 03.03.2014. The cheque issued by AGPR was deposited into bank account titled “Deputy Commissioner, Islamabad Current A/c No. 4010124944-NBP.

Audit observed that instead of making payment of compensation to victims/legal heirs of the suicidal attack, the cheque for the entire amount was issued in favour of Deputy Commissioner Islamabad and deposited into bank account.

Audit is of the view that undue retention of budgetary funds by the management was in contravention of financial rules. The money should have been disbursed to the legal claimant or surrendered to government.

The management replied that the payment was made to the legal heirs after due verification as per law. Due to shortage of time and closing of fiscal year i.e 2019-20 the creation of vendor No. of each individual was impossible as most of the victims were not residing in Islamabad.

The reply was not convincing. Govt. money cannot be retained unnecessarily.

DAC was not convened till finalization of this report.

Audit recommends appropriate action against the persons responsible for the said lapse.

17.5.16 *Procurement of goods & services without tender - Rs. 20.339 million*

Rule 12 (1) of Public Procurement Rules, 2004 states that procurements over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Office of the Deputy Commissioner ICT Islamabad incurred expenditure of Rs.11,681,351 out of Covid-19 funds on hiring of vehicles and supply of foods for passengers coming from abroad. Similarly, expenditure of Rs.8,658,727 was incurred out of COVID-19 funds on hiring of hotels & establishment of quarantine centers for passengers of inbound international flights to Pakistan**.** The NDMA allowed Chief Commissioner ICT to hire hotels @ Rs. 3,000 per room (inclusive of allied charges).

Audit observed that neither open tender was floated for procurement of above goods & services nor any record was available regarding approved quarantine centers, supply orders, agreement with hotels etc.

Audit is of the view that the above goods & services were acquired in violation of PPRA rules and no record is available.

The management replied that "due to extreme urgency in all the country and shortage of time the advertising procedure could not be adopted.

The reply was not cogent. In absence of proclamation of emergency, procurements were required to be made in accordance with PPRA rules.

DAC was not convened till finalization of this report.

Audit recommends to probe the matter to ascertain veracity of expenditure.

17.5.17 *Non-surrender of un-utilized amount of COVID-19 funds - Rs.18.879 million*

Para 95 of General Financial Rules (GFR) Vol-I states that "all anticipated savings should be surrendered to Government immediately when foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time.

Office of the Deputy Commissioner ICT received a sum of Rs. 50.000 million from National Disaster Management Authority (NDMA) during financial year 2019-20 for expenditure on food, hotel charges and transportation of COVID patients. Out of Rs. 50.000 million, Deputy Commissioner ICT incurred an expenditure of Rs.31.121 million up to 30.06.2020. The unutilized amount of Rs. 18.879 million was still lying in Current bank A/c No. 4010124944 NBP Islamabad. It was not surrendered to the Government.

Audit observed that the management retained the unutilized funds instead of surrendering the same.

Audit is of the view that non-surrendering of budgetary savings was a serious lapse.

The management replied that after compilation of all outstanding bills, complete vouched account will be submitted to NDMA and unspent balance will also be given to the NDMA.

The reply was not cogent. The entire unutilized amount was required to be surrendered to the govt. treasury well in time in accordance with the rules.

No DAC was convened till finalization of this report.

Audit recommends deposit of unspent balance into Government treasury.

17.5.18 *Unauthorized retention of hired vehicles for JIT – Rs.14.909 million*

Ministry of Interior vide letter No. 1/1/2018-R (Sindh) dated 25.10.2018 directed the ICT management for provision of 05 vehicles for members of Joint Investigation Team in the fake bank accounts cases. Accordingly, the Deputy Commissioner, ICT hired and provided 05 Double Cabins vehicles to Panjnad Rangers for security of JIT members during October/November, 2018.

Office of the Deputy Commissioner ICT Islamabad initially hired five (05) vehicles @ Rs. 8,500 per vehicle per day. The Panjnad Rangers vide their letter No. 1440/GS(ops) dated 09.11.2018 intimated the Deputy Commissioner ICT that out of 05 vehicles one (01) vehicle was faulty and beyond use.

Ministry of Interior vide letter No. 2/27/2018-ICT-II (Pt) intimated that the JIT has been concluded and submitted its report on 31.12.2018. In response, Office of the Deputy Commissioner ICT vide letter No. 2(43)-DN/2019-20 dated 30.01.2020 intimated that "the vehicles were not returned after conclusion of JIT." Office of the Deputy Commissioner ICT incurred expenditure of Rs. 14,909,000/ during financial years 2018-19 to 2019-20 on the said vehicles.

Audit observed that 04 vehicles were retained by JIT after conclusion of JIT report and Rs. 14.909 million were incurred. Usage of these 04 vehicles and details of faulty vehicle returned by Panjnad Rangers after 31.12.2018 were not on record.

Audit is of the view that hiring of vehicles including the faulty one was imprudent and expenditure of Rs. 14.909 million incurred on vehicles during illegal retention was unjustified.

The management replied that in spite of all efforts the said vehicles were not returned to this office on the conclusion of JIT. This office has taken up the matter with the M/o Interior and Panjnad Rangers for withdrawal of vehicles

The reply was not cogent and substantiated with documentary evidence.

DAC was not convened till finalization of this report.

Audit recommends that matter be inquired for fixing of responsibility.

17.5.19 *Issuance of arms licenses without NADRA data bank and unauthorized collection of charges at citizen facilitation center - Rs. 7.862 million*

As per Para 19 of Arms Policy 2012 of the Federal Government, the NADRA was tasked to maintain data bank of licenses, weapons and issuance of weapon Authorization Form/ Demand Note and subsequently computerized Arms Licenses (CALs) to applicants.

According to Rule-25 of General Financial Rules Vol-1 "all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance."

Office of the Deputy Commissioner ICT Islamabad collected miscellaneous charges amounting to Rs. 7,862,126 from the applicants of Arms Licenses, International Driving Permit and Domicile fee during financial year 2019-20.

Audit observed that contrary to the policy, the DC Office Islamabad issued 2,069 Arms Licenses (NPB) during financial year 2019-20 without executing agreement with the NADRA for maintenance of data bank.

Audit further observed that miscellaneous charges of Rs.7.862 million were collected in cash without any approval and an unverifiable expenditure of Rs. 6.230 million was incurred out of that.

Audit is of the view that the cash collection of miscellaneous charges of Rs. 7.862 million and unverifiable expenditure of Rs.6.230 Million without approval from Finance Division was unauthorized.

The management replied that linking of Arms Licenses with NADRA is underway and the extra charges have been stopped w.e.f 1-8-2020 after audit observation.

The reply is not acceptable as the department was not authorized to collect miscellaneous charges and collected amount was an extra burden on citizens.

Audit recommends to conduct fact-finding inquiry into the matter and take immediate measures for maintenance of the databank of the holders of arms license.

Pakistan Rangers Sindh Karachi

17.5.20 *Non-production of record*

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

According to Section-14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

During audit of Pakistan Rangers Sindh, Karachi the management did not produce the following record till the closing of audit.

i. Detail of all receipt.

ii. Dead stock/Consumable Stock Register.

iii. Monthly strength returns on prescribed formats.

iv. Expenditure and strength record of hospital.

v. Wing wise and head wise expenditure statement of IS duties allowance.

Audit is of the view that due to delay in production of record audit assignment could not be completed within stipulated time period.

The DAC in its meeting held on 06.01.2021 apprised that all the record was presented at the time of audit. DAC directed the management to produce the record to Audit.

No record was submitted to Audit for verification till finalization of this report.

Audit recommends that responsibility be fixed and record be produced to audit.

17.5.21 *Irregular expenditure without Technical Sanction - Rs.967.979 million*

Para-56 of CPWD Code states that for each individual work proposed to be carried out, a properly detailed estimate must be prepared for the sanction of competent authority; this sanction is known as the technical sanction to the estimate to be obtained before the construction of the work is commenced. It indicates that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. Such sanction will be accorded by the authorized officer of the Public Works Department.

Para-68 of CPWD Code states that the Chief Engineer is empowered to accord technical sanction to detailed estimates for works above Rs.10.00 million.

The management of Pakistan Rangers Sindh, Karachi, was executing four development projects during the year 2019-20. Details are as under:

(Rupees in million)

S. No	Name of Project	Approved Cost	Expenditure 2019-20	Total Expenditure
1.	Construction of accommodation for Abdullah Shah Ghazi Rangers at Karachi	2870.490	227	2288.47
2.	Construction of accommodation for Bhittai Rangers at Karachi Phase-I	1263.406	150	600
3.	Construction of accommodation for 2x Rifle wings at Karachi	1467.841	330	1197.95
4.	Construction of accommodation for SSD Wing (Chinese Security) at Karachi	731.171	260.979	731.18
Total			**967.979**	**4,817.6**

Audit observed that Ministry of Interior delegated the power of technical sanction to the Director General, Pakistan Rangers Sindh, Karachi, on 07.07.2010 with the condition that power will not be further delegated to any subordinate. The subject works were carried out without technical sanctions from the competent authority.

Audit is of the view that technical sanction can only be accorded by an authorized Engineer of the public works department who has the competency to check the authenticity of the drawing designs and detailed estimates of civil work/building.

The DAC in its meeting held on 06.01.2021 was apprised that the expenditure incurred with the Technical Sanctions of the Competent Authority. DAC directed the management to get the record verified.

No record was submitted to Audit for verification till finalization of this report.

Audit recommends that technical estimates be got prepared from the competent/authorized engineer.

17.5.22 ***Loss due to excess expenditure on purchase of Arms - Rs.503.494 million***

GFR-23 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.

The management of Pakistan Rangers Sindh, Karachi instead of importing directly or purchasing through open tender made payment of Rs. 607,067,998 to the Pakistan Ordinance Factory Wah, for the purchase of 5500 Kalashnikov Assault Rifle AK-103 (7.62 * 39) a/w accessories.

An amount of Rs. 503,494,748 was paid during the year 2018-19 whereas Rs.103,573,250 had already been paid previously for the purchase of SMG which were adjusted against the cost of Kalashnikov.

Pakistan Ordinance Factory Wah on 16.12.2017 sent invoice of USD 786.4 at the conversion rate of Rs.110. Later on 22.01.2019 due to depreciation of Pak Rupee an additional amount of Rs. 503,494,748 was demanded at conversion rate of Rs.140 against 1 USD, for completion of transaction.

Audit observed that despite payment of additional amount to local supplier on account of exchange rate variation delivery of weapons was still awaited.

Audit is of the view that the benefits of the expenditure incurred were not achieved and hedging was not done to avoid future loss due to exchange rate variation.

The DAC in its meeting held on 06.01.2021 was apprised that POF Wah was being approached for provision of weapons. DAC kept the para pending with the direction to management to pursue the case vigorously and with POF.

Audit recommends that matter may be pursued and weapons may be obtained.

17.5.23 *Doubtful payment on construction of accommodation for ASGR - Rs.227.00 million*

Para-IV of the contract agreement states all payments shall be made based on actual measurement

Para-22 of the contract agreement states that on completion, work will be inspected and approved by the board of officer, after approval of board of officer final payment will be released.

Para 209 to 211of CPWA Code states that each set of measurement should commence with entries stating the date of measurement the date of actual completion of work.

The management of Pakistan Rangers Sindh, Karachi called tender on 27.09.2016 for the project "Construction of accommodation for Abdullah Shah Ghazi Ranger (ASGR)" with the following details of payments:

S. No.	Project	No. of Work Components	Amount of bills in million	Bill nos.	MBs	Contactors
1	Construction of Accommodation for ASGR	12	227	123 to 134	207, 208, 209, 210,211	M/s Aikes,M/s Geotech & M/s Misal Khan

Audit observed that Contractor was selected and comparative statement was made in 2016 when there was no registration of the contractor. Work was awarded four years later and the expenditure was sanctioned and payment was made to the contractor before the completion of work and without actual measurement as per contract agreement.

Audit further observed that there was no detail measurement taken date wise, and stage wise which show the actual value of work done.

Audit is of the view that expenditure was doubtful due to the lapses stated above.

The DAC in its meeting held on 06.01.2021 was apprised that all the payments were made on the basis of actual measurements. DAC directed the Ministry's Development Wing to probe the matter and share the findings of report with Audit.

Audit recommends investigation in the matter to fix responsibility.

17.5.24 *Unauthorized purchase of Motorcycle Rs. 35.604 Million*

GFR 10 (ii) states that the expenditure should not be prima facie more than the occasion demands.

Finance Division OM no. F-7(1) Exp P-iv/2016-1079 dated 17.12.2018 states that the cases seeking relaxation of ban on purchase of vehicles will be submitted to the committee headed by Additional Finance Secretary to rationalize to review the indispensable needs of organizations

The management purchased 264 Motorcycles from M/s Atlas Honda Limited Karachi during 2019-20 for Rs.36.432 million

Audit observed that 258 new motorcycles for Rs. 35.604 were purchased in excess of the authorized quantity. Pakistan Rangers Sindh's authorized strength of Motorcycles was 127.

Audit further observed that the procurement was made without obtaining NOC from the Cabinet Division as government had imposed ban on purchase of vehicles.

Audit is of the view that the purchase of Motorcycles without authorization was irregular.

The DAC in its meeting held on 06.01.2021 was apprised by the management that budget for purchase of motorcycles was provided by Government of Sindh for internal security duties. The DAC directed the management to get the record verified from Audit.

No record was submitted to Audit for verification till finalization of this report. Moreover, Sindh Rangers being Federal Department is not authorized to obtain funds from Sindh Government for procurement of assets.

Audit recommends inquiry to fix responsibility besides regularization.

17.5.25 ***Irregular procurements of uniform and other items - Rs.35.375 million***

Rule 12(2) of PPRA states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

FTR-205 states that every Government officer entrusted with the payment of money should obtain for every payment he makes a voucher setting forth the full and clear particulars regarding the claims and all relevant information necessary for its proper identification and classification in accounts. Every voucher must bear to have attached to it an acknowledgement of payment signed by the person by whom or on whose behalf the claim is put forward. Where it is not possible to obtain an acknowledgement, a certificate of disbursement should be in manuscript, signed by the disbursing officer and countersigned by the superior officer.

Management of Pakistan Ranger Sindh Karachi incurred an expenditure on purchase of uniform and other items under the head A03970 – Others during 2019-20. As detail below:

S. No.	Item	Supplier	Qty	Amount
1.	Ceremonial dress	Serena Textile Lahore	10,384	25,756,474
2.	CCD Trouser	Nishat Mill Lahore	1,000	1,250,000
3	Misc.	-		8,369,000
Total Rs.				**35,375,474**

Audit observed that procurement was made without calling open tender. Moreover expenditure record i.e. purchase files and paid vouchers relating to other procurement under the head A03970-Others was not available.

Audit is of the view that the subject procurement was made in violation of PPRA rules. It deprived the public exchequer of the benefits of competitive rates.

The DAC in its meeting held on 06.01.2021 was apprised that uniform cloth was a security item to be purchased from selective firms only and an amount of Rs. 2 million was incurred on miscellaneous items whereas remaining amount was expended through tendering.

DAC directed the Ministry to take up the matter with PPRA Authority for clarification regarding exemption of PPRA rules on procurement of uniform cloth. DAC further directed the management to get the record verified.

No record was submitted to Audit for verification till finalization of this report.

Audit recommends that the matter be probed besides its regularization.

17.5.26 *Construction of Less covered area and excess expenditure than approved in PC-I- Rs. 159.293*

GFR-12 states that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order 'to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.

GFR-23 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.

Management of Pakistan Ranger Sindh Karachi incurred an expenditure of Rs.955.873 million on development projects. Details are as under:

Project	Component	PC-I provision	Expenditure	Excess Expenditure
Construction of accommodation for SSD Chines Company	Internal electrification	30.30	46.832	16.532
Construction of accommodation for ASGR	Construction of 544 men Baraks	623.03	691.222	68.192
	Road and Path	102.32	163.156	60.836
	Gas supply and connection	40.93	54.663	13.733
	Total	**796.58**	**955.873**	**159.293**

Audit observed that excess expenditure was incurred than approved cost without any authority.

Audit further observed that the contractor constructed less covered area but claimed excessive bill resulting into excess expenditure of Rs. 68.192 million in Project tilted “Construction of 544 men Baraks”.

The DAC in its meeting held on 06.01.2021 was apprised that excess expenditure was covered according to the PC-I. DAC directed the management to get the record verified.

No record was submitted to the Audit for verification. The excess expenditure over and above the PC-I remains irregular till the revision of PC-I.

Audit recommends that matter be investigated to fix the responsibility.

ICT Police, Islamabad

17.5.27 ***Maintenance a fleet of 593 vehicles without revised authorization.***

Para-XV of Annexure to the Cabinet Division No.6/7/2011-CPC dated 12.12.2011 states that “the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department”.

Islamabad Capital Territory Police, Islamabad is maintaining a fleet of 593 vehicles**.** An expenditure of Rs.297.233 million was incurred on their repair/ maintenance and POL during financial year 2019-20.

Audit observed that no details of the vehicles rendered surplus due to enforcement of monetization policy was intimated to the Cabinet Division to obtain revised Authorization of vehicles from the Vehicle Authorization Committee.

Audit is of the view that maintenance of a large fleet of 593 vehicles without authorization was violation of the instructions of the Federal Government.

Neither the management replied nor was DAC convened.

Audit recommends obtaining of authorization of vehicles besides regularization of already incurred expenditure.

17.5.28 ***Appointment of 253 employees without sanctioned posts - Rs.124.07 million***

Rule-73 (ii) of General Financial Rules Vol-I states that “the budget estimates should only include items which have already been cleared with Finance Division. Any item which is appearing in Part I estimates for the first time should be supported by a copy of the sanction authorizing the continuance of that particular item of expenditure on a permanent basis. Fresh items of expenditure which have been previously agreed to by Finance Division should be included only through Part II estimates. Provision for posts, sanctioned for a specific period should, if their continuance be considered necessary, be made through Part II estimates”.

Islamabad Capital Territory Police, Islamabad made payment of pay & allowances amounting to Rs. 124,069,332 to 253 employees during financial year 2019-20 as summarized below:

Name of post	**Mechanic**	**Barber**	**Tailor**	**Plumber**	**Electrician**	**Cook**
No of posts	4	32	19	5	16	43
Pay & allowances	1.68	16.64	9.25	2.32	7.97	20.26
Name of post	**Langary**	**Sepoy**	**Sweeper**	**Mali**	**Carpenter**	**Total**
No of posts	29	3	57	44	1	**253**
Pay & allowances	15.20	1.82	27.36	21.19	0.38	**124.07**

Audit observed that the payment of pay & allowances was made against appointments on those posts which were not sanctioned/available in budget estimates/NIS for financial year 2019-20.

Audit is of the view that without sanction of Finance Division for the said posts, the expenditure of Rs. 124.069 million on account of pay& allowances was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends probe into the matter besides regularization of the expenditure.

17.5.29 *Unauthorized payment of Fixed Daily Allowance – Rs. 78.057 million*

Rule 12(1) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, or their statutory rights and privileges, which have financial implications.

Counter Terrorism Department, Islamabad paid 20 DAs Fixed Daily Allowance to its employees and incurred an expenditure of Rs. 78,057,502 during financial year 2019-20.

Audit observed that the 20 DAs Fixed Daily Allowance totaling to Rs. 78.057 million was paid to all the employees of Counter Terrorism Department without approval of Finance Division.

Audit is of the view that the 20-Days Fixed Daily Allowance was approved only for the employees deputed on operational duties in the field. But the management of CTD Islamabad paid this allowance to all its employees irrespective of operational duty.

Neither the management replied nor was DAC convened.

Audit recommends to stop the practice, besides recovery and regularization.

17.5.30 *Purchase of vehicles without authorization from Cabinet Division - Rs.50.364 million*

Para-XV of Annexure to the Cabinet Division's O.M No.6/7/2011-CPC dated 12.12.2011 states that "the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/ Division/Department".

Finance Division vide U.O No. 7(2)-Exp-IV/2018-361 dated 05.06.2020 granted NOC for purchase of 22 vehicles for Safe City, Islamabad with the condition that "the department will immediately get the authorization of these vehicles."

Islamabad Capital Territory Police, Islamabad purchased 16 vehicles at a cost of Rs.50,364,407 for Safe City, Islamabad during financial year 2019-20.

Audit observed that expenditure of Rs.50.364 million was incurred on purchase of vehicles without obtaining authorization from Cabinet Division.

Audit is of the view that purchase of vehicles was unauthorized as it was made without getting mandatory authorization from Cabinet Division.

Neither the management replied nor was DAC convened.

Audit recommends obtaining of authorization for regularization of expenditure.

17.5.31 *Unnecessary procurement of hardware and non-imposition of late delivery charges- Rs. 39.108 million*

Para-145 of General Financial Rules Vol-I states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. 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.

The project titled "Establishment of Model Police Stations in ICT/Police Reforms, Islamabad floated open tender for "Procurement, Installation & Commissioning of Hardware" on 16.12.2017. Four (04) firms participated in the tender. After evaluation of technical and financial proposals, the agreement was made with M/s Carbon8 Pvt. Ltd. for an amount of Rs. 52.043 million vide No. 484-IPITB-PL-HQ dated 14.02.2018. Against agreement cost of Rs. 52.043 million the firm supplied hardware items costing Rs. 50.873 million.

Audit observed that Hardware items worth Rs. 34.908 million were purchased but not issued and were lying in store unutilized resulting in expiry of warranty and wear and tear. Furthermore, complete delivery of items was to be made by 27.03.2018 but late delivery was made ranging from 2 weeks to 53 weeks. Audit observed that despite late delivery of items, the late delivery charges of Rs. 4.200 million were not recovered from the firm.

Audit is of the view that the equipment was purchased without need assessment / actual requirements. Moreover, non-imposition of late delivery charges was irregular.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix responsibility.

17.5.32 *Payment to firms without proper inspection & test reports- Rs.32.476 million*

According to Para-1 of General Terms & Conditions of Tender Documents for provision of Batteries for all sites "The Responding Organization clearly indicates the duration of delivery of equipment after the award of contract."

Sr. No	Milestone	Time Period	Payment
1.	Issuance of purchase order	One week after bid opening	---
2.	Supply Items	4-6 weeks after issuance of purchase order	70%
3.	Testing	One week from installation site	20%
4.	Successful Operations	After successful testing on site.	10% (upon submission of 5% performance Guarantee in the shape of Bank Guarantee or AAA ranking insurance Guarantee.
5.	Warranty	Completion of one year tenure or contracted period.	Release of Performance Guarantee

Islamabad Capital Territory Police, Islamabad floated open tender on 06.05.2020 for purchase of batteries for Safe City, Islamabad. After finalization of tendering process, supply orders for purchase of batteries were issued and payment of Rs. 32.476 million were made to three firms. Two cheques bearing No. 46729644 dated nil amounting to Rs. 4,894,000 and No. 05542580 dated 18.06.2020 amounting to Rs. 22,336,000 were obtained from M/s KST Pvt. Ltd., Islamabad and M/s Carbon8 (Pvt.) Ltd., Islamabad respectively as security against released amount of Rs.27,230,000 to both the firms.

Audit observed that Supply orders were issued to the firms on 17.06.2020 but no supply was made by the firms till 30.06.2020 as delivery challans and Invoices submitted by M/s Carbon, M/s KST and M/s Sapphire were without date and number.

Audit further observed that the bills were submitted to AGPR in last week of June, 2019 without actual receipt of items and on the basis of fake inspection reports as no installation & testing report (during June, 2020) was on record when the payments were released.

Audit is of the view that payment without following codal formalities and verifications leaves veracity of the expenditure unverified.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix the responsibility.

17.5.33 ***Irregular drawl of honoraria in cash-Rs. 28.851 million***

According to Rule-205 of Federal Treasury Rules that "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."

Rule-157 of Federal Treasury Rules states that "Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed as "A/c payee only not negotiable".

Islamabad Capital Territory Police, Islamabad drew an amount of Rs. 28.851 million in cash on account of payment of honorarium to the officers/officials of ICT Police.

Audit observed that the amount of Rs. 28.851 million was drawn (in cash) by Drawing & Disbursing Officer instead of making payment through cross cheques.

Audit is of the view that withdrawal and disbursement of honoraria in cash was a serious violation of the financial rules.

Neither the management replied nor was DAC convened.

Audit recommends probe to verify disbursement of the amount.

17.5.34 *Unauthorized deposit of govt. receipt into Police Welfare Fund Account–Rs.27.811 million*

Rule 7(1) of Federal Treasury Rules Vol-I states that, "all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank. 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. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government."

Islamabad Capital Territory Police, Islamabad collected receipts from the contractors of two petrol pumps, Car wash /Tyre Shop, SMS Services from I-Tel, F.M Radio 92.4, Profit of Regular Income Certificate etc. amounting to Rs. 27,811,054 and deposited the same into Islamabad Police Welfare Fund (Bank A/c # 3010055430 being maintained with National Bank of Pakistan, F-8 Markaz, Islamabad).

Audit observed that instead of depositing government receipt into government treasury, the entire receipt of Rs. 27.811 million was deposited into ICT Police Welfare Fund Account.

Audit is of the view that the said receipts being part of government revenues could not be retained by the collecting agency/department.

Neither the management replied nor was DAC convened.

Audit recommends action against the officials responsible besides deposit of entire receipts into government account.

17.5.35 *Unauthorized expenditure on purchase of POL for other departments -Rs. 16.085 million*

Rule-12 of General Financial Rules Volume-I states that "a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided".

Islamabad Capital Territory Police, Islamabad purchased POL of Rs.16,085,532 for vehicles of other departments during Azadi March JUI-F, 2019 through credit slips.

Audit observed that no budget allocation was available for POL of vehicles of other departments. Approval of competent authority was not on record regarding use of vehicles of other departments. Moreover, the entire expenditure of Rs.16.085 million was incurred on the basis of credit slips instead of fleet cards.

Audit is of the view that expenditure of other departments POL is unauthorized and the possibility of pilferage due to fake credit slips could not be ruled out.

Neither the management replied nor was DAC convened.

Audit recommends fixing of responsibility besides regularization of expenditure.

17.5.36 *Overpayment of inadmissible allowances-Rs. 15.077 million*

Para-9 of General Financial Rules Volume-I states that "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".

Islamabad Capital Territory Police, Islamabad made overpayment of inadmissible allowances of Rs.14.227 to its employees during the financial year 2019-20. **(Annexure 17-B)**

Similarly, Counter Terrorism Department, Islamabad made overpayment of inadmissible allowances of Rs.850,930 to its employees during the financial year 2019-20.

Audit observed that the above allowances were not admissible to officers/ officials without approval of Finance Division.

Audit further observed that no change statement was submitted by the DDO ICT Police, Islamabad to AGPR but the concerned officers/officials have drawn the said inadmissible allowances bypassing proper procedure.

Audit is of the view that payment of said allowances without approval is irregular.

Neither the management replied nor was DAC convened.

Audit recommends to stop payment besides recovery.

17.5.37 *Loss on procurement of batteries without need assessment- Rs. 4.894 million*

Para-145 of GFR states that purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. 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.

Islamabad Capital Territory Police, Islamabad purchased 178 batteries for Safe City, Islamabad for installation at various locations. Supply order for purchase of total 178 Nos batteries costing Rs. 4.894 million was issued to the firm on 17.06.2020. As per stock register the batteries were received on 28.06.2020

Audit observed that despite lapse of warranty period of four months the batteries were lying in the store un-utilized till October, 2020 as the batteries were purchased without need assessment. Moreover, no testing was carried out till 30th June, 2020 but payments were released.

Audit is of the view that the batteries were purchased without need assessment in violation of the financial rules to avoid lapse of funds at the close of financial year.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix the responsibility.

17.5.38 *Non-production of record*

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that “any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person”.

Islamabad Capital Territory Police, Islamabad was requested to provide the following record/documents/information.

i. List and name of DDOs/Head of Department showing the period against each.

ii. Record relating to recruitment made during the period under audit.

iii. A certificate regarding theft, embezzlement, fraud etc. during the period under audit.

iv. Agreements of shops, canteens other property of Police and receipt and expenditure record.

v. Income from rent of Canteen/shops etc., Rescue-15 for checking status of vehicle through application and SMS.

vi. The record of forensic laboratory i.e approved rates, Income for the audit year, Bank account Number along with bank statement, cash book and detail of expenditure if any.

vii. The record of driving school i.e approved rates, Income for the audit year, Bank Account Number along with bank statement, Cash book and detail of expenditure, if any

viii. List of assets/equipments received from NADRA by Safe City Islamabad alongwith their entry in dead stock register.

ix. Signed copy of monthly report received from National Bank of Pakistan indicating actual amount of challans and driving licenses during financial year 2019-20 credited into govt. account.

x. List and number of bank staff deployed by National Bank of Pakistan at the booth of Islamabad Traffic Police for collection of driving license fee.

xi. The project titled "Establishment of Model Police Stations in ICT/Police Reforms" has incurred expenditure of Rs. 7,238,677/- on employees related expenses (including payment of honorarium of Rs. 300,000/- to the employees) but no payroll and relevant record regarding incurring of expenditure on pay & allowances and honorarium has been provided to Audit.

Audit observed that the management of Islamabad Capital Territory Police failed to provide the above record to audit for scrutiny despite repeated requests.

Audit was of the view that non-production of record hindered the auditorial function of the Auditor General of Pakistan.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends appropriate action against the persons held responsible for non-production of record to audit. The relevant record may also be produced to Audit for scrutiny.

17.5.39 ***Loss to public exchequer due to non-disposal of 58 off road vehicles***

Rule-25 of Staff Car Rules, 1980 states that "staff cars when due for replacement as per their fixed life may be replaced at the discretion of the Secretary/Additional Secretary In-charge of the Division concerned."

Rule-26 of Staff Car Rules, 1980 states that "all vehicles shall be disposed of through public auction."

Islamabad Capital Territory Police, Islamabad provided a list of 58 vehicles having different engine capacity. These vehicles are off-road since long.

Audit observed that management neither declared the off-road vehicles condemned nor disposed off through open auction.

Audit is of the view that the condition of vehicles was deteriorating day by day which resulted in loss to the government exchequer.

Neither the management replied nor was DAC convened.

Audit recommends early disposal of vehicles after completion of codal formalities.

National Police Academy

17.5.40 *Unauthorized transfer of cash from Assignment Account to Academy Fund – Rs. 514.365 million*

According to Para-8 of Finance Division's S.R.O. No.(1)/2008 dated 23.09.2008,it shall not be permissible to draw the whole amount authorized or part thereof and to place it in a separate account at the treasury or in a commercial bank.

According to Para-3(iii) of Controller General of Accounts Revised procedure for operation of Assignment Accounts of Federal Government letter No.916/CGA/ A.A/RP-2018(L.C) dated 16.10.2018 "The officers holding Assignment Accounts will ensure that no cheque is drawn on Assignment Accounts unless it is required for immediate disbursement to the goods/services provider. Cheques will not be drawn for deposit into chest or any bank account maintained by the entity. A certificate to this effect will be recorded on the Schedule of Payment."

During the financial year 2013-20, the management of NPA transferred an amount of Rs. 514,364,754 from Assignment Account to Academy fund from time to time. Details are given in **Annexure 17-C.**

Audit observed that heavy amounts were transferred from Assignment Account to Academy Fund. Instead of paying directly to the vendors the amount was kept in Academy fund for utilizing in operational purposes without any provision in relevant Rules.

Audit is of the view Academy Fund was used for operational purposes without approval from Finance Division.

Neither the management replied nor was DAC convened.

Audit recommends to investigate the matter to fix the responsibility.

17.5.41 ***Unauthorized purchase and use of vehicles – Rs. 29.94 million***

According to Finance Division O.M No.F.7(1)Exp-IV/2016-510 dated 29.06.2016, there shall be a complete ban on purchase of all type of vehicles both for current as well as development expenditure except vehicles for law enforcing agencies for which NOC from Finance Division would be required.

According to para 24 (2) of Staff Cars Rules 1980, Prime Minister of Pakistan approved the following revised entitlement of staff cars:

a. Federal Ministers / Ministers of State / Advisors / Special Assistants to the Prime Minister with status of Minister / Minister of State, 1800 CC.
b. Secretaries General/ Secretary/ Parliamentary Secretaries and officers equivalent to BPS-22, 1300 CC.
c. Additional Secretaries / Senior Joint Secretaries / Officers in BPS-21 / 20 and equivalent, 1000 CC.

In 11th Board of Governors meeting of NPA held on 09.12.2010 under agenda item No. 5, it was approved that a car / vehicle commensurate with the one provided to officers in provinces/ Islamabad Capital Territory Police be provided to each officer posted in the Academy.

The management of National Police Foundation, Islamabad procured 12 vehicles during financial year 2016-17 amounting to Rs. 21,917,500 Moreover, management also provided 13 vehicles to BPS 17 and above officers and incurred expenditure amounting to Rs. 8,020,756 during the financial years 2017-20.

Audit observed that management purchased the vehicles during the ban period and without NOC from Finance Division. Audit also observed that the non-entitled officers of the department were using the official vehicles. An amount of Rs. 8,020,756 was spent on POL and repair & maintenance of vehicles during the financial years 2017-20 while record pertaining to previous years' expenditure was not produced.

Audit is of the view that the procurement of vehicles without NOC from Finance Division and use of official vehicles by non-entitled officers was unauthorized and irregular. Apart from that, huge amount was spent on POL and repair & maintenance of these vehicles resulting in unjustified and heavy burden on public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends for regularization of the matter besides compliance of Staff Car Rules.

17.5.42 ***Non-deposit of Government receipts into Treasury – Rs 22.658 million***

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government 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.

National Police Academy, Islamabad offers courses to other departments besides providing training to newly recruited officers and conducting short courses for Police personnel. During the financial year 2013-20, the Academy provided training to different departments and collected receipts amounting to Rs. 22,658,245.

Audit observed that National Police Academy received an amount of Rs. 22,658,245 which was not deposited in to Government Treasury.

Audit is of the view that that money received in the form of course fee was public money and to be deposited into Govt. treasury as required under the rules.

Neither the management replied nor was DAC convened.

Audit recommends reconciliation and deposit of receipts into government account. Any utilization of departmental receipts for expenditure be got regularized.

National Police Foundation, Islamabad

17.5.43 ***Non-achievement of core objectives of the Foundation***

In terms of Para-1(a) of SRO 334(I)/75 dated 14.03.1975, the National Police Foundation was established with following objectives:

i. to extend and improve medical facilities for serving and retired beneficiaries.

ii. to advance grants to the dependents of retired or serving beneficiaries for the purpose of education.

iii. to provide for construction of low-cost houses of various categories.

iv. to provide for Rest Houses/ Centers for rest & recreation for the beneficiaries and their dependents.

v. to provide lump sum grants in case of death or injury to any of the beneficiaries in the line of active duty.

The management of National Police Foundation, Islamabad generated income amounting to Rs. 693,129,793 and incurred expenditure of Rs. 550,361,271 during the financial years 2015-16 to 2019-20. The detail is as under:

Financial Year	Income	Expenditure	Welfare Expenses	%age of Exp. on Welfare
2015-16	134,977,526	105,764,986	24,834,123	23.48%
2016-17	118,317,544	121,594,176	22,681,083	18.65%
2017-18	141,324,056	114,006,168	19,550,066	17.15%
2018-19	150,651,093	104,398,303	18,705,467	17.92%
2019-20	147,859,574	104,597,638	10,898,466	10.42%
Total	**693,129,793**	**550,361,271**	**96,669,205**	

Audit observed that the management incurred 10% to 23% of total expenditure on the welfare activities during the financial years 2015-16 to 2019-20. On the other hand, most of expenditure was incurred on salaries, training centers, rent payments and other miscellaneous expenses instead of above quoted core objectives.

Audit is of the view that the Foundation was established to promote welfare-oriented initiatives for the prescribed beneficiaries as envisaged in the Schedule of Scheme of the Foundation. But the management of the Foundation was not pursuing the stated objectives when it comes to the spending.

Neither the management replied nor was DAC convened.

Audit recommends that the focus be shifted to core objectives.

17.5.44 *Non-recovery of conservancy and allied charges from allottees of housing schemes – Rs. 150.417 million*

Para-28 of GFR (Vol-I) states that no amount due to Government should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

The management of National Police Foundation, Islamabad collected Rs. 4,433,620 on the account of Conservancy and Allied Charges from the allottees of housing schemes during the financial years 2015-16 to 2019-20.

Audit observed that Conservancy Charges amounting to Rs. 150,416,804 due from the allottees of housing schemes were not collected/ received during financial years 2015-16 to 2019-20. The detail is as under:

(Amount in Rs.)

Sr. No.	Housing Schemes	Type of Allottees	Conservancy and Allied Charges Due
1	E-11 Housing Scheme	Plots	17,086,844
		Houses	55,802,279
2	O-9 Housing Scheme	Plots	55,697,623
		Houses	21,830,058
	Total		**150,416,804**

Audit is of the view that non-recovery of Conservancy and Allied Charges from allottees deprived the Foundation of its due receipts.

Neither the management replied nor was DAC convened.

Audit recommends that amount be recovered from defaulters besides framing an appropriate recovery mechanism for smooth and efficient running of the activities.

17.5.45 *Non-recovery of dues from allottees of housing schemes despite orders of supreme court – Rs. 83.762 million*

Para-17 of Report of Commission dated 02.05.2015 on Suo Moto Case No. 11 of 2011 stated that since it has been found that matter has been taken up by the Hon'ble Court competently and is pending, the differential amount will be recoverable in terms of Article 187 read with Article 190 of the constitution of Islamic Republic of Pakistan, read with Order 45 CPC and Rule 15 of Order 45 CPC shall be applicable.

Para-28 of GFR (Vol-I) states that no amount due to Government should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

The management of National Police Foundation, Islamabad was required to recover Rs 83.76 million from the allottees of housing schemes/residential and commercial plots as ordered by Supreme Court of Pakistan. The detail is as under:

Sr. No.	Housing Scheme	Nature of Plot	No. of Plots	Recoverable Amount (Rs.)
1	O-9 Housing Scheme	Commercial Plot	20	10,112,483
2	E-11 Housing Scheme	Army	6	3,646,900
3	-do-	Civilian	88	48,347,993
4	-do-	Govt. Servant	30	16,834,800
5	-do-	Multi Allotment	10	4,820,124
		Total	**154**	**83,762,300**

Audit observed that the management of Foundation did not recover the dues amounting to Rs 83.76 million from allottees despite orders by Supreme Court of Pakistan.

Audit is of the view that non collection of receivables on account of allotment of residential and commercial plots from allottees deprived the Foundation of its due receipts. It indicated weak internal controls of the Foundation.

Neither the management replied nor was DAC convened.

Audit recommends that the concrete efforts be made to recover the outstanding charges from defaulters besides framing an appropriate recovery mechanism.

17.5.46 *Unjustified expenditure on non-functional project - Rs.60.309 million*

Agenda Item No. 3 of meeting of the Committee of Administration of NPF held on 30.11.2017 states that the chairman emphasized that decision regarding Nowshera Sheet Glass Industries is pending since long and should be decided forthwith as it is a big loss to NPF.

Para-23 of GFR (Vol-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.

The management of National Police Foundation, Islamabad incurred expenditure of Rs. 60,308,982 on pay & allowances and other operating expenses of its project "Nowshera Sheet Glass Industries" during 2012-13 to 2019-20.

Audit observed that the management incurred huge expenditure on the dysfunctional project where production activities were suspended since 2012.

Audit is of the view that the expenditure on the dysfunctional project was extravagant wastage of public money.

Neither the management replied nor was DAC convened.

Audit recommends that a probe be conducted to fix the responsibility.

17.5.47 *Non-recovery of rent of Mohafiz Plaza, Lahore – Rs.15.332 million*

Decisions on Agenda-1 of meeting of Committee of Administration held on 30.11.2017 states that Mohafiz Plaza is an asset of NPF from where huge funds can be generated due to its location in main city area of Lahore, but meager rent is being received from the shops since long due to old fixed rent rates and hurdles from trade unions. A committee was constituted to examine, find solution and give recommendations to make the project profitable.

Para-28 of GFR (Vol-I) states that no amount due to Government should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

The management of National Police Foundation, Islamabad owned a commercial plaza named as Mohafiz Plaza at Anarkali, Lahore where 176 shops were rented out to different tenants.

Audit observed that as per the record, rent amounting to Rs. 15,332,312 was outstanding from tenants of Mohafiz Plaza, Lahore.

Audit is of the view that non-collection of rent from tenants deprived the Foundation of its due receipts.

Neither the management replied nor was DAC convened.

Audit recommends that to recover the outstanding rent from defaulters besides framing an appropriate recovery mechanism.

Circle Registrar Cooperative Societies Department ICT, Islamabad

17.5.48 *Non-conducting annual audit of cooperative societies*

Section-22 of Cooperative Societies Act 1925 provides that "the Registrar shall be himself or by some person authorized by him in writing by general or special order in this behalf audit the accounts of every society once at least in every year."

It was the responsibility of management of Circle Registrar, Cooperative Societies Department ICT, Islamabad to conduct audit of 42 Cooperative Societies as per Section 22 of Cooperative Societies Act, 1925. The management conducted the audit of 06 societies up to 30.06.2020 (out of 42) as detailed in **Annexure17-D.**

Audit observed that the management did not conduct the audit of 36 Cooperative Societies till December, 2020 due to which Annual General Meeting was also delayed.

Audit is of the view that the management failed to perform its functions and discharge its responsibilities in accordance with the injunctions of Cooperative Societies Act, 1925.It indicated the weak internal controls and monitoring system.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed against the persons concerned for the said lapse besides conducting the audit of the societies.

Pakistan Ranger Punjab

17.5.49 ***Cost overrun due to delay in the supply of weapons - Rs.106.734 million***

GFR-23 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.

The Pakistan Ranger Punjab made payment Rs 20,198,313 to POF Wah during the year 2015-16 for the purchase of weapons as detailed below:

Sr.#	Weapon	Qty	Rate	Amount Rs.
1	SMG 7.62 x 39mm (Folding Bult stock) Chinese	790	18831.50	14,876,885
2	SMG 7.62 x 39mm (Fixed Bult stock) Chinese	260	20467.03	5,321,427
Total				**20,198,312**

POF Wah failed to supply the weapons and demanded further an amount of Rs. 80,259,615 which was made during the year 2017-18. Again, POF Wah could not supply the weapon and demanded yet another Rs. 26,474,471 on 22.01.2019 which was paid on 22.06.2019. The reason for additional payment was mentioned as depreciation of Pak Rupees since the previous payment made on 23.12.2017 to the date of 22.01.2019. The total payment made was Rs.126,332,999.

Audit observed that the purchase order was issued without adopting open tender and the additional payment of Rs. 106.734 million was made due to delay in supply of weapon which was on the part of supplier but the cost was paid by the Pakistan Ranger Punjab.

Audit further observed that the weapons were not delivered to the Pakistan Ranger Punjab till October, 2020 i.e after five year of initial payment.

Audit is of the view that excess expenditure is irregular as delay was on the part of supplier against which no action was taken.

Neither the management replied nor was DAC convened.

Audit recommends probe in the matter for fixing of responsibility besides recovery.

17.5.50 *Irregular procurement of medicines with brand name - Rs.19.962 Million*

Rule 10 of Public Procurement Rules 2004 states that specifications shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage. Specifications shall be generic and shall not include references to brand names, model numbers, catalogue numbers or similar classifications. However, if the procuring agency is convinced that the use of or a reference to a brand name or a catalogue number is essential to complete an otherwise incomplete specification, such use or reference shall be qualified with the words “or equivalent.”

Management of Pakistan Ranger Punjab purchased medicines in bulk through open tenders for Pakistan Ranger Teaching Hospital during the years 2018-

19 & 2019-20. The total expenditure incurred during the period was Rs. 230,361,000 & Rs.149,993,481 respectively.

Audit observed that in the list provided to the bidders, only the brand names of the medicines were mention instead of generic specification.

Audit is of the view that the management did not follow the procedure laid down in PPRA rules to avail widest possible competition and ensure transparency.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter for fixing of responsibility and regularization of the procurement.

17.5.51 *Unauthorized payment of Conveyance Allowance*

Para 10 (v) of GFR Volume-1 state that the amount **of** allowance granted to meet expenditure of a particular type should be so regulated that the allowance are not on the whole a source of profit to the recipients.

Finance Division O.M No.F.1 (1) Imp. 1/77 dated 28.04.1977 states that all the personnel of Civil Arms Forces (excluding those who are availing transport facility) shall be allowed conveyance allowance at the prescribed rates irrespective of their place and station of duty.

The management of Pakistan Ranger Punjab paid conveyance allowance amounting to Rs. 565,851,610 during 2018-19 and Rs. 562,291,099 during 2019-20.

Audit observed that the employees residing within the work premises i-e barracks were also paid conveyance allowance. Moreover, personnel deployed on security/ operational duty outside the Camp were provided with official transport but they were paid conveyance allowance.

Audit is of the view that conveyance allowance was admissible only to the employees not provided with transport facility during operational duty. Therefore, the subject payment of conveyance allowance was a violation of the rules.

Neither the management replied nor was DAC convened.

Audit recommends that the recovery of amount be made.

Maiwand Rifles

17.5.52 *Unauthorized cash drawl & disbursement Rs. 24.855 Million*

Rule 157(2) of FTR Volume-I states that “all third-party payments shall be made through cheques drawn in the name of the recipients.”

Office of the Commandant Maiwand Rifles drew an amount of Rs. 24,855,220 from various Head of Accounts in the name of DDO for cash payments during financial year 2019-20.

Audit observed that the said amount was drawn by the DDO who made cash disbursements.

Audit is of the view that drawl and disbursement of Government funds in cash instead of cheques was a violation of financial rules.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to ascertain the veracity of expenditure besides fixing of responsibility.

17.5.53 *Non-deduction of income tax on procurement – Rs.13.205 million*

According to Rule 26 of GFR Vol - 1 it is the duty of controlling officer to ensure that all Govt. dues are regularly and promptly assessed, realized and duly credited in the Public account.

Commandant Maiwand Rifles made payments of Rs 146.726 million to contractors for provision of “Other Stores” during the financial year 2019-20.

Audit observed that the management did not deduct Income Tax @ 9% amounting to Rs 13.205 million while making payments to the contractors.

Audit is of the view that non-deduction of income tax caused loss to Government treasury.

Neither the management replied nor was DAC convened.

Audit recommends that recovery of the tax be made and deposited in Govt. treasury.

Commandant Panjgur Rifles

17.5.54 ***Irregularities in procurement of Hot and Cold items - Rs.21.884 million***

Rule 12(2) states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in a t least two national dailies, one in English and the other in Urdu.

Commandant Panjgur Rifles incurred an expenditure of Rs 21.884 million for purchase of items on account of Hot & Cold weather charges during financial year 2019- 20.

Audit observed that notices for purchase were not advertised on PPRA website or in two national dailies. Excessive splitting of bills was made to avoid tender process and sanction of higher authority i.e IGFC.

Audit further observed that cash amount was drawn against the bills and requisition / stock entry and distribution / issuance of purchased items was not available on record.

Audit is of the view that the subject procurement was made in a non-transparent and irregular manner in violation of PPRA rules 2004. Payment of bills in cash was also a serious violation of financial rules.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to ascertain the veracity of expenditure.

17.5.55 *Cash drawl & disbursement on Contingencies bills - Rs. 27.923 million.*

According to Rule 157 of Federal Treasury Rules, all third-party payments shall be made through cheques drawn in the name of the recipients.

Office of Commandant Panjgur Rifles drew cash amounting to Rs. 27.923 million through DDO against contingency bills during financial year 2019-20 as under:

S. No	Head of Account	Amount Rs. in Million	Remarks
1	Travelling Allowance	26.289	Cash drawn by Accounts branch and paid to payees concerned.
2	Amenities	1.634	
	Total	**27.923**	

Audit observed that the amounts were drawn in cash and then the same were distributed among the payees in cash. No acknowledgement receipts were available on record.

Audit is of the view that cash drawl and payments were serious violations of financial rules.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to ascertain the veracity of expenditure besides fixing of responsibility.

17.5.56 *Irregularities and Extra payment of freight charges on purchase of POL - Rs. 10.060 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.

Commandant Panjgur Rifles incurred an expenditure of Rs. 16.668 million on purchase of POL during financial year 2019-20.

Audit observed the following:

i. POL was purchased from M/S Naseeb Filling Station, Alam Khan Road, Quetta.The vendor charged Rs.4.41 per liter as transportation charges despite the fact that during previous years, the other local POL suppliers did not charge any freight charges on supply to Commandant Panjgur Rifles.

ii. There was a rate difference between the OGRA rates and the rates charged by the vendor M/s Al-Naseeb Filling Station Quetta. As per calculation made by Audit, an overpayment of Rs. 6,671,882 was made to vendor M/s Al-Naseeb Filling Station, Quetta. **(Annexure 17-E)**

iii. Management did not deduct Income Tax @ 3% on transportation charges.

iv. Expenditure was sanctioned by local office over & above the financial powers delegated to them.

v. Acknowledgment of payment/receipts were also not on record as most of the payments were made in cash.

Audit is of the view that that procurement of POL at rates over and above the rates fixed by OGRA was imprudent and extravagant expenditure. Moreover, there was no justification for payment of Rs 3,387,800 as freight charges to the vendor on supply of POL The public exchequer was put to a loss of Rs. 10.060 million = **(**6,671,882+3,387,800) in addition to non-deduction of Income tax.

Neither the management replied nor was DAC convened.

Audit recommends to conduct the fact-finding probe to ascertain the veracity of expenditure besides fixing of responsibility and recoveries.

Commandant Dalbandin Rifles

17.5.57 *Unauthorized cash drawl & disbursement - Rs.149.062 million*

Rule 157(2) of FTR Volume-I states that “all third party payments shall be made through cheques drawn in the name of the recipients.”

Commandant Dalbandin Rifles drew an amount of Rs.**149.062** million from various Head of Accounts in the name DDO cash payments during the financial year 2019-20. Details are as given below:

S. No	Head of Account	Amount
1	A03304 Hot & Cold Charges	13,288,973
2	A03805 TA/DA	11,389,001
2	A03806 Transportation of Goods	5,476,891
3	A03807-POL	76,048,260
4	A03942- Cost of Other Stores	4,934,477
6	A03403-Rent for Residential Buildings	817,395
7	A03808- Conveyance Charges	256,000
8	A03902-printing & Publication	640,000
9	A03927- purchase of Drug & Medicines	8,305,000
10	A03970-others	2,245,100
11	A13001- Transport	7,361,296
12	A03202 TCC	1,514,800
13	A03302-water charges	172,000
14	A03303-Electricity	16,612,691
Total		**149,061,884**

Audit observed that huge amount of Government funds was irregularly drawn in cash. Moreover, instead of payment through cheques/ bank draft, the disbursement to the vendors was made in cash. No record was available regarding acknowledgement receipts by the payees.

Audit was of the view that cash withdrawals and disbursement were made in violation of financial rules.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to ascertain the veracity of expenditure.

Inspector General Frontier Constabulary, (South) D.I.Khan

17.5.58 ***Cash drawl of pay and allowances through DDO - Rs. 431.022 million.***

According to clause 4.2.9.4 of APPM "payment of approved claims must be made only to the claimant as indicated on the claim voucher."

The management of Headquarters IG Frontier Corps (South) incurred expenditure Rs.431,022,545 as pay and allowances during the financial year 2019-20.

Audit observed that the amount was drawn by the DDO and paid to employees in cash instead of crossed cheque / bank account.

Audit is of the view that payment in cash instead of crossed cheque/ bank account was irregular and unauthorized.

The management accepted audit observation.

No DAC was convened till finalization of this report.

Audit recommends to probe the matter to ascertain the veracity of expenditure besides fixing of responsibility and the regularization of the matter.

Inspector General Frontier Constabulary, (North) Peshawar

17.5.59 ***Irregular purchase of SMGs -Rs.549.819 million.***

Para-11 of GFR Vol-I states that "Each head of a department is responsible for enforcing financial order and strict economy at every step He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers."

The management of Frontier Corps (North) at Balahisar floated tenders for purchase of "SMGs 7.62x39 mm" on 23.08.2019 and 09.01.2020 respectively. Subsequently bids were received and contract for the supply of the same was awarded to M/S Crimson International at Rs.549,819,125 (M70B1-Rs.424,239,125+ VSK100-AK-103-Rs.125,580,000). Payment of the subject amount was made to the supplier vide cheque No.7693274 dated: 12.06.2020 and cheque No.7695852 dated:26.06.2020 respectively.

Audit observed that:

i. The quotations received from the supplier M/s Crimson International were unauthentic as the official signature of the authorized person was missing.
ii. Earnest money @ 2% CDR was not obtained from the bidders.
iii. 10% security from the successful bidder/supplier as required in the Notice Inviting Tender was not obtained.
iv. The procurement was made from private supplier instead of POF Wah industries. N.O.C from the Ministry of Interior and Ministry of Defense was not obtained prior to procurement.
v. Inspection reports after the completion of the supply, was not available on record.
vi. Weapon Stock Register exhibited that 15,823 Nos of SMGs were lying un-issued since last 04 years, yet, an amount of Rs.549,819,125 was spent on further purchase of SMGs.

Audit is of the view that due to above-cited flaws, purchase of SMGs with expenditure of Rs.549,819,125 was made in a non-transparent.

Neither the management replied nor was DAC convened.

Audit recommends to conduct fact-finding probe to take further appropriate action.

17.5.60 *Non-Transparent procurement of VHF Equipment -Rs.158.675 million.*

Clause-15 of the NIT dated: 09.01.2020 stated that “Only Firms registered with the Ordinance Branch of the IGFC (N) will be allowed to submit their bids.”

The management of Frontier Corps (North) floated the tender for purchase of VHF Equipment on 11.06.2020. Subsequently, bids were received and contract for supply of the same was awarded to M/S National Radio Telecommunication Corporation with payment of Rs.22,147,501 on 26.06.2020.

Audit observed that:

i. Three (03) quotations were received. However, contract was not awarded to the lowest bidder.

ii. The Notice inviting tender was published on 11.06.2020 wherein the bidders were instructed to submit their bids by 15.06.2020 which was in violation of the PPRA Rules as the bidders were not given required response time of 15 days.

iii. Record of pre-qualification/ registration of the firms was not available.

Audit was of the view that the tendering/bidding process was non-transparent as the contract was awarded in violation of PPRA rules.

Neither the management replied nor was DAC convened.

Audit recommends to conduct fact-finding probe in the matter to take further appropriate action.

17.5.61 ***Loss due to purchase of Mines Detectors at higher rates -Rs.5.180 million***

Para-11 of GFR Vol-I states that each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

The management of FC (North) floated the tender for purchase of Mine Detector on 09.01.2020. Subsequently, bids were received and the contract for supply of 30 items was awarded to M/S Crimson International with payment of Rs.20,940,000 on 26.06.2020.

Following rates were quoted by various suppliers:

S. No	Name of Firm	Bid	Make	Remarks
1	M/s Sage Tech International	525,330	Italy	1st Lowest but rejected.
2	M/s Crimson International	698,000	Unknown	2nd Lowest but accepted
3	M/s Defense Resource Group	786,000	Germany	Highest/Rejected

Audit observed that the contract was not awarded to M/S Sage Tech International who was the 1st lowest bidder and was offering imported weapons. Rather, the contract was awarded to the 2nd lowest bidder i.e. M/s Crimson International whose offer did not mention country of origin and quality of the product. Audit further observed that Test/Trial Report and Laboratory test reports in respect of the accepted items were also not available on record.

Audit is of the view that the subject purchase was made at higher rates causing a loss of Rs.5,180,100 (698,000 – 525,330=172670 x 30).

Neither the management replied nor was DAC convened.

Audit recommends to conduct fact-finding probe to take further appropriate action.

Mekran Scouts

17.5.62 *Cash disbursement of honoraria - Rs.94.242 million*

Ministry of Finance O.M No F 2(9) R-3/85 dated 18th March, 1987 states that a competent authority may sanction the grant of the honorarium from the general revenues to a Government servant for doing certain work, provided that following conditions are fulfilled

a. The work is occasional and laborious;

b. The competent authority has given prior consent to the undertaking of work and the amount of honorarium has been settled in advance.

c. The temporary increase in the work of a Government servant is not a valid justification for grant of honorarium to him. The temporary increase in work are normal incidents of Government service and form part of legitimate duties of Government servants according to general principle enunciated in F. R.11 and as such have no claim to extra remuneration.

Office of Mekran Scouts paid an amount of Rs. 94,042,000 on account of honoraria to the employees during 2019-20.

Audit observed that

i. The honoraria were granted without justification and approval of Finance Division.

ii. Moreover, the entire amount of honoraria was drawn and disbursed in cash by DDO. The acknowledgement/receiving by the payees were not available on record.

iii. Income tax @ 5% amounting Rs. 4,702,100 was not deducted on payment of honoraria.

Audit was of the view that cash payment of honoraria amounting to Rs. 94,042,000 was made in violation of the financial rules. Further, non-deduction of income tax amounting Rs. 9,404,200 was a loss to the government treasury.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to ascertain the veracity of expenditure besides fixing of responsibility.

17.5.63 *Irregular procurement of medicines/Hot &Cold items – Rs.36.599 million.*

According to PPRA Rule-12 (2) "All procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu."

Office of Commandant Mekran Scouts incurred an expenditure of Rs. 36,599,000 under the heads of Hot & Cold charges and Purchase of Drugs & Medicine during financial year 2019-20. Detail is given below:

Sr No	Head of account	Firm name	Particulars	Expenditure
1	Hot & Cold	Various firms	Hot & Cold items	20,138,000
2	Purchase of Drugs & Medicine	Iftikhar Medical store Turbat	Purchase of Drugs & Medicine	16,461,000
			Total	**36,599,000**

Audit observed that:

i. Tender Notices were not floated on PPRA website and in two national newspapers.

ii. The expenditure was splitted to avoid open tender.

iii. Purchase committee was not constituted to formulate criteria and specifications to ensure quality & quantity.

iv. Requisition/ Stock entry and further distribution / issuance of purchased items was not available on record.

Audit is of the view that the subject procurement was made in violation of PPRA Rules, 2004.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter to fix responsibility.

Kurram Militia

17.5.64 *Irregular expenditure under various heads through DDO – Rs.141.774 million*

Rule 157(2) of FTR Volume-I states that “all third-party payments shall be made through cheques drawn in the name of the recipients.”

Clause 4.2.9.5 of Accounting Policies and Procedure Manual states that only Government Cheque books should be used when making payments by Cheque, payment of approved claims must be made only to the claimant as indicated on the claim voucher.

Clause 2.3.2.8 of Accounting Policies and Procedure Manual states that the accounting system shall include controls to minimize the risk of fraud and corruption. This objective shall be addressed by issue of payment through direct bank transfer and cheques.

The management of Kurram Militia incurred an expenditure of Rs.141.774 million under following object heads during the financial year 2019-20. Details are as under:

S. No	Head of Account	Amount
1	A03403-Rent of Residential Buildings	2,423,562
2	A03807-POL	137,000,000
3	A03808-Conveyance Charges	1,078,000
4	A03901-Purchase of Stationary	140,000
5	A03902-Printing & Publication	110,000
6	A13001-Repair of Transport	750,000
7	A13101-Repair of Machinery & Equipment	272,850
Total		**141,774,412**

Audit observed that the amount was drawn through DDO instead of direct credit to the bank accounts of the concerned recipients. Moreover, further disbursement record i.e. actual payee receipts of the same were not available on record.

Audit is of the view that, drawl and disbursement of funds through DDO, and non-availability of actual payee receipts, was irregular and violation of the above quoted rules.

The management replied that the payments were made to the concerned after obtaining acknowledgements against each transaction.

The reply of the management was not accepted as the same was not supported by any documentary proof.

The DAC in its meeting held on 10.12.2020 directed the management that matter be inquired through Departmental Inquiry Committee for fixing responsibility and action and report be shared with Audit within one month.

Audit recommends that matter may be investigated to ascertain veracity of expenditure and fixing of responsibility.

Dir Scouts

17.5.65 ***Irregular drawl of pay and allowances through DDO - Rs.1,117.455 million***

Rule 157(2) of FTR Volume-I states that all third-party payments shall be made through cheques drawn in the name of the recipients.

According to clause 4.2.9.4 of Accounting Policies and Procedures Manual "payment of approved claims must be made only to the claimant as indicated on the claim voucher."

The management of Commandant Dir Scouts has incurred an expenditure of Rs.1,117,455,462 on account of pay and allowances during the financial year 2019-20 as per detail given below:

S. No	Cheque No & Date	Amount (Rs)
1	5914045 dated 29.07.2019	81,446,125
2	5914103dated 29.08.2019	79,719,805
3	5914145 dated 30.09.2019	86,007,231
4	5914204 dated 23.10.2019	134,723,713
5	5914269 dated 28. 11.2019	84,542,113
6	5914321 dated 27.12.2019	80,493,317
7	5914358 dated 27.01.2020	122,676,697
8	5914440 dated 26.02.2020	76,346,530
9	5914453 dated 24.03.2020	74,639,223
10	7592008 dated 29.04.2020	116,567,647
11	7592061 dated 18.05.2020	75,170,247
12	7592119 dated 29.06.2020	105,122,814
Total		**1,117,455,462**

Audit observed that the amount was drawn through DDO and shown paid to employees in cash instead of Cross cheque / vendor number.

Audit is of the view that heavy payment of salaries every month through DDO instead of Cross Cheque/ vendor number was very serious irregularity and chances of embezzlement could not be ruled out.

The DAC convened on 10.12.2020 directed that a Departmental Inquiry Committee will probe the issue to find facts and ensure payment of salaries through bank accounts. Inquiry Report would be shared with Audit within one month.

Audit recommends that matter may be investigated to ascertain veracity of expenditure and fixing of responsibility

CHAPTER 18

ISLAMABAD HIGH COURT

18.1 Introduction

As per 175 Part VII of the Judicature Chapter-1 Establishment and jurisdiction of the Courts.

(1) There shall be a Supreme Court of Pakistan, a High Court for each Province and a High Court for the Islamabad Capital Territory and such other courts as may be established by law.

Explanation: Unless the context otherwise requires, the words “High Court” wherever occurring in the Constitution shall include “Islamabad High Court.”

(2) No Court shall have any jurisdiction save as is or may be conferred on it by the Constitution or by or under any law.

(3) The Judiciary shall be separated progressively from the Executive within fourteen years from the commencing day.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

i. District Courts (East)

ii. District Courts (West)

iii. Special Courts/Tribunals

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	243	55	119,478.194	4.444
2	Assignment Accounts (Excluding FAP)	3	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	6	4	1,162.000	-

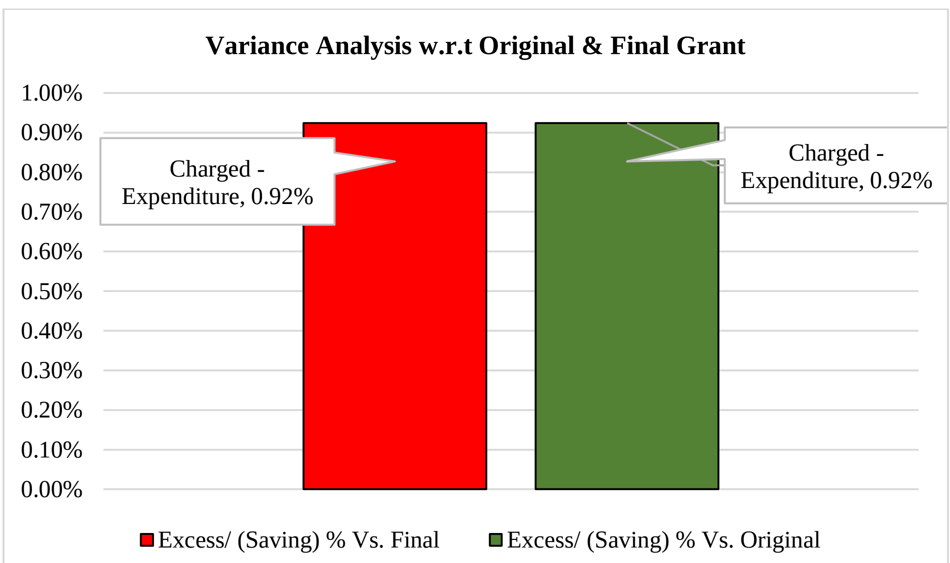
18.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Islamabad High Court for the financial year 2019-20 was Rs.579.00 million, out of which the High Court expended an amount of Rs.584.35 million. Audit noted that there was an overall excess of Rs.5.35 million.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

There was a minor excess in expenditure of 0.92%, as depicted in the graph below:



18.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,438.64 million, were raised in this report during the current audit of **Islamabad High Court**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	17.84
3	Irregularities	
A	*HR/Employees related Irregularities*	85.29
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	2.49
E	*Internal Control*	1,324.10
4	Value for money and service delivery	-
5	Others	8.93

18.4 Status of compliance with PAC Directives

Three are no outstanding PAC Directives.

18.5 AUDIT PARAS

Islamabad High Court

18.5.1 *Non-declaration of the Principal Accounting Officer of Islamabad High Court, Islamabad*

Section 2(q) of Public Finance Management Act, 2019 states that "principal accounting officer" means the secretary of a Division or any official notified as principal accounting officer, responsible for exercising financial propriety in management of public funds and having accountability to Parliament for the economic, efficient, and effective use of resources.

The Finance Division vide O.M. No. (5) Reg-12/80-Vol-IV-Exp-III/2002-124 dated 05.03.2009 had stated that the Chief Justice of Islamabad High Court would exercise full powers to sanction expenditure on any item within the approved allocated budget. The IHC budget is charged and districts court budget is voted which is also controlled by the IHC.

Audit observed that financial powers have been given to Honourable Chief Justice but notification of Principal Accounting Officer (PAO) of the Islamabad High Court has not yet been issued.

Audit is of the view that notification of the PAO is mandatory as he is Chairperson of Departmental Accounts Committee (DAC).

Neither the management replied nor was DAC convened.

Audit recommends that matter of PAO of IHC may please be taken up with Finance Division.

18.5.2 Appointments of officials on fake degrees – Rs.16.935 million

Para-2 of the appointment letters to the post of Assistant Registrar (BPS-17) and Data Entry Operator (BPS-10) states that if the degrees/certificates of academic qualification submitted, by any candidate are subsequently found by the competent authority to be bogus/forged, etc. he/she will forfeit his/her right to continue in the service, apart from the legal action deemed appropriate.

Islamabad High Court, Islamabad appointed the following officer/official against the mentioned post and allowed promotion to next grade as mentioned against their names:

Name	Appointed as	Promoted as
Mr. Muhammad Raheel Khan S/o Lal Khan	Data Entry Operator (BPS-10)	Data Entry Operator (BPS-13)
Miss Saima Khan d/o Sardar Khan	Assistant (BPS-14)	Assistant Registrar (BPS-18)

The FA/Graduation degrees proved fake when got verified on 29.04.2019 from Board of Intermediate Education Karachi and Controller Examination University Karachi

Audit observed as under:

i. The IHC delayed verification of academic degrees/certificates from December, 2008 to April, 2019 (more than ten years) and during this period the officials got promotion to higher grades.

ii. The officials had been paid Rs. 16,935,177 from 01.01.2011 to 31.07.2020. Payment of salaries from 13.12.2008 to 31.12.2010 had not been provided. The salaries of the official had been stopped from 01.08.2020 once pointed by audit.

Audit is of the view that the individual rendered service in IHC based on fake /bogus degrees and hence payment of pay and allowances is held irregular.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides termination and recovery.

18.5.3 *Irregular retention of cash sureties in unauthorized bank accounts in absence of accounting procedure – Rs.494.64 million*

Rule-640 of Federal Treasury Rules (FTR), Vol states that subject to provision of Section (IV), the provision of Section-III of this part (Part-IV) relating to receipts and repayment of Revenue Deposits shall apply in relation to Civil and Criminal Courts deposits, with such adoption and modification as may be authorized by the Chief Judicial Authority concerned, after consultation with the Accountant General.

Section 5 (e) of Controller General Accounts (CGA) Ordinance, 2001 functions of the Controller General the functions of the Controller General shall be to render advice on accounting procedure for new schemes, programmes or activities undertaken by the Government concerned.

The Islamabad High Court (IHC), Islamabad had been maintaining a current account titled “Registrar Islamabad High Court,” No. 4114591976 at National Bank of Pakistan, G-10 Branch, Islamabad having balance of Rs.494,637,245 as on 31.08.2020. Cash sureties from guarantors had been deposited into this account, refundable on the orders of the Court.

Audit observed as under:

i. The cash sureties had not been deposited with treasury but kept in private bank accounts.

ii. The accounting procedure had neither been framed and nor got vetted/approved from Controller General of Accounts.

Audit is of the view that non-deposit of the judicial deposits into treasury is violation of FTR.

Neither the management replied nor was DAC convened.

Audit recommends that cash sureties may be deposited into treasury.

18.5.4 *Payment of special judicial allowance over and above the frozen level – Rs. 68.354 million*

Ministry of Law, Justice & Parliamentary Affairs letter No. F.44(1)/2011-A. II dated 14.05.2011states that Prime Minister of Pakistan has been pleased to sanction Special Judicial Allowance, to all officers and staff of BPS, equal to three times of initial substantive Pay Scale for the members of Establishment of the Islamabad High Court, w.e.f. 03.01.2011.

Para-10 of Finance Division OM No.1(3)/Imp/2015-630 dated 07.07.2015 states that all the special pays, special allowances or the allowances admissible as percentage of pay including house rent allowance and the Allowance/Special Allowance equal to one month basic pay, granted to Federal Government employees irrespective of his/her posting in Ministry/Division/Department/Office etc. including civil employees in BPS 1-22 of Judiciary shall stand frozen at the level of its admissibility as on 30.06.2015.

The Islamabad High Court Islamabad under Notification No. 18132/Admn/IHC dated 13.02.2019, de-freezed the Special Judicial Allowance from three-time initial Basic Pay of Pay Scales-2008 and allowed Special Judicial Allowance equal to one initial Basic Pay of respective pay scales plus 50% of running Basic Pay w.e.f. 01.07.2019. During financial year 2019-20 and July-August, 2020 an amount of Rs.68.35 million had been paid over and above the prescribed limit, summary position is as under:

Month	De-freezed/enhanced Special Judicial Allowance			Special Judicial Allowance at frozen level	Excess payment over the frozen level
	100% of initial BPS	50% of running BPS	Total		
July, 2019	6,438,970	4,447,885	10,886,855	6,250,260	4,636,595
August, 2019	6,438,970	4,447,885	10,886,855	6,250,260	4,636,595
September, 2019	6,438,970	4,447,885	10,886,855	6,250,260	4,636,595
October, 2019	6,438,970	4,447,885	10,886,855	6,250,260	4,636,595
November, 2019	6,438,970	4,447,885	10,886,855	6,250,260	4,636,595
December, 2019	6,653,480	4,636,875	11,290,355	6,250,260	5,040,095
January, 2020	6,653,480	4,636,875	11,290,355	6,250,260	5,040,095
February, 2020	6,653,480	4,636,875	11,290,355	6,250,260	5,040,095
March, 2020	6,653,480	4,636,875	11,290,355	6,250,260	5,040,095
April, 2020	6,653,480	4,636,875	11,290,355	6,250,260	5,040,095
May, 2020	6,653,480	4,636,875	11,290,355	6,250,260	5,040,095
June, 2020	6,543,800	4,713,245	11,257,045	6,250,260	5,006,785
July, 2020	6,543,800	4,713,245	11,257,045	6,250,260	5,006,785
August, 2020	6,491,190	4,676,335	11,167,525	6,250,260	4,917,265
Total			**155,858,020**	**87,503,640**	**68,354,380**

Audit observed that the Finance Division with the sanction of President of Pakistan had issued orders to freeze the Special Allowances and it was applicable to all employees of BSP-1 to BPS-22 of IHC, hence de-freezing by IHC is irregular.

Audit is of the view that the enhancement of Special Judicial Allowance is violation of President's sanction conveyed by the Finance Division.

Neither the management replied nor was DAC convened.

Audit recommends that the matter be resolved in consultation with Finance Division.

18.5.5 *Irregular use of hired building for Judges Rest House for residential purpose by Ex-Chief Justice – Rs.8.93 million*

Para-21 of High Court Judges (Leave, Pension and Privileges) President's Order 1997, as amended from time to time, states that a judge shall be entitled, without payment of rent, to the use of a residence throughout his term of office and for a period of thirty days thereafter and no charge shall fall on him personally in respect of its maintenance.

Law, Justice and Parliamentary Affairs Division letter No.F.9(4)/2008-A-II(Vol-I) dated 19.09.2011 states that according to para 21(2) of the above, Presidential Order where a Judge chooses to reside in a house not provided by the government, he shall be entitled to be paid monthly allowance of sixty five thousand rupees. There is no provision for hiring of a house for any Judge of High Court.

The Islamabad High Court Islamabad hired a private House No.34, Street No.47 I-8/2, Islamabad w.e.f. 05.09.2011 for the purpose of "Honourable Judges Rest House" @ Rs.80,000 per month (as assessed by Pak PWD) with 10% annual increase. From 05.09.2011 to 04.01.2019, rent amounting to Rs. 8.93 million had been paid.

Audit observed that initially the house was proposed for hiring as residence for Honourable Ex-Chief Justice of IHC however it was denied by the Ministry of Law. The house was then hired as Rest House and used as residence of Honourable Ex-Chief Justice of Islamabad High Court Islamabad.

Audit is of the view that use of rest house as residence is irregular and expenditure of rent incurred is also irregular.

Neither the management replied nor was DAC convened.

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

18.5.6 *Non-adjustments of recoverable advances from de-notified/repatriated employees – Rs. 2.49 million*

Islamabad High Court (IHC) Islamabad Notification vide No. 14704/Admn/IHC dated 27.09.2016 de-notified of the appointments/absorptions of the employees named mentioned hereunder.

Government outstanding dues had been recoverable from the following four (4) employees whose appointments/ absorptions had been de-notified by IHC and repatriated to their respective parent departments. Details are as under:

Sl. No.	**Name**	**Presently Working**	**Recoverable dues (Amount in Rs)**			
			House Building Advance	**Motor Car Advance**	**Interest**	**Total**
1.	Mr. Umar Draz Shakir [Addl. Registrar (BPS-20)]	Lahore High Court, Lahore	262,362	307,500	0	569,862
2.	Mr. Shakil Raza [Data Processing Officer (BPS-17)]	Baluchistan Provincial Assembly, Quetta	0	247,500	0	247,500
3.	Mr. Amir Abdul Majeed [P.A (BPS-17)]	Punjab University Lahore	0	247,500	129,124	376,624
4.	Mr. Saqib Sheraz [AAO(BPS-17)]	Radio Pakistan, Islamabad	0	427,500	0	427,500
5.	Mr. Muhammad Kashif	BPS-18/Asstt. Registrar	19,391	225,000	0	244,391
6.	Mr. Asim Hafeez	BPS-18/Treasury Officer	19,039	217,500	0	236,539
7.	Mr. Waheed Nawaz	BPS-17/Asstt. Accounts Officer	16,196	217,500	0	233,696
8.	Mr. Abid Ashraf	BPS-14/Assistant	9,092	26,250	21,959	57,301
9.	Mr. Mudassar Alam Khan	BPS-9/UDC	6,967	71,250	19,620	97,837
		Total:	**333,047**	**1,987,500**	**170,703**	**2,491,250**

Audit observed that government dues amounting to Rs. 2,491,250 had not been recovered from the above employees even after more than four years from their de-notification/repatriation.

Audit is of the view that the outstanding dues from the employees are recoverable.

Neither the management replied nor was DAC convened.

Audit recommends that outstanding dues be recovered from the concerned.

District Courts (East & West), Islamabad

18.5.7 ***Non-finalization of 103 cases of irregular appointments***

Rule 8 of Part-V of Islamabad Capital Territory Civil and Sessions Courts Ministerial Establishment Service Rules, 2011 states that the recruitment to the service shall be made in accordance with the method of recruitment, minimum qualifications, age limit and other matters related thereto for the post specified in schedules II and III.

Cabinet Division's letter No.12(3)/76-MW(S), dated 31.05.1977 states that District Police and Special Branch concerned will require to give clearance in respect of the character and antecedents of fresh/entrants in government service within period of two months.

Establishment Division letter No.F.40/650-S.E. I dated 21.06.1950 states that it is essential for the appointing authorities to verify the claims of the candidates as regards age and educational qualifications, in the same manner, in which their antecedents are verified before appointment.

The Registrar, Islamabad High Court Islamabad, had conducted inquiry in 2019, on the order of IHC in WP No.665 of 2012, against appointments of 103 officials of various cadres ranging from BPS-1 to BPS-16 in the offices of District and Session Judge (East) and Senior Civil Judge (East).

Audit observed from the inquiry report as under:

i. Record of applications, scrutiny of applications, list of eligible candidates, proper record written tests (where applicable), written test papers of most of the appointees, separate list/result of successful candidates, record of interview sheets, merit list, etc. had not been available in the office record of office of District and Session Judge (East).
ii. Two essays on Quaid-e-Azam and Allama Iqbal were asked to be written by candidates for all the posts from BPS-1 to BPS16.
iii. Prescribed procedure for recruitments was not followed/record related to it was not maintained in proper manner. Criteria for the recruitments had not been fulfilled by all candidates.

iv. The Registrar IHC recommended that a detailed inquiry may be conducted for reaching at conclusion, after the record is traced out/provided.

Audit also observed that educational qualifications and antecedents of the appointees had not been got verified from respective institutions/offices.

Non-clearance of character and non-verification of the degrees/certificates of irregular employees are violation of the government orders.

Neither the management replied nor was DAC convened.

Audit recommends that the fate of the employees may please be decided.

18.5.8 *Illegal working of official as accountant after retirement*

Rule 9 of Section -II Agencies under Part-D of the Rules and Orders of the Lahore High Court, Lahore Vol-II (adopted by IHC) states that agencies of Senior Civil Judge and Small Cause Courts' Judges are in the charge of respective Civil Nazir who receive cash and make payments.

Rule 9 of Section-A, under Part-E of the Rules and Orders of the Lahore High Court, Lahore Vol-II (adopted by IHC) states that term Nazir in these rules includes a Cashier and a Naib Nazir.

The deposit challans revealed that Mr. Muhammad Riaz, Accountant (BPS-14), office of District and Session Judge (West) retired from service on 01.01.2019 however, he continued to deposit the cash into government treasury, relating to the office of Senior Civil Judge (West) Islamabad. He gave undertakings (on stamp-papers) dated 12.09.2019 and 22.09.2020, regarding missing receipts.

Audit observed that working after retirement and that too dealing with cash by an individual is illegal and unauthorized.

Audit is of the view that dealing financial matters by a retired employee is unlawful.

Neither the management replied nor was DAC convened.

Audit recommends that the responsibility be fixed for allowing a retired employee to deal with official financial affairs.

18.5.9 *Unauthorized collection of cash sureties and shuffaa – Rs.695.67 million*

Rule 40 of Section C to Part-E of Chapter-8 of the Rules and Orders of the Lahore High Court, Lahore Vol-II (adopted by IHC) states that these rules (Voucher System) apply to all Civil Courts (other than those mentioned in Section B); that is, they apply to Courts of Districts Judges, to all Courts of Civil Judges at the headquarters of a district or at stations where there is a Treasury.

Rule 41 of Section C to Part-E of Chapter-8 of the Rules and Orders of the Lahore High Court, Lahore Vol-II (adopted by IHC) states that the principle of this system (Voucher System) that is, it is intended that Courts should neither receive nor pay out money, but that all deposits should be paid into treasury on documents signed the Presiding Officer of the Court, and all payments should be made by means of vouchers on the treasury.

During the period from 30.09.2015 to 30.09.2020 (except remarks recorded in the table below) Rs.695.67 million had been received as sureties, shuffaa and deposited (excluding cash embezzled) by the Nazir of offices/Courts of District and Session Judges, Senior Civil Judges (West and East). Detail is as under:

(Rupees in million)

S. No	Office/Courts	Cash received	Remarks
1.	District and Session Judge (West)	86.51	Except from 14.01.2019 to 30.09.2020 an account had been maintained with HBL F-8 Markaz Islamabad
2.	Senior Civil Judge, (West)	167.10	Except from 14.01.2019 to 30.09.2020 an account had been maintained with HBL F-8 Markaz Islamabad
3.	District and Session Judge (East)	98.85	Except from 04.11.2019 to 19.03.2020 an account had been maintained with BoP F-8, Markaz Islamabad
4.	Senior Civil Judge, Islamabad (East)	119.21	Except from 04.11.2019 to 19.03.2020 an account had been maintained with BoP F-8, Markaz Islamabad
5.	Senior Civil Judge, Islamabad (East)	171.53	
	Total	**643.2**	

Audit observed that the cash had been received from the applicants instead of getting it directly deposited into the government treasury.

District & Session Judges (East and West), Senior Civil Judge (East) replied that practice of receipt of cash has now been discontinued and the applicants will be directly depositing the cash into treasury.

The management admitted the irregularity, compliance needs verification by Audit.

DAC was not convened till finalization of this report.

Audit recommends that the receipts of cash may be discontinued forthwith and the applicants should deposit the amount into treasury and provide deposit challan to the Court.

18.5.10 *Failure of internal controls leading to retention of cash sureties – Rs.133.789 million*

Rule 640 of Federal Treasury Rules (FTR) Vol-I states that provision of receipts and repayment in Section-III (deposit into treasury through challan-FTR 625 and refund of deposits -FTR 627) shall apply in relation to Civil and Criminal Courts deposits, with such adoption and modification as may be authorized by the Chief Judicial Authority concerned, after consultation with the Accountant General.

Rule 9 of Section -II Agencies under Part-D of the Rules and Orders of the Lahore High Court, Lahore Vol-II (adopted by IHC) states that agencies of Senior Civil Judge and Small Cause Courts' Judges are in the charge of respective Civil Nazir who receive cash and make payments.

During the period from 30.09.2015 to 30.12.2018, the Nazir of District and Session Judge (West) and Senior Civil Judge (West) received/collected sureties in cash from the applicants, against which receipts/acknowledgements had been issued under the signatures of concerned Judges, for depositing into government treasury, under object code G-11215-Revenue Deposit. Summary position of cash retained Rs.133.789 in 5,340 cases is as under:

(Rs. in million)

Sl. No.	Office	Amount retained	No of cases	Duration of period retained
1.	District and Session Judge (West) Islamabad	65.106	2,207	From one week to two months
2.	Senior Civil Judge (West) Islamabad	68.683	3,133	From one month to more than 2 years
	Total	**133.789**	**5,340**	

Audit observed that Rs.133.789 million received from 5,340 applicants had been unauthorizedly retained ranging from one week to more than two years.

Audit further observed that the system lacked internal check and balances to identify the delayed deposits and irregular retention which lead to temporary embezzlement of Rs.7.04 million of 351 applicants by the Nazir of Senior Civil Judge (West) Islamabad who subsequently deposited the embezzled amount into treasury after his retirement. The remaining amount was deposited into treasury on different dates before the start of field audit.

Audit is of the view that the public money had been retained unauthorizedly outside public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends that the responsibility may be fixed along with taking legal action.

18.5.11 *Embezzlement of cash sureties in office of Senior Civil Judge (West) – Rs.17.836 million*

Rule 640 of Federal Treasury Rules (FTR) Vol-I states that provision of receipts and repayment in Section-III (deposit into treasury through challan-FTR 625 and refund of deposits -FTR 627) shall apply in relation to Civil and Criminal Courts deposits, with such adoption and modification as may be authorized by the Chief Judicial Authority concerned, after consultation with the Accountant General.

Rule 9 of Section-II Agencies under Part-D-Sheriffs Petty Accounts of the Rules and Orders of the Lahore High Court, Lahore Vol-II (adopted by IHC) states that agencies of Senior Civil Judge and Small Cause Courts’ Judges are in the charge of respective Civil Nazir who receive cash and make payments.

During the period from 30.09.2015 to 30.12.2018, the Nazir of Senior Civil Judge (West) Islamabad had received/collected sureties in cash from the applicants, against which receipts/acknowledgements had been issued under the signatures of concerned Judges, for depositing into government treasury, under object code G-11215-Revenue Deposit.

Audit observed that Rs.10.796 million received from 397 applicants, from April-December 2018 (8 months) was embezzled and never deposited into government treasury.

Audit further observed that Rs.7.074 million received from 351 applicants, from December 2017 to November, 2018 (12 months) was received by Mr. Muhammad Riaz and not deposited into government treasury. However, during audit when the matter was pointed out the retired Nazir Mr. Muhammad Riaz deposited Rs.7.04 million on different dates as per his convenience, into treasury.

Audit is of the view that the public money was embezzled / temporarily embezzled due to the weak internal controls.

Neither the management replied nor was DAC convened.

Audit recommends that the embezzled amount be recovered besides fixing responsibility.

CHAPTER 19

MINISTRY OF LAW AND JUSTICE

19.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Advice to Divisions on all legal and constitutional questions arising out of any case and on the interpretation of any law.
ii. Advice to Provincial Governments on legal and legislative matters.
iii. Drafting, scrutiny and examination of Bills, Ordinances, and all legal and other instruments.
iv. Dealings and agreements with other countries and International organizations in judicial and legal matters.
v. Arrangements for the publication and translation of Federal Laws and other statutory rules and orders; copyright in Government Law publications.
vi. Adaptation of existing laws to bring them in conformity with the Constitution.
vii. Legal proceedings and litigation concerning the Federal Government except the litigation concerning Revenue Division.
viii. Administrative control of the Income Tax Appellate Tribunal and the Customs, Central Excise and Sales Tax Appellate Tribunal.
ix. Special Judges under the Criminal Law Amendment Act, 1958.
x. Federal Government functions in regard to the Supreme Court, Supreme Judicial Council, High Courts, Federal Shariat Court, Federal Ombudsman, Tax Ombudsman, Insurance Ombudsman and Banking Mohtasib.
xi. Attorney General and other Law Officers of the Federation. 12. Federal functions in respect of the Family Law Ordinance and the Conciliation Courts Ordinance.
xii. Consultation with the Attorney General for Pakistan, etc.
xiii. Administrative Courts for Federal subjects.
xiv. Wills, intestacy and succession in respect of Federal areas, save as regards agricultural land.

xv. Bankruptcy and insolvency, administrator general and official trustees in respect of Federal areas.
xvi. Arbitration in respect of Federal areas and International arbitration.
xvii. Trust and trustees in respect of Federal areas.
xviii. Legal Practitioners and Bar Councils Act, 1973.
xix. The Law and Justice Commission Ordinance, 1979 and Federal Government functions related to the Commission.
xx. The Federal Judicial Academy Act, 1997 and Federal Government functions related to the Academy.
xxi. Federal Government functions in regard to the National Accountability Bureau.
xxii. National Accountability Ordinance, 1999.
xxiii. Ombudsperson appointed under section 7 of "Protection against Harassment of Women at the Workplace Act, 2010.
xxiv. Issuance of legal opinion for disbursement and drawdown.
xxv. Council of Islamic Ideology.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	274	2	823.296	-
2	Assignment Accounts (Excluding FAP)	1	1	188.50	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Law and Justice Division for the financial year 2019-20 was Rs.5,858.73 million, out of which the Division expended an amount of Rs.5,982.34 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

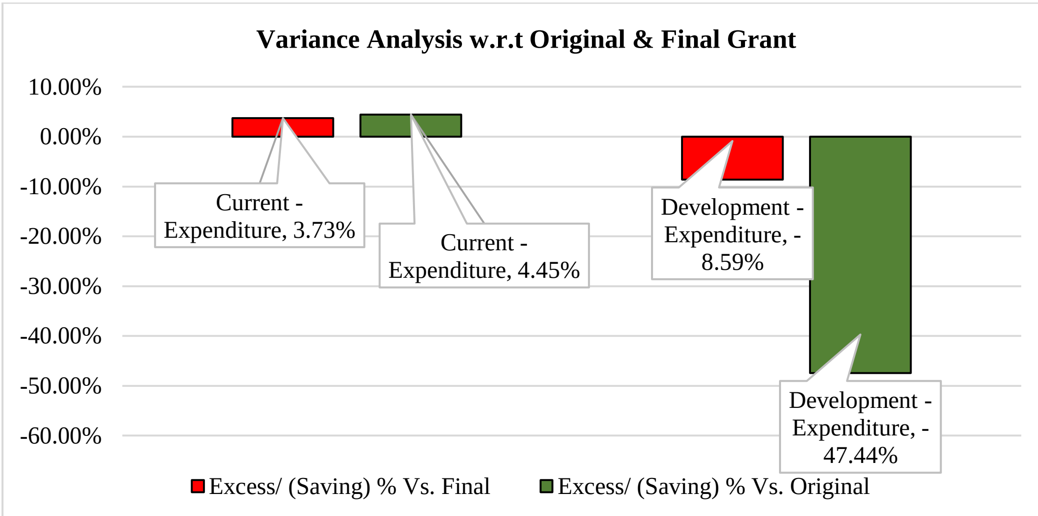
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	78	570.00	85.94	-0.52	655.42	642.82	-12.60	-1.92%
Current	79	4,060.00	0.30	-50.69	4,009.61	4,111.73	102.12	2.55%
Current	81	423.00	0.00	0.00	423.00	523.31	100.31	23.71%
Current Total		**5,053.00**	**86.24**	**-51.22**	**5,088.02**	**5,277.86**	**189.84**	**24.34%**
Develop.	136	1,340.23	0.00	-569.52	770.71	704.48	-66.23	-8.59%
Development Total		**1,340.23**	**0.00**	**-569.52**	**770.71**	**704.48**	**-66.23**	**-8.59%**
Grand Total		**6,393.23**	**86.24**	**-620.74**	**5,858.73**	**5,982.34**	**123.61**	**2.11%**

Audit noted that there was an overall excess of Rs.123.61 million, which was due to excess in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 47.44% with respect to Original grant which reduced to savings of 8.59% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 4.45% of excess in expenditure w.r.t original allocation reduced to 3.73% of excess in expenditure w.r.t final allocation, as depicted in the graph below:



19.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 60.26 million, were raised in this report during the current audit of **Law And Justice Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	57.92
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	2.34

19.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1990-91	4	4	3	1	75
1992-93	4	4	3	1	75
1997-98	1	1	0	1	-
1999-00	20	20	0	20	-
2000-01	25	25	15	10	60
2005-06	7	7	0	7	-
2006-07	6	6	4	2	67
2007-08	1	1	0	1	-
2008-09	2	2	1	1	50
2009-10	5	5	1	4	20
2011-12	1	1	0	1	-
2013-14	5	2	0	2	-
2015-16	2	2	0	2	-
2017-18	2	1	1	0	100
Total:	**85**	**81**	**28**	**53**	**35**

19.5 AUDIT PARAS

Ministry of Law and Justice, Islamabad

19.5.1 *Irregular appointment of Director in Development project*

According to Para 2 (vi) of Finance Division's O.M No. F.4 (9) R-14/2008 dated 19.07.2017 "Government employees may apply for project posts. However, if any Government employee is selected on a project post, he/she will have to resign from Government Service before appointment on project post."

According to Para-05 (1) (a) of Civil Servants (Confirmation) Rules, 1993 "on confirmation in a permanent post, a civil servant shall acquire a lien in that post and shall retain it during the period when he holds a temporary post other than a post in a service or cadre against which he was originally appointed."

Mr. Muhammad Moazzam Warraich was working as Assistant (BS-14) in Access to Justice Programme Management Unit on regular basis. He was appointed as Assistant Director (B-17) in a development project titled "Strengthening of

Institutional Capacity of Ministry of Law and Justice, Islamabad" on 17.06.2015. He assumed the charge of the post on 24.11.2015. Later on, he was selected as Director (B-19) in a development project titled "Automation of Federal Courts located at Federal Courts Complex, Islamabad" on 27.01.2020.

Audit observed that before his appointment as Assistant Director in the project titled "Strengthening of Institutional Capacity of Ministry of Law and Justice, Islamabad" no resignation from Government service was obtained by the Ministry.

Similarly, no resignation from Government service was obtained by the Ministry before making his appointment as Director in the project titled "Automation of Federal Courts located at Federal Courts Complex, Islamabad"

Audit further observed that the officer was granted lien against substantive post of Assistant (B-14) for a period of 04 years 07 months and 13 without issuance of his confirmation order as required under the rules.

Audit is of the view that appointment of Director in development projects without obtaining resignation from government service was a violation of quoted rules.

The DAC in its meeting held on 20.01.2021 directed the management to legally examine the case. Para stands.

Audit recommends to probe the matter for fixing of responsibility.

19.5.2 *Irregularities in Recruitment of project staff*

Establishment Division vide O.M. No. F.53/1/2008-SP dated 16.01.2015 "devised a mechanism to ensure transparency and merit base recruitment in the Ministries/ Divisions/ Attached Departments/Autonomous bodies/Semi-Autonomous Bodies, Corporations, Companies and Authorities."

Ministry of Law and Justice, Islamabad floated an advertisement in daily newspaper on 30.09.2019 for recruitment of staff under a development projects titled "Automation of Federal Courts Located at Federal Courts Complex, Islamabad (ID-9568)". As per para 268 of the relevant file, total 441 candidates had applied for the 20 posts out of which 240 candidates were issued call letters for written tests. Only 117 candidates appeared in written tests and 77 candidates qualified the written tests. Total 68 candidates were called for interview. After finalization of recruitment process, appointment letters were issued to 20 successful candidates as detailed in **Annexure-19-A.**

Audit observed that there was no record available regarding initial scrutiny of 441 applications as per criteria given in the advertisement. Record regarding conducting of written tests was also not available. Minutes of Departmental Selection Committee dated 15.01.2020 and 16.01.2020 were not signed by all members and the Chairman Selection Committee. Only the Deputy Secretary (Development) had signed the minutes on 20.01.2020.

Audit is of the view that the recruitment was made in a non-transparent manner in violation of the appointment rules.

The DAC in its meeting held on 20.01.2021 was apprised that the record could not be produced during Covid-19. However, the same will be produced within one week.

Audit recommends inquiry in the matter to fix responsibility and appropriate action against the persons concerned.

19.5.3 *Non-installation and commissioning of software - Rs. 2.340 million*

According to Annexure-E of the PC-I of the project titled "Automation of Federal Courts Located at Federal Courts Complex, Islamabad (ID-9568)" under Ministry of Law and Justice, Islamabad "The Ministry of Law will designate a person for monitoring, evaluation and execution of the automation plan. The Counterparts designated by the Federal Courts/Tribunals shall play central role in ensuring that activities under the proposed activity plan and contracts with individual staff and suppliers of goods. Software deployment will start in 6^{th} month and will be ended by the 9^{th} month of the project. Software testing and software implementation will be started in 12^{th} month and will be completed by the end of 9^{th} month. Data entry and training of end users will be started in 9^{th} month and will be completed by the end of 12^{th} month."

Ministry of Law and Justice, Islamabad purchased “Oracle 12 Enterprise Edition with the subscription of 35 users from M/s Analytical Solutions (Pvt.) Ltd. under a development project titled “Automation of Federal Courts Located at Federal Courts Complex, Islamabad (ID-9568)”. The payment of Rs. 2,340,000 was made to the firm on dated 20.06.2020.

Audit observed that as per delivery challan, the software was delivered on 04.06.2020 but after lapse of 06 months the same could not be tested, installed and commissioned. No focal person was designated by the Ministry for monitoring, evaluation and automation plan.

Audit is of the view that without installation and commissioning of software, the payment of Rs. 2,340,000 made to the firm was irregular.

The DAC in its meeting held on 20.01.2021 settled the para subject to verification of record.

Audit recommends fixing of responsibility against persons concerned for the said lapses.

Attorney General for Pakistan

19.5.4 *Non-grant of status of a Division to office of Attorney General for Pakistan*

Article 100 of the Constitution of the Islamic Republic of Pakistan, 1973 states that Attorney General for Pakistan is a constitutional office holder. Prime Minister office letter’s No.658/ SAPM / 2018 dated 30.05.2018 states that the Prime Minister has approved in principle that office of Attorney General for Pakistan (AGFP) shall be organized as a separate Division rather than attached office of the Law and Justice Division.

In pursuance to the decision made by the Prime Minister, a meeting for restructuring of the office of AGFP was held in the Cabinet Division on 29.06.2018 under the Chairmanship of the Secretary Cabinet Division attended by Secretary Law and Justice Division and representatives from Establishment Division and office of AGFP. It was decided that Cabinet Division will prepare a consolidated concept paper for implementing the orders of the Prime Minister.

Audit observed as under:

i. The AGFP despite having status of constitutional office had been working as attached department of the Law and Justice Division.

ii. The Cabinet Division had yet not initiated/finalized concept paper for restructuring of the AGFP as an independent Division.

Audit is of the view that non-separation of the constitutional office is restricting authority of the Attorney General for Pakistan in official affairs. Dependence of Attorney General for Pakistan on Law and Justice Division for administrative and financial matters undermines its functional independence.

The DAC in its meeting held on 20.01.2021 was apprised that it is a policy decision which requires amendments in the Rules of Business. Therefore, the matter needs to be referred to Cabinet Division. The DAC directed to report progress in due course of time.

Audit recommends that office of Attorney General for Pakistan be granted status of an independent Division.

19.5.5 *Irregular appointment of head of International Dispute Unit – Rs. 43.50 million*

Para-4(i) of Establishment Division' M.S. Wing U.O. No.11-3/2001-MSW-III, dated 25.01.2002 states that consultancy should be widely advertised indicating requirements.

Prime Minister Office vide U.O. No.3470/SPM/2016 dated 30.11.2016 conveyed approval of Prime Minister for appointments of Mr. Ahmed Irfan Aslam as Head of International Dispute Unit for a period of two years, w.e.f. 01.02.2017. Office of the Attorney General for Pakistan issued service terms and conditions of the consultant with fixed package of Rs.1,500,000 per month, vide No. (6)/2016-17-AGP dated 24.04.2017. The PM Office vide U.O. No. 196/SPM/2019 dated

02.05.2019 extended his service contract for further two years w.e.f. 01.02.2019. Payments details are as under:

Sl. No.	Financial year	Payments (Rs)
1.	Feb, 2017 to June, 2017	7,500,000
2.	2018-19	18,000,000
3.	2019-20	18,000,000
	Total	**43,500,000**

Audit observed that the appointment was made without advertisement.

Audit is of the view that the appointment was irregular for being in violation of government instructions conveyed vide Establishment Division U.O dated 25.01.2002.

The DAC in its meeting held on 20.01.2021 directed the management to provide documentary evidence for waiver of advertisement within 15 days.

No record was produced for verification till finalization of this report.

Audit recommends that responsibility be fixed for the irregularity.

19.5.6 *Irregular appointments of consultants in MP-II/III scales – Rs.14.424 million*

Para-4(i) of Establishment Division' M.S. wing UO No.11-3/2001-MSW-III, dated 25.01.2002 states that consultancy should be widely advertised indicating requirements.

The Law and Justice Division issued Notifications No.F.15(1)/2017-Sol.IV(Vol.II) dated 01.11.2019, No.F.7(2)/2016-Sol.IVdated 04.11.2019 and No.15(1)/2017-(Sol. IV) dated 30.04.2018 for appointment of consultants in MP scales. Details are as under:

S. No.	Name of Consultant	MP Scales	Payment
1.	Mr. Sumeir Siraj	MP-II	2,762,170
2.	Mr. Usman Piracha	MP-II	2,762,170
3.	Mr. Sameer Shafiq	MP-III	1,914,111
4.	Ms. Maham Naweed	MP-III	1,914,111
5.	Mian Shaoor	MP-III	2,770,620

S. No.	Name of Consultant	MP Scales	Payment
6.	Mr. Azzam Cheema	MP-III	2,301,153
	Total		**14,424,335**

Audit observed that the appointments were made without advertisements.

Audit is of the view that the appointments were irregular as the same were made in violation of Establishment Division orders.

The DAC in its meeting held on 20.01.2021 directed the management that documentary evidence regarding advertisement to be produced to Audit within six days.

No record was produced for verification till finalization of this report.

Audit recommends inquiry to fix responsibility for irregular appointments.

CHAPTER 20

MINISTRY OF MARITIME AFFAIRS

20.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. National Planning, research and international aspects of:

   i) Inland water transport; and

   ii) Coastal shipping within the same Province.
2. Diverted cargo belonging to the Federal Government.
3. Navigation and shipping, including coastal shipping but not including shipping confined to one Province; safety of ports and regulation of matters relating to dangerous cargo.
4. Light-houses, including lightships, beacons and other provisions for safety of shipping.
5. Admiralty jurisdiction; offenses committed on the high seas.
6. Declaration and delimitation of major ports and the constitution and power of authorities in such ports.
7. Mercantile marine; planning for development and rehabilitation of Pakistan merchant navy; international shipping and maritime conferences and ratification of their conventions; training of seamen; pool for national shipping.
8. Korangi Fisheries Harbor Authority, Karachi.
9. Office for promotion of Deep Sea Fisheries Resources in Exclusive Economic Zone.

10. Fishing and Fisheries beyond territorial waters.
11. Quality Control Laboratory Karachi.
12. Marine Fisheries Research Laboratory Karachi.
13. Fisheries Training Centre/Deep Sea Fishing Vessel.
14. Oceanography and Hydrological Research.
15. Marine Biological Research Laboratory, Karachi.
16. Welfare of Seamen; seamen Hostel Karachi.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Directorate of Maritime Fisheries, Karachi.
ii. Directorate of Dockworkers Safety, Karachi.
iii. Karachi Port Trust
iv. Karachi Dockyard Labour Board
v. Pakistan Maritime Academy Karachi
vi. Shipping Master Karachi
vii. DG Ports & Shipping Karachi.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	10	4	28,870.217	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	28,379.836	-
4	Foreign Aided Project (FAP)	-	-	-	-

20.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Maritime Affairs Division for the financial year 2019-20 was Rs.4,134.22 million, out of which the Division expended an amount of Rs.1,365.48 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

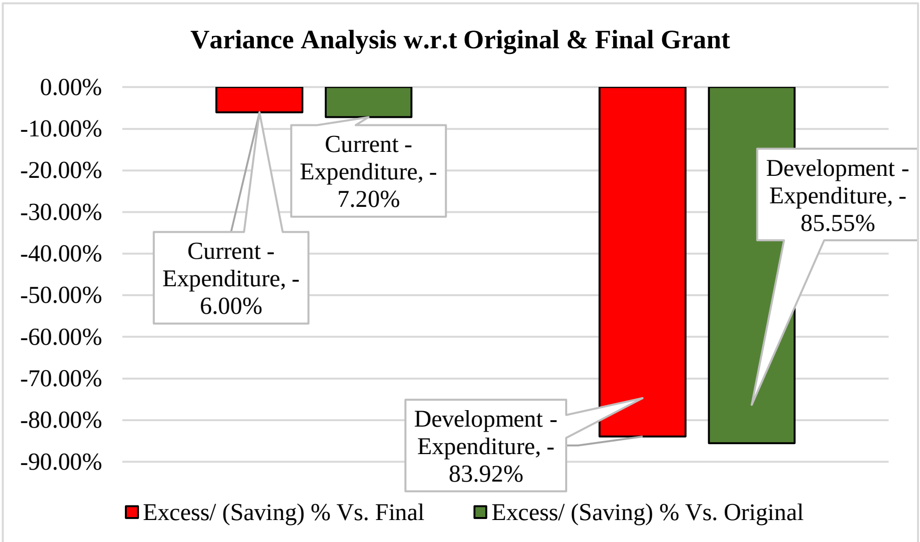
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	83	911.00	0.02	-11.63	899.39	845.42	-53.98	-6.00%
Current Total		**911.00**	**0.02**	**-11.63**	**899.39**	**845.42**	**-53.98**	**-6.00%**
Development	154	3,600.24	0.00	-365.41	3,234.83	520.06	-2,714.77	-83.92%
Development Total		**3,600.24**	**0.00**	**-365.41**	**3,234.83**	**520.06**	**-2,714.77**	**-83.92%**
Grand Total		**4,511.24**	**0.02**	**-377.05**	**4,134.22**	**1,365.48**	**-2,768.74**	**-89.92%**

Audit noted that there was an overall savings of Rs.2,768.74 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 85.55% with respect to original grant which reduced to savings of 83.92% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 7.20% of savings in expenditure w.r.t original allocation reduced to 6.00% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



20.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.31,385.50 million, were raised in this report during the current audit of **Maritime Affairs Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	**Classification**	**Amount**
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	244.97
3	Irregularities	
A	*HR/Employees related Irregularities*	2,499.08
B	*Procurement related irregularities*	1,334.96
C	*Management of account with commercial banks*	78.55
D	*Recovery*	4,450.08
E	*Internal Control*	22,683.81
4	Value for money and service delivery	-
5	Others	94.05

20.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2000-01	10	10	6	4	60
2001-02	1	1	0	1	-
2006-07	4	4	1	3	25
2009-10	2	2	1	1	50
2015-16	20	20	6	14	30
2016-17	49	4	3	1	75
Total:	**86**	**41**	**17**	**24**	**41**

20.5 AUDIT PARAS

Karachi Port Trust

20.5.1 *Non-production of record*

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

During the audit of KPT for the financial year 2019-20 the management did not produce the following record to audit despite repeated written requisitions.

1. The logs book, purchases and running expenditure record of Desalination Plant Manora.
2. The date wise statement of cheques issued against income tax paid on KPT income.

3. Period wise statement of refreshment and foods items purchased for Port House.
4. List of motor Boats and motor vehicles remained deputed in the Port House along with their log books, movement registers and fuel issuance record vehicle wise and period wise.
5. The inventory register of furniture crockery and other general items in the Port House.
6. Year wise and item wise expenditure incurred on repair maintenance and renovation of Port House and jetty of Port House.
7. List of the man power remained deputed in the Port House along with employee wise and period wise statement of salary and overtime paid
8. Performance guarantee/security against the expenditure incurred on repair maintenance of floating crafts.
9. Stock entries of the parts purchased and parts replaced of the road transport and floating crafts and air conditioners.
10. Fuel consumption record of the DC office and CMEE office (remaining Boat/ships).
11. Overhead, advertising, stationery, travelling allowance and moleties and donation expenditure of Secretariat, PRO office and P&D department.
12. Supporting record of escalation charges amounting to Rs.57,511,984 against work of reconstruction of Jetty at Boat Basin Keamari, Karachi awarded to M/s Iqbal Crescent-JV

Audit observed that the management did not produce the record till 08.01.2020 despite repeated written requests

Audit is of the view that in the absence of record, authenticity of expenditure cannot be ascertained.

Neither the management replied nor was DAC convened.

Audit recommends responsibility be fixed besides provision of record.

20.5.2 *Non-submission of audited financial statements since 2009-10*

Section 68 of the Karachi Port Trust Act, 1886 states the accounts of the receipts and expenditure of the Board shall, twice in every year, be laid before Government, and shall be audited and examined in such manner and by such auditor or auditors as shall, from time to time, be appointed by Government.

The financial statements of Karachi Port Trust Karachi were last audited by a firm of Chartered Accountants in 2008-09.

Audit observed that management did not get audited/certified financial statements for the years 2009-10 to 2019-20 from the Chartered Accountants despite government instructions contained in KPT Act.

Audit is of the view that audit opinion cannot be given in absence of audited financial statements.

Neither management replied nor was DAC convened.

Audit recommends early submission of audited financial statements.

20.5.3 *Misstatement of figures in balance sheet - Rs.16,691.671 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

The management provided annual accounts and balance sheet of KPT showing the figures of assets & liabilities as on 30.06.2020. On the basis of record received and calculations made by the Audit the figures under the heads were found misstated. Details are as under:

S. No	Description	Amount as record and calculation	Amount shown in balance sheet
1	Provident fund liability at the end of year	5,752,587,173	4,032,873,000
2	Investment and accrued interest of pension fund	45,964,264,850	31,403,023,000
	Less pension liability	14,283,086,000	14,283,086,000
3	Advances to contractor	2,063,753,000	1,653,038,000
Total Rs.		**68,063,691,023**	**51,372,020,000**

Audit observed that the liability on account of provided fund, pension and receivables from contractors and investment were understated by Rs.16,691.671 million.

Audit is of the view that the account statements of KPT were not reliable.

Neither management replied nor was DAC convened.

Audit recommends that account statement may be properly prepared and got certified from CA firm.

20.5.4 *Non-recovery of advances from the contractor - Rs.1,949.756 million*

GFR 244 further states that any default in payment of interest on loan or advances or in repayment of principal amount should be reported to the authority which sanctions the loan or advance. The authority should immediately take steps to get the default remedied. The authority may enforce a penal rate of compound interest upon all overdue instalments.

The KPT management provided the statement of outstanding advances made to contractor as under:

Description	Amount Rs.	Amount Rs.
Opening balance of advances to contractors		1,906,632,094
Advances made this year		231,322,518
Total recoverable advances		**2,137,954,612**
Recoveries:		
Payment made to Karachi Shipyard and Engineering Work	102,728,010	
Amount withheld from contractor payment on NAB direction	74,058,480	
Recovery of Liquidated Damages	119,633,306	
Recovery of amount of sales tax deposited in NAB on behalf of contractor	131,199,923	
Advances to the hospitals	56,998,358	
Amount reduced	**188,198,281**	**484,618,077**
Closing balance		**1,653,037,535**

Audit observed that the management did not provide the detail of the outstanding amounts with aging, the name of contractor and purpose of advance. Moreover, Rs.74.058 million withheld from contractor's payment on NAB direction, Rs.119.633 million as liquidated damages could not be booked under recovery of advance.

Audit is of the view that actual amount of recovery of Rs.188.198 million instead of Rs.484.668 million and total outstanding amount was Rs.1,949.756 million.

Neither management replied nor was DAC convened.

Audit recommends that long outstanding advances be recovered besides corrections.

20.5.5 *Short fall in the Provident Fund - Rs. 1,895.584million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

The MIS department of KPT informed the status of provident fund for the year 2019-20 as under:

Description	Amount Rs.
Opening Balance	5,280,810,720
Contribution during the year	945,244,087
Repayment of Advances	154,304,561
Total	**6,380,359,368**
Payments	
Payments made to Retd. Employees	24,868,476
Non-refundable advances	902,088,308
Refundable Advances	175,242,400
Total	**1,102,199,184**
Balance	**5,278,160,184**
Add: Interest rate of investment (10.20%)	474,423,989
Total liability	**5,752,584,173**

Audit observed that the total deductions alongwith interest on account of Provident fund comes out to be Rs.5,752.584 million but the management had only Rs.3,857.00 million available as Provident Fund. Thus, there was short fall of Rs.1,895.584 million, the whereabouts of which was not known.

Audit is of the view that management has either less collected or incurred expenditure out of the Provident fund which is irregular.

Neither management replied nor was DAC convened.

Audit recommends that matter may be investigated to probe the reasons of shortfall and Annual Account of KPT may be corrected accordingly.

20.5.6 *Loss due to theft of physical assets*

GFR-23 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.

As per information provided to the audit three physical assets of KPT were stolen. Detail is as under:

i. Missing of 12 coils out of 49 manifested under index No. 74EX-M.V. BEIJING venture from plinth No. 15 East Wharf.

ii. Theft of KPT vehicles No GP-9004, Toyota corolla model 2005 from F.B area, Block-10 Shahrah-e-Pakistan Karachi.

iii. Theft of dismantled old pipes stacked/ stores at TPX area for purpose of KPT auction.

Audit observed that store at serial No.1 was recovered but no action was taken to fix responsibility. The FIR against the theft at serial 3 was not lodged. Moreover, inquiry report of all 3 thefts was not provided.

Audit is of the view that without fixing of responsibility and taking of remedial measures such incidence cannot be avoided.

Neither management replied nor was DAC convened.

Audit recommends that fixing of responsibility and conducting / sharing of Inquiry report with Audit**.**

20.5.7 *Non-transparent tendering of the construction work of Keamari Jetty - Rs.516.459 million*

Rule 4 of PPRA, 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.

Rule 23 of PPRA 2004 states that "Procuring agencies shall formulate precise and unambiguous bidding documents that shall be made available to the bidders immediately after the publication of the invitation to bid. And shall include specifications, drawings and list of goods or bill of quantities and delivery time or completion schedule.

Management of KPT awarded the work for the reconstruction of Jetty at Boat Basin Keamari, Karachi to M/s Iqbal Crescent-JV on 13.05.2016 at the cost of Rs.516,459,341. Additional work costing Rs.42,686,200 was awarded on 28.02.2019. The completion period was two years which was extended to September, 2019 and then up to 31.01.2020. The cost estimates of work were revised and increased to Rs.678.92 million.

The structure drawing design of jetty structure which was 70% of the cost were provided on 28.03.2017 and complete drawing in March, 2018 after lapse of two years. The detail of the work is in **Annexure 20-A**.

Audit observed as under:

i. The work was awarded without complete specification i.e. structure drawing which were received two years later.

ii. The letters for award of work and item wise bill of quantity of addition work were not available.

iii. The total increase in work was Rs.162.461 million which was 30.45% of the original cost Rs.516.459 million.

Audit is of the view that award of work without specifications and escalation in contract of 30.45% was irregular.

Neither management replied nor was DAC convened.

Audit recommends investigation in the matter to fix the responsibility.

20.5.8 ***Award of contract without open tender and excess payment due to delay - Rs. 365.680 million and Rs. 87.520 million respectively***

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 management of KPT floated open tender on 06.06.2016 for the purchase of 326 parts to be replaced in repair of Back Hoe Dredger (BHD) Ali which could not be concluded as the qualifying firms did not submit the bid security. Again, tender was floated on 01.07.2016. Two firms i.e. M/s Keller and M/s Power System Electronics Karachi, participated. M/s Keller was technically qualified and his offer for EURO 2,389,321 was accepted with landed cost of Rs. 415,800,709 (including all taxes and duties). Later, on 16.02.2017 the tender committee decided to retender.

Again, tender was floated on 04.05.2017 but no firm participated. The KPT Board decided on 26.12.2017 to purchase the parts from Original Equipment Manufacturer (OEM) M/s Keller Gearbox Netherland who submitted his quotation on 30.04.2018 for Euro 2,139,321 with landing cost of Rs. 574,408,373. The Departmental Tender Committee recommended to accept the offer but one member of Committee CMEE-I refused to sign the minutes. He retired on 26.07.2018 and new incumbent signed the minutes on 01.10.2018 although he had not attended the meeting. Supply order was issued to the firm on 15.02.2019 with the delivery period of 3 months. The Letter of Credit was opened on 15.03.2019 and payment was made during 2019-20. The supply was completed on 30.04.2020.

Audit observed as under:

i. The contract was awarded to a foreign firm without calling open tender with the plea that procurement was made from the Original Equipment

Manufacturer (OEM) whereas the General Manager Finance had pointed out that OEM provides parts manufactured by others.

ii. Written agreement was not made and no performance guarantee was obtained.

iii. Due to inordinate delay the exchange rate of Euro appreciated from Rs.116.00 to Rs.156.91 resulting in excess expenditure of Rs.87.520 million.

iv. No delayed supply charges were imposed despite a delay of 10 months by the firm.

v. Despite incurring heavy expenditure, the dredger could not be made operational till end of December, 2020.

Audit is of the view that KPT fund suffered financial losses due to weak internal controls and delays caused by the indecision of the management.

Neither management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the loss.

20.5.9 *Pilferage of fuel 2,176,461 litter costing - Rs.244.974 million*

GFR 23 stays 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

Management of KPT purchased 4,268,122 liters of petrol and diesel worth Rs.509,778,057 for its road transports, Floating Crafts and Generators during the year 2019-20. Fuel filled in the vehicles Floating Crafts and Generators as per their logs books was 2,091,661 litters. Balance of 2,176,461 liters worth 244.974 million was not issued.

Audit observed that in the absence of storage record not made available to audit whereabouts of 2,176,461 liters costing Rs.244.974 million could not be ascertained.

Audit is of the view that probability of misappropriation could not be ruled out.

Neither management replied nor was DAC convened.

Audit recommends that the matter may be investigated.

20.5.10 *Understatement of expenditure - Rs.2,595.59 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

KPT provided income and expenditure statements of its accounts for 2019-20 on the basis of which figure of cash and cash equivalent at the closing of year comes to Rs. 210,552,296. Details are as under:

Description	Amount
Sum of opening balances of the bank accounts	3,528,720,168
KPT Income	19,938,616,522
Total	**23,467,336,690**
Expenditure	23,256,784,394
Balance Cash and Cash Equivalent	**210,552,296**

Audit observed that the cumulative amount of closing balances in the bank accounts was Rs.2,806,146,756 million which was Rs.2,595,594,460 more than the closing balance of income and expenditure statements.

Neither management replied nor was DAC convened.

Audit is of the view that either the expenditure was over stated or the revenue was understated.

Neither the management replied nor was DAC convened.

Audit recommends early reconciliation to find the real difference if any.

20.5.11 *Understatement of bank balances - Rs.1709.986 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

KPT was maintaining eight banks accounts were the receipts from different sources were deposited and payments made against the expenditure. As per statement provided to audit the amounts deposited and withdrawn for the year 2019-20 was in **Annexure 20- B**. The amount of opening balance was Rs. 3,528.720 million.

Audit observed that in the balance sheet of the KPT for the year 2019-20 the management showed the bank balance of Rs. 1,818.734 million as closing balance which was actually Rs. 3,528.720 million as per bank account. So, the balance sheet amount was understated by Rs. 1,709.986 million.

Audit is of the view that bank balances for the year 2018-19 was understated in the balance sheet.

Neither management replied nor was DAC convened.

Audit recommends to probe the matter for fixing responsibility.

20.5.12 *Overstatement of property income - Rs.1,097.00 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

The management of KPT Estate Section provided the detail of recoverable property rent as on 30.06.2020. Details are as under:

Description	Amount Rs.
Amount for the year	698,065,519
Previous outstanding	5,307,241,865
Total receivable amount	6,005,307,384
Amount recovered during the year	432,219,598
Amount outstanding/receivable at the end of year	5,573,087,786

Audit observed that the receivables from property over the years has been increased to Rs.5,573.088 million but the management could recover only Rs.432.220 million. Moreover, in financial statements Rs.1,795.072 million is shown as income from property instead of actual Rs. 698.066 million.

Audit is of the view that the financial statements were overstated by Rs. 1,066.154 million.

Neither management replied nor was DAC convened.

Audit recommends that correction of the financial statements.

20.5.13 *Non-disclosure of liability in the annual accounts - Rs.417.433 million*

GFR-15 states that every officer whose duty it is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness and strict accuracy.

The management withheld Rs.417,433,554 on the direction of NAB from the M/s Ssangyoung Engineering Contractor on account of less deduction of tax. The matter is subjudice and after final decision by the court the withheld amount will either be released to FBR or the contractor. Details are as under:

Sr. No	Project	Detail	Amount Rs.
1	Reconstruction of Berth 10-14	The amounts of final bills were withheld in year 2015	343,375,074
2	Reconstruction of Berth 15-17A	Withheld constructor final bill during 2019-20	74,058,480
Total amount			**417,433,554**

Audit observed that amount was not reflected in the balance sheet as payable amount (liability) of KPT.

Audit is of the view that the financial statements are over stated by Rs. 417.433 million prepared by the management were incorrect.

Neither management replied nor was DAC convened.

Audit recommends the correction of financial statements.

20.5.14 ***Less payment of tax on KPT income - Rs. 646.394 million***

Section 155 of Income Tax Ordinance 2001 states that prescribed person making a payment in full or part (including a payment by way of advance) to any person on account of rent of immovable property shall deduct tax at the rate of 15% of gross amount of rent.

Section 153B of Income Tax Ordinance 2001 states that every person paying an amount of royalty, in full or in part including by way of advance, to a resident person shall deduct tax from the gross amount payable (including Federal excise duty and provincial sales tax, if any) at the rate specified of 15%.

Section 153 (1-a) of Income Tax Ordinance 2001 states that for the rendering of or providing of services shall deduct tax at the rate of 10% of gross amount of rent.

The management informed about the income and the tax deduction on KPT income for the year 2019-20 as detailed below:

Income	Amount	Tax Rate	Tax payable	Tax shown paid
Royalty	4,396,803,835	10 %	439,680,383	439,680,383
Wharf age	1,912,690,672	8%	153,015,253	153,015,253
Storage	1,688,219,408	15%	253,232,911	0
Total cargo handling	**7,997,713,915**		**845,928,547**	**592,695,636**
Cargo storage	1,000,341,970	15%	150,051,295	0
Property Income	432,219,598	15%	241,921,961	36,070,100
Misc. income	248,388,561	15%	37,258,284	0
Total	**9,678,664,044**		**1,275,160,087**	**628,765,736**

Audit observed that Rs. 646,394,351 less paid on account of income tax and the proof of paid tax Rs. 628,765,736 was not available.

Audit is of the view that in the absence of record authenticity of tax payment cannot be ascertain.

Neither management replied nor was DAC convened.

Audit recommended that tax amount may be deposited into government treasury.

20.5.15 *Non-deduction of income tax and sales tax - Rs.90.242 million*

Section 153 of Income Tax Ordinance, 2001 states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for the sale of goods shall at the time of making the payment, deduct tax from the gross amount payable at the rate of 4.5%.

Second schedule of Sindh Sales Tax on Services Act, 2011 states that sales tax @ 13% shall be applicable on the payments made on the account of transportation.

The KPT management made payment on account of purchased spare parts and transportation charges during the year 2019-20. Detail is **Annexure 20-C.**

Audit observed that management did not deduct income tax and sales tax amounting to Rs. 90,242,838 from the contractors/firms.

Audit is of the view that undue favour was extended at the cost of pubic exchequer.

Neither management replied nor was DAC convened.

Audit recommends that responsibility be fixed besides recovery of taxes.

20.5.16 *Non-recovery of long outstanding storage charges -Rs. 1,586.615 million*

GFR-26 states that 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.

The management of KPT Estate section informed about the detail of recoverable cargo storage charges for the year 2019-20 as under:

Description	Amount Rs.
Amount for the year	678,897,456
Previous outstanding	1,939,643,279
Total receivable amount	**2,618,540,735**
Amount recovered during the year	1,031,925,695
Amount outstanding/receivable at the end of year	1,586,615,040

Audit observed that the management neither recovered the long outstanding charges nor auctioned the stores. Moreover, the management did not disclose the period wise and party wise amount outstanding.

Audit is of the view that non-recovery of storage charge indicated weak internal controls.

Neither management replied nor was DAC convened.

Audit recommends recovery of storage charges besides strengthening of internal controls.

20.5.17 *Purchase of physical assets and consumables without open tender - Rs.126.269 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.

Management of KPT purchased tyres, batteries, lubricants, air conditioners, medical equipment and other store items during the year 2019-20 for Rs. 126,269,968 Details are as under:

Item	Quantity	Amount(Rs.)
Tyres	431	5,547,364
Batteries	321	4,184,721
Lubricants	22858 liters	26,975,505
Air Conditioners	46	5,432,989
Other Stores	Misc. Items	81,801,389
Syringe insulin 100	100,000	1,468,000
Infant incubator and BIPAP AVPS	01	860,000
Total		**126,269,968**

Audit observed that the procurements were made without calling tender. Moreover, the receipt and issuance record of store was not produced.

Audit further observed that the whereabouts of replaced parts i.e. stock entries and auction record and sales proceeds was not available on the record.

Audit is of the view that the KPT Fund was deprived of the benefits of competitive rates the procurement was made in violation of PPRA rules.

Neither management replied nor was DAC convened.

Audit recommends that the mater may be investigated to fix responsibility.

20.5.18 *Long outstanding cash advances against the employees - Rs.110.893 million*

GFR 244 states that any default in payment of interest on loan or advances or in repayment of principal amount should be reported to the authority which sanctions the loan or advance. The authority should immediately take steps to get the default remedied. The authority may enforce a penal rate of compound interest upon all overdue instalments.

The KPT management provided the statement of outstanding cash advances for the financial year 2019-20 given to the employees for various assignments against which the employee were to provide adjustment accounts. The details are as under:

Description	Additions	Recoveries	Balances
Opening balance			105,056,659
Cash advance	17,754,402	11,918,460	5,835,942
Closing balance	**17,754,402**	**11,918,460**	**110,892,601**

Audit observed that the management failed to provide the detail of the outstanding amounts of cash advances i.e. the nature, aging, name of employees granted cash advances.

Audit further observed that the management did not disclose the name of employee and purpose of cash advances of Rs. 17.754 million made during the year.

Audit is of the view that non-adjustment of long outstanding cash advances is a serious lapse on the part of management.

Neither management replied nor was DAC convened.

Audit recommends early recovery/adjustments on priority basis.

20.5.19 ***Loss due to non-revision of lease of plot to KDLB - Rs. 102.469 million***

KPT Board vide Resolution No. 672 dated 10.06.1998 sanctioned enhancement of rental rates of various categories of KPT land as base rent for corresponding year at the time of renewal of leases with an escalation of 7% per annum.

The KPT Board leased out, for 25 years, its plots No. 34-to 36 (measuring 7101 meter) in Timber pond area Keamari Karachi to Karachi Dock Labour Board w.e.f. 09.11.1981 for construction of KDLB Employees Hospital at the concession rate of Rs.05 per sq. meter. Later, on an additional area of 1,464 sq. meter in front of plot was also allotted vide regulation dated 02.11.1992 for use as open space thus the total leased out area comes to 8765 sq. meter.

The KDLB constructed the hospital on the plot and sublet the same to the M/s Zia-Ud-Din Hospital.

The KPT Board revised the lease rent rates of its properties vide resolution dated 10.06.1998. The rent fixed for timber pond area was Rs.535 per Sq. meter for the year 2005-06 with an annual increase @ 7%. The hospitals were not exempted from the application of new rates.

Audit observed that the KPT neither renewed the agreement after expiry nor the space was got vacated. Sub-letting of Hospital to private commercial organization M/s Zia-ud-Din Hospital was done without the approval of KPT.

Audit further observed that KPT continued to receive the rent @ fixed in 1981 till 2020 resulting in loss of Rs. 102.469 million. Detail in the **Annexure 20-D.**

Audit is of the view that non-renewal of agreement as per revised rates had resulted in loss to the KPT fund.

Neither management replied nor was DAC convened.

Audit recommends the revision of agreement as per new approved rates.

20.5.20 *Award of work of extra components without open tender - Rs.73.044 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.

Management of KPT awarded the work for the reconstruction of Jetty at Boat Basin Keamari, Karachi to M/s Iqbal Crescent-JV on 13.05.2016 at the cost of Rs.516,459,341 with the completion period of two years. Later, some extra components of work which were not included in the original costs estimates were awarded to the same contractor as detailed below:

Sr. No.	Detail of work	Actual Amount
1	Material Pier	53,958,410
2	Electrical cable	3,338,895
3	Pane wood extraction	1,836,941
	Pile Extraction	13,910,239
Total		**73,044,485**

Audit observed that the above works were awarded to the contractor working for reconstruction of Jetty at Boat Basin Keamari, Karachi without open tender.

Audit is of the view that the KPT was deprived of benefits of competitive rates.

Neither management replied nor was DAC convened.

Audit recommends that responsibility may be fixed.

20.5.21 *Wasteful expenditure on RHIB Boat and laboratory equipment - Rs. 35.433 million*

Para 10 (I & II) of GFR Volume-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. The expenditure should not be prima facie more than the occasion demands.

The management of KPT made procurement for the Marine Pollution Control Department during the period 2018-20 detail are as under:

Sr. No.	Detail	Procured on	Amount
1	Lab Equipment	27.12.2018	9,396,200
2	RHIB/ Laboratory Boat	12.02.2019	26,037,473
Total			**35,433,673**

Audit observed that the boat remained non-functional till January 2020 and now it was in the use of Port Security Force instead of Marine Pollution Control Department to be used for pollution control.

Audit further observed that the laboratory equipment was made operational by deploying officer of the other departments having irrelevant qualification and experience.

Audit is of the view that use of the boat for the purpose other than pollution control and handling of lab equipment by unqualified individuals is irregular.

Neither management replied nor was DAC convened.

Audit recommends fixing of responsibility beside usage of boat for its intended purpose.

20.5.22 *Expenditure on repair of Oil Piers without open tender - Rs.28.66 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

Para 209 to 211 of CPWA Code states that each set of measurement should commence with entries stating the dates of measurement and the date of actual completion of work.

Ministry of Maritime Affair on 23.09.2019 directed KPT to repair OP-1 & OP-3 for ensuring smooth un-loading of petroleum products. On 28.01.2020 the KPT management awarded the work of Rs. 20.06 million to M/s Popular Construction Company for the repair of OP-1 with the completion date of 28.02.2020. Later some additional work costing Rs. 8.6 million was also awarded to the same firm with completion date of 04.09.2020.

Audit observed that the original work as well as additional was awarded, without engineer's estimates, by obtaining single undated quotation instead of open tender. As per MB work started w.e.f 10.01.2020 whereas the work order was issued on 28-01-2020.

Audit further observed that all the entries in MB were recorded in a single day without detailed measurements. Moreover, first running bill of Rs.7,279,164 for additional work was submitted on 05.05.2020 against which the measurement was taken after 40 days i.e. on 15.06.2020.

Audit is of the view that the subject work was got executed in violation of PPRA rules and CPW code.

The management replied that work was got done on emergency basis as the Ministry had directed to take emergent measures to ensure the energy supply.

The reply is unsatisfactory as violation of rules cannot be justified in emergency.

Audit recommends that matter may be investigated and responsibility be fixed.

20.5.23 *Loss due to non-auction of 10 condemned ships weighing – 3,968.53 tons*

GFR-167 states that subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

The management of KPT informed that 9 ships had been declared unserviceable and condemned by the Board of Trustees in various meetings held during 2013 to 2019. The total weight of the ships was 3968.53 tons. There were also 469 old replaced parts of the ship lying with the management. Detail are as under:

S. #	Ship name	Year of purchase	Weight in ton	
1.	FF Sabil	1972	154.95	26-12-2013
2.	DAH Sherdil	1965	153	
3.	DHB Neelser	1969	843	30-10-2017
4.	DHB Saras	1969	843	30-10-2017
5.	DHB Rajhans	1965	677	
6.	DHB Kulang	1966	677	
7.	VSP Shanawar	1986	344.83	10-09-2018
8.	MPB Sarah	1999-2000	55.88	18-01-2019
9.	DCB Janbaz	1968-69	219.87	28-02-2019
	Unused 469 parts of Neelser and Saras	N.A	N.A	2018
			3,968.53	

Audit observed that the ships were non-functional and unserviceable since long time but management did not auction the same. The exact dates of being non-functional was not disclosed to Audit.

Audit is of the view that delay in auction of unserviceable ships is causing loss in due to rusting.

Neither management replied nor was DAC convened.

Audit recommends early auction of unserviceable ships.

20.5.24 *Undue expenditure incurred on non-entitled vehicles - Rs. 39.204 million*

According to Rule-11of Staff Car Rules, 1980 **“**A staff car belonging to an Attached Department or a Subordinate Office of a Division shall not be used by the Administrative Department.

KPT incurred expenditure of Rs. 39,204,182 on account of POL, repair and overtime of drivers of vehicles during the period 2017-20. Detail are as under:

Sr. No.	Vehicle No	Make	User	Total
1	GPA-015	Toyota Prado-20120	Ministry of Maritime Affair	2,857,375
2	GP-3081	Toyota corolla 2012		1,212,402
3	GP-3259	Toyota Crown 2008	Chairman	18,187,397
4	CT-6900	Toyota Double cabin 2012	-do-	16,947,008
	Total			**39,204,182**

Audit observed that vehicles were provided to the Chairman and the controlling Ministry over and above entitlement and authorization.

Audit is of the view that undue favor was extended at the cost of KPT fund.

Neither management replied nor was DAC convened.

Audit recommends to stop the practice beside recovery.

20.5.25 *Purchase of parts for repair of ships without open tender - Rs.37.497 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.

The KPT management purchased parts for repair of ships for Rs. 37,497,782 during the year 2019-20. Details are as under:

Sr No.	Ship	Name of firm	Amount Rs.
1.	M.T Taqatwar and Shehzore	M/s Allied Engineering Services, Karachi	24,424,000
2.	ASD Sindbad-II and Shanawar-II	M/s Ameejee Valleejee & Sons, Karachi	1,326,000
3.	Sindbad-II & Shanawar-II	M/s Sysco System Company, Karachi	1,503,490
4.	Parts for Tug	M/s Allied Engineers & Services, Karachi	3,081,892
5.	Tug Sindbad-II	M/s Allied Engineering & Service, Karachi	7,162,400
		Total	**37,497,782**

Audit observed as under:

i. Purchase order was placed without calling open tender on the contention that suppliers were sole agents of manufacturer but the proof was not available with the management.

ii. The payments were made in advance through pay order.

iii. The management did not recover the liquidated damages for supplies made after delays of more than a year.

iv. Neither written agreements were made with the suppliers nor was bid security (or performance guarantee) obtained to safeguard the KPT interest.

Audit is the view that weak internal controls deprived KPT of the benefits of competitive rates and undue favour was extended to the private firms.

Neither management replied nor was DAC convened.

Audit recommends inquiry into the matter to fix responsibility besides recovery of LD charges.

20.5.26 ***Irregular award of work for technical services - Rs. 36.630 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.

The Departmental Tender Committee recommended to award the work to M/s A.Z Solution on 02.02.2019. The Board of Trustee approved to award work for technical services to M/s Keller or his authorized local representative for repair of BHD Ali. M/s Keller declared two firms M/s AZ Solution on 08.02.2019 and M/s Recycling Solution, Karachi on 16.09.2019 as its local representatives.

However, the management issued letter dated 23.12.2019 to M/s Keller Gearbox and Pumps, Netherland for technical services at the cost of Euro 222,000 (equal to Rs. 36,630,000 at the conversion rate of Rs. 165). M/s Keller directed the KPT to make the payment to M/s Recycling Solution, Karachi.

The completion period was 24 weeks after the handing over the craft to the firm. The firm was responsible for starting the work, test/trial/operation and commissioning of Excavator and associated equipment/ machinery including practical demonstration of Excavation /Dragging after completion.

Audit observed that the work was awarded without open tender and the agreement was made in foreign currency with local representative of a foreign firm as approved by the Board of Trustee resulting in excess payment of Rs.3,324,750.

Audit further observed that the work was incomplete and the ship was non-functional till December, 2020. No liquidation charges were imposed.

Audit is of the view that the work was awarded in a non-transparent way and weak internal controls caused loss to the KPT fund.

Neither management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery of liquidated damages.

20.5.27 *Refund of overpaid tax from KPT fund - Rs. 20.846 million*

Income Tax Ordinance 2001 section 152 (1A) states that every person making a payment in full or part (including a payment by way of advance) to a non-resident person on the execution of a contract or sub-contract under a construction, assembly or installation project in Pakistan, including a contract for the supply of supervisory activities in relation to such project shall deduct tax from the gross amount paid at the rate 7%.

Management of KPT made net payment of Rs. 159,125,044 to M/s Ssanyong + Dongyong (Joint Venture) on the work construction of Berth No 15-17.

In the detailed calculations made against the final bill IPC-53 of Rs.318,835,652 the management added an amount of Rs. 16,445,256 on account of income tax adjustment @ 1% (7%-6%) which was excess deducted from previous payments made to the firm. Similarly management refunded Rs.1,861,959 and Rs.2,538,683 to the supplier on account of over deduction of tax.

Audit observed that payment of Rs.16,445,256 was made without the IPC wise calculation of tax justifying the payment. Over deducted tax was refunded from KPT fund. Moreover, there was no proof of over deduction of tax amount of Rs.1,861,959.

Audit is of the view that undue favor was extended to the contractor and chances of claiming of rebate from FBR cannot be overruled as refund of over deducted tax was to be adjusted by the FBR.

Neither management replied nor was DAC convened.

Audit recommends that amount may be recovered and deposited into Government treasury.

20.5.28 *Provision of free water in addition to payment of utility allowance- Rs. 25.392 million*

GFR volume 10 states that the expenditure should not be prima facie more than the occasion demands and Public moneys should not be utilized for the benefit of a particular person or section of the community. The amount of allowances granted to meet expenditure of a particular type should be so regulated that the allowances are not on the whole a source of profit to the recipients.

The management of KPT incurred expenditure amounting to Rs.25,392,584 during the year 2019-20 on water supply at the official (KPT owned) residences of the employees. Detail is given in **Annexure 20-E**.

Audit observed that the facility was provided in addition to monthly payment of utility allowance (45%) of running Basic pay.

Audit is of the view that undue favor was extended to the employees.

The management replied that officers and employees residing in KPT owned residences are provided the facility at the nominal rate of Rs. 100 per month as directed in the DAC.

The reply is not acceptable as the true picture regarding the payment of utility allowance to the employees was not brought before the DAC.

Audit recommends to stop the practice besides recovery.

20.5.29 *Un-necessary expenditure on water supply from KW&SB - Rs.13.146 million*

GFR-10 (ii) states that the expenditure should not be prima facie more than the occasion demands.

The Karachi Port Trust receive water 58,073,600 gallon from connections No 0302 from Karachi Water and Sewerage Board (KW&SB) and 7,144,500 gallons from Desalination Plant of KPT at Manora during the year 2019-20.

The KPT management made payments amounting to Rs. 51,384,802 to M/s Tariq Brothers for transportation of water from the water connection (0302 TPX) and KW&SB hydrant to the consumer point of KPT. Details are as under:

Station	Quantity in Gallon	Rate/ per 1000 Gallon	Amount
From TPX to Consumer Point Inside	16,384,280	700	11,468,996
From TPX to Consumer Point Outside	31,317,100	699	21,890,653
Total	**47,701,380**		**33,359,649**
From KW&SB Hydrant to Consumer Point Inside	3,498,200	1,370	4,792,534
From KW&SB Hydrant to Consumer Point Outside	8,399,720	1,360	11,423,619
From KW&SB Hydrant to Manora	904,500	2,000	1,809,000
Total water from KW&SB	**12,802,420**		**18,025,153**
Total	**60,503,800**		**51,384,802**

Audit observed that 65,218,100 gallons water was available at TPX and Manora Desalination Plant owned by KPT but the contractor picked only 47,701,380 and whereabouts of 17,516,720 gallons of water costing Rs. 4,007,026 not picked from KPT owned hydrants was not known

Audit further observed that and an additional transportation cost of Rs.9,139,056 was also paid due to rate difference as calculated below:

Station	Quantity in Gallon	Difference in Rate (Rs. per 1000 Gallon)	Amount Rs.
From KW&SB Hydrant to Consumer Point Inside	3,498,200	1,370-700 = 670	2,343,794
From KW&SB Hydrant to Consumer Point Outside	8,399,720	1,360-699 = 669	5,619,412
From KW&SB Hydrant to Manora	904,500	2,000-700 = 1300	1,175,850
Total	**12,802,420**		**9,139,056**

Audit is of the view that KPT fund was put to loss of Rs. 13,146,082 due to deliberate ignorance and probability of misappropriations in the case of supply of same quantity from TPX could not be ruled out.

Neither management replied nor was DAC convened.

Audit recommends that matter be investigated besides recovery.

20.5.30 *Payment to supplier without completion of codal formalities*

GFR-148 states that all materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect. The officer receiving the stores should also be required to give a certificate that he has actually received the materials and recorded them in the appropriate stock register.

The KPT management purchased parts for Rs. 538,859,542 for repair of their floating crafts from local and international market during the year 2019-20. Detail in the **Annexure 20-F**.

Audit observed that no record pertaining to in time delivery, inspection of supplies, stock taking, installation as well as warranty and guarantee of the parts was available.

Audit is of the view that in the absence of record audit cannot ascertain in time supply as per specifications to ensure authenticity of payment and imposition of liquidated damages.

Neither management replied nor was DAC convened.

Audit recommends that matter may be investigated.

20.5.31 *Unauthorized provision of 07 vehicles to CBA and retention of 78 vehicles for pool duty - Rs. 17.308 million*

GFR-10 states 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 and the expenditure should not be prima facie more than the occasion demands.

The KPT had 246 vehicles during 2019-20 as per information provided to audit. Details are as under:

Sr. No	Department	No of Vehicles	Expenditure
1	Operational and General Duty vehicles with 26 departments	159	29,879,000
2	Port House and KPT head office pool duty	19	6,156,717
3	Transport pool	31	5,887,789
4	Transport pool stand by duty	28	1,981,666
5	CBA	07	3,282,761
6	Ministry of Maritime Affairs	02	4,069,777
Total		**246**	**51,257,710**

Audit observed that 07 vehicles were provided to the CBA (Employee Union) without any provision. 01 vehicles in use of CBA was stolen, but record relating to investigation/inquiry was not available.

Audit further observed that 50 vehicles were retained in head office and transport pool with an additional 28 vehicles for standby duty. Moreover, management had 20 condemned vehicles which were not auctioned.

Audit is of the view that provision of vehicles to CBA was undue favour and retention of large fleet of vehicles with heavy expenditure of Rs.17.308 million was unjustified when each department had been provided sufficient vehicles for general and operational duties.

Neither management replied nor was DAC convened.

Audit recommends to probe the matter for fixing of responsibility.

20.5.32 *Non-verification of payment on account of income tax and sales tax on ship movement*

FTR-205 states that every Government officer entrusted with the payment of money should obtain for every payment he makes a voucher setting forth the full and clear particulars regarding the claims and all relevant information necessary for its proper identification and classification in accounts.

Second schedule of Sindh Sales Tax on Services Act, 2011 states that sales tax @ 13% shall be applicable on the payments made on the account of transportation.

The KPT management provided a statement of income from the ship movement as detailed below:

Description	Amount Rs.
Income excluding Sindh Sales Tax	8,291,126,127
Sind Sales Tax	1,077,846,396
Gross Income	9,368,972,529
Income tax withheld by payee @ 8 %	749,517,802
Net amount	8,619,954,722

Audit observed that management could not provide the evidence of Rs.1,077.846 million on account of Sindh Sales Tax and Rs.749.518 million on accounts of Income Tax.

Audit is of the view that in the absence of record authenticity of tax payment cannot be ascertained.

Neither management replied nor was DAC convened.

Audit recommends that proof of tax payment may be provided to audit or amount of tax paid to the government.

20.5.33 *Un-necessary and wasteful expenditure on purchase of Alcohol Resistant Foam- Rs. 16.866 million*

Para 10 (I & II) of GFR Volume-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. The expenditure should not be prima facie more than the occasion demands.

The KPT management purchased 73,765 liter Alcohol Resistant Foam @ Rs 638.83 per liter from M/s Sun Tech International Karachi during 2019-20 for Rs.47,123,293 including the sale tax amount of Rs. 6,846,974. Details are as under:

S. No.	Description	Quantity In liter
1	Expired and required to replace at OP-1	5,940
2	Expired and required to replace at OP-II	28,575
3	Expired and required to replace at OP-III	26,400
	Sub - Total	**60,915**
4	Short in fire Tender / Fire station	2,850
5	Reserve Foam in PFS store as Backup	10,000
Total		**73,765**

Audit observed that procurement of 60,915 liters foam was made to replace the existing foam considered expired without any evidence. Moreover, 26,400 liters worth Rs. 16,865,112 was procured for use at Oil Pier-III which was out of order since 29.06.2018.

Audit further observed that the management did not recover the income tax amounting to Rs. 2,120,535 and Sales tax amounting to Rs. 6,846,974 was paid without any proof at time of import.

Audit is of the view that the expenditure incurred was unnecessary and wasteful.

Neither management replied nor was DAC convened.

Audit recommends that responsibility may be fixed and loss be recovered.

20.5.34 *Unauthorized additions to pay package of KPT Chairman- Rs.25.463 million*

Section 6 of the Karachi Port Trust 1886 states that government shall from time to time appoint a person to be Chairman of the Board. The Chairman shall be trustee.

Section 16 of the Karachi Port Trust 1886 states that the Chairman's remuneration and other conditions of service shall be determined by the Federal Government.

An officer of Pakistan Navy Rear Admiral Jamil Akhtar was appointed as Chairman after his retirement on contract basis on 23.11.2017 for three years. His date of retirement was 12.05.2019.

The KPT Board sanctioned Harbour allowance, Compensatory Allowance, Port Officer Allowance and Conservator Allowance to the Chairman KPT. The KPT Board sanctioned bonus up to four basic pay of the officers in a year subject to operational profit of KPT and individual performance.

Later on, the Chairman KPT increased the bonus from four to five vide order dated 17.04.2017.

Allowance	Rate	Amount	Remarks
Harbour Allowance	68,624	2,401,840	for 35 months (01-12-2017 to 30-11-2020
Conservator Allowance	100,000	3,500,000	
Compensatory Allow	51,486	1,802,010	
Port Officers All	51,468	1,801,380	
Bonus	Five basic pay	2,573,400	B.Pay 171,560 x 5 x 3 years
Deputation Allowance	12,000	204,000	June 2019 to Nov 2020
Ration	930	15,810	
Adhoc Relief 2018	17,156	291,652	
Adhoc Relief 2017	37,822	642,974	
Total		**13,233,066**	

Audit observed as under:

i. Chairman KPT was paid Rs.635,837 per month and 5 bonuses @ basic pay without the approval of Federal Government. The total amount of salary paid comes to Rs 25,463,653 for three years.

ii. The officer was paid deputation allowance @ Rs. 12,000 p.m. and Ration allowance @ Rs.930 p.m. whereas he was on contract basis after retirement.

iii. The officer was paid the emoluments which were already accounted in the calculation for emoluments of pension. The additional amount paid after his retirement on 12.05.2019 till 30.06.2020 comes to Rs. 4,026,191.

iv. The officer was paid the yearly Ad-hoc reliefs along with the compensatory allowance whereas only one is admissible.

v. The officer was paid Harbor allowance in addition to Port officer allowance whereas harbor allowance is meant for the employee working in the harbor and Port officer allowance is meant for the Port Officer.

Audit observed that Chairman is not empowered to approve and sanction any kind of remuneration for himself any of the trustee.

Audit is of the view that the chairman enhanced his pay package without authorization.

Neither management replied nor was DAC convened.

Audit recommends that inadmissible amounts may be recovered and case of salary may be send to the Federal Government for regularization.

20.5.35 *Irregular and unauthorized expenditure on purchase of store items for Port House - Rs. 4.586 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.

Section 16 of the Karachi Port Trust 1886 states that the Chairman shall be trustee. The Chairman's remuneration and other conditions of service shall be determined by the Federal Government.

KPT purchased gardening, miscellaneous and electrical items for Port House for Rs. 5,746,054 during the financial year 2017-20. Details are as under:

Item	Total Expenditure	Without Tender
Gardening	2,473,980	1,314,000
Miscellaneous	1,338,121	552,610
Electrical	1,933,953	899,400
Total Rs.	**5,746,054**	**2,766,010**

Audit observed that a huge expenditure on port house was incurred without any stock entry, utilization record and scale of authorization regarding the provision above items. Moreover, the items amounting to Rs.2,766,010 were purchased without calling open tender.

Audit is of the view that the expenditure without record and tendering was irregular.

Neither management replied nor was DAC convened.

Audit recommends inquiry to fix the responsibility.

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20.5.36 ***Non-production of record***

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

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that "any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person".

The management of KDLB, Karachi was requested to provide the following record/information vide 3 requisitions dated 16.12.2020, dated 04.01.2021 and dated 05.01.2021.

1. Compliance of previous Audit and Inspection Report.

2. A certificate regarding theft, embezzlement, fraud.
3. Advances Register.
4. Approval for opening of all bank accounts of KDLB.
5. File regarding payment of bonuses along with approved bonus policy.
6. Recruitment Rules.
7. Staff Car Rules adopted by the KDLB along with log books.
8. Detail/breakup of Accounts Receivable by the KDLB.
9. Year wise and source wise receipt statement during the financial year 2017-20.
10. Detail regarding retention and deposit of withholding tax during 2017-20.
11. Detail/statement regarding payment of Utility and Education Allowance.
12. Detail regarding payment of Leave Encashment.
13. Port wise day and night deployment of labour for the period 2017-20.

Audit observed that the management did not provide the above record to audit for scrutiny despite repeated written & verbal requests.

Neither management replied nor was DAC convened.

Audit recommends that responsibility be fixed besides provision of record.

20.5.37 *Non-submission of annual report and audited financial statements*

Clause 7(5) of the Scheme states that before the commencement of each financial year, the Board shall submit to the Federal Government an annual report on the working of this Scheme together with an audited balance sheet and other accounts thereof.

The financial statements of Karachi Dock Labour Board were last audited by a Chartered Accountants firm for the period 2015-16.

Audit observed that management did not prepare the accounts for the years 2016-17 to 2019-20 and got them audited from the Chartered Accountants. Moreover, management did not prepare the Annual Report since 2017-18.

Audit is of the view that audit opinion could not be given in the absence of certified/audited financial statements.

Neither management replied nor was DAC convened.

Audit recommends early submission of audited financial statements.

20.5.38 *Non-reconciliation of cash balances*

In terms of Para-3 (II) (c) of the New System of Financial Control and Budgeting, 2006, the Principal Accounting Officer shall ensure that the accounts of receipts shall be maintained properly and reconciled on monthly basis.

The KDLB provided the income and expenditure statement for its accounts for the year 2019-20 on the basis of which the figures of cash and cash equivalent at the closing of year comes to Rs. 10,592,742,445. Details are as under:

Description	Amount Rs.
Opening bank balances and investment	11,444,777,143
Income for the year 2019-20	1,471,931,647
Total	**12,916,708,790**
Expenditure for the year 2019-20	2,323,966,345
Balance cash and cash equivalent	10,592,742,445

Audit observed that the closing balances of bank account and investment were Rs.7,611,228,955 which were Rs. 2,981,513,490 less than the closing balance of income and expenditure statement. **(Annexure 20-G)**

Audit is of the view that the information relating to the income, expenditure and investment is incorrect leading to chances of misappropriation.

Neither management replied nor was DAC convened.

Audit recommends that matter be investigated to rectify the discrepancy.

20.5.39 *Loss due to irregularities in lease of KDLB Hospital–Rs.94.046 million*

Clause 4(2) of the Schemes states that Board shall be a body corporate by the name aforesaid, having perpetual succession and common seal, with power to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall by the said name sue and be sued.

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

The Karachi Dock Labour Board constructed hospital of covered area 104,292 Sq. ft. on 75,482 Sq. ft. and rented out the same vide agreement dated 14.04.1996 to a private commercial concern M/s Zaia-ud-din Hospital. On 12.03.1999 another agreement was made where the rent was fixed at Rs.3,350,000 with escalation of Rs. 10% per annum for the tenancy period. The per month rent rate comes to Rs. 2.67 per sq. ft. The contractor was made responsible for payment of property tax to Karachi Municipal Corporation (KMC). Detail is as below:

Period	Rent Rs.	Per Sq. Ft per annum Rs.	Per Sq. Ft per month Rs.
First Year	1,800,000	17.26	1.44
Second Year	2,750,000	26.37	2.20
Third Year	3,025,000	29.05	2.42
Fourth Year	3,328,000	31.91	2.66

The agreement dated 12.03.1999 was amended on 16.08.2006 as under:

i. contract will end on 31.12.2010,
ii. Rent will increase at the rate of 10% after every 03 years.
iii. The property tax will be paid by the KDLB.

Audit observed that the building was rented out @ Rs.2.67/sq.ft. without open competition and since 31-12-2010 no agreement was signed after expiry of the previous. At present the market rate is approximately Rs.70/sq.ft. whereas the management is receiving the rent @ Rs.7.64/ sq.ft.

Audit further observed that the amendments in the agreement made on 16.08.2006 were disadvantageous to the KDLB and resulted in a loss of Rs. 87,851,000 due to additional expenditure of Rs. 6,194,736 as property tax had to be paid **(Detail is in Annexure 20-H)**.

Audit is of the view that the KDLB fund suffered financial loss equal to Rs. 94,045,736 due to renting out the building at the lower rate.

Neither management replied nor was DAC convened.

Audit recommends that responsibility be fixed and hospital building be rented out through open auction.

20.5.40 *Irregular payment of commutation up to 100% of gross pension*

The KDLB Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f. 01.07.1996.

On 04.09.2001 Finance Division vide O.M NO. F. 1(5) IMP/2001 replaced the Commutation Table with new one and reduced the commutation up to 40% of gross pension. This percentage was further decreased to 35% vide Finance Division O.M. No. F.1 (1)/Imp/ 2005 dated 1-7-2005.

The management of KDLB paid Rs. 836,365,631 on account of commutation of pension to 144 workers/employees during the period 2017-20.

Audit observed that the 100% of gross pension was commuted and paid to the workers/employees. Moreover, commutation was calculated on the basis of the Commutation table of 01-07-1986 instead of the applicable table of 04-09-2001.

Audit is of the view that by applying the commutation table of 1986 and overpayment of Rs.179,320,550 was made as Commutation resulting in irregular payments and KDLB fund was put to undue financial burden.

Neither management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

20.5.41 ***Overpayment of incentive/overtime to dock workers- Rs.526.617 million***

The Karachi Dock Labour Board vide resolution dated 24.04.2020 approved the rates of shift/overtime and incentive rates applicable as under:

Description	Day Shift		Night shift	
	Existing up to 30.06.2018	Revised w.e.f 01.07.2019	Existing up to 30.06.2018	Revised w.e.f 01.07.2019
Shift overtime	81.40	93.61	93.89	107.97
Incentive Rates	66.11	74.04	75.38	84.42
Total	**147.51**	**167.65**	**169.27**	**192.39**

On the basis of approved rates and worker strength, audit worked out the payable amount on account of payment of incentive/overtime to the Dock workers, which comes to Rs.2,323,848,729.

Audit observed that the management made payment of incentive and overtime to the workers amounting to Rs.2,850,465,983 as per payrolls during the financial year 2017-18 to 2019-20.

Audit is of the view that KDLB overpaid Rs. 526.617 million to the workers which resulted into loss to the KDLB fund. Detail is in **Annexure 20-I.**

Neither management replied nor was DAC convened.

Audit recommends recovery of overpayment.

20.5.42 ***Irregular selection of panel of Chemists, Laboratories and Doctors without open competition***

Clause 9(c) of the Scheme states that the Chairman shall have full administrative and executive powers to deal with all matters relating to the day-to-day administration of this Scheme and in particular to supervise and control the working of the Administrative Body and to take suitable steps if any irregularities are detected by him or brought to his notice.

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

The following Chemists, Laboratories and Doctors are at the panel of the Karachi Dock Labour Board, Karachi.

Chemists	Laboratories	Doctors
i. Platinum Medical Store ii. Danish Medical Store iii. AA Medicos iv. Al-Haider Medicos	i. M/s Karachi X-Ray's and U. Sound ii. M/s The Laboratory iii. M/s Karachi Laboratory Diagnostic	i. DR. Malik Tajuddin ii. DR. Humara Khatoon iii. DR. Inayatullah

Audit observed that the panel of Doctors, Laboratories and Medical stores were selected without adopting open competition to ensure the selection of chemist offering the best discount rate. Moreover, no formal agreement/terms and conditions were available.

Audit is of the view that undue favour was extended to the panelists.

Neither management replied nor was DAC convened.

Audit recommends to stop the practice beside Panel selection through open competition.

20.5.43 *Payment of pension benefit for the service length beyond 30 years - Rs. 26.023 million*

The Board in its 235th meeting held on 20.01.1996 approved that pension scheme as per Government Rules shall be made applicable to the dock workers w.e.f 01.07.1996.Wage granted under clause 29 of the Karachi Dock Workers (Regulation of Employment) Scheme 1973 form the basis for calculation and payment of pension to the dock workers.

Finance Division's O.M. No. F. 1(5) Imp/2001 dated 04.9.2001 states that the benefits for extra years of service after completion of 30 years are discontinued.

The management of KDLB has paid Rs. 836,365,631 to 144 workers/employees during the period from 2017-20 as per information provided to audit.

Audit observed that 85 workers/employees were paid Rs. 26,023,636 on account of the benefit for extra years of service after completion of 30 years of service. Details are given at **Annexure- 20-J.**

Audit is of the view that the benefit beyond 30 years of service is inadmissible.

Neither management replied nor was DAC convened.

Audit recommends to stop the practice besides recovery.

20.5.44 ***Non-recovery of outstanding rent of KDLB properties from the tenants- Rs.25.957 million***

GFR-26 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 management of KDLB has rented out the five floors with covered area 85,924 Sq. ft. to 31 private/government offices.

Audit observed that an amount of Rs. 25,957,761 was outstanding against 11 offices.

Audit is of the view that non-recovery of outstanding rent from the tenants was a serious lapse on the part of the management.

Neither management replied nor was DAC convened.

Audit recommends that the outstanding rent may be recovered from the tenants.

20.5.45 ***Unnecessary purchase of 04 cars - Rs.6.321 million***

GFR-10 states that the expenditure should not be prima facie more than the occasion demands. No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage. Public moneys should not be utilized for the benefit of a particular person or section of the community.

The KDLB purchased 04 new vehicles during 2017-18 for Rs. 6.321 million. Details are as under:

S. No	Vehicle	Make	Model No.	Amount Rs.
1	GPA-851	Toyota Corolla Car	2018	2,148,500
2	GPA-845	Suzuki Cultus Car	2018	1,391,000
3	GPA-844	Suzuki Cultus Car	2018	1,391,000
4	GPA-843	Suzuki Cultus Car	2018	1,391,000
Total Rs.				**6,321,500**

Audit observed that for 4 entitled officers Board already had 10 vehicles but the management provided details of only 9 vehicles to audit in order to justify the procurement of additional 4 vehicles and the utilization of 5 vehicles was not disclosed.

Audit is of the view that procurement of new vehicles was unnecessary.

Neither management replied nor was DAC convened.

Audit recommends to fix the responsibility.

Pakistan Marine Academy, Karachi

20.5.46 ***Unauthorized opening of bank accounts and non-maintenance of Cash book - Rs.78.548 million***

As per Para 77 of FTR Vol-I "A Cash Book must be maintained in proper form which is used for the purpose. All monetary transaction should be entered in the cash book as soon as they occur and attested by the Head of office or by any Gazetted Officer authorized by him. At the end of the month, the cash balance should be verified by the head of the office and a signed and dated certificate recorded to that effect in the cash book. Closing balance should be mentioned in figures as well as in words, all moneys deposited into bank should be reconciled with the bank document and entry in the cash book.

Para-1 of the Auditor General of Pakistan letter No.328/02/P&C/1-c/2004(PF-I) dated 21st September 2015 stipulates that permission to open more than one authorized bank account shall be granted by the Finance Division.

The management of Pakistan Marine Academy Karachi was maintaining 11bank accounts with consolidated closing balance of Rs. 78.548 million. The detail is **Annexure 20-K**

Audit observed that all bank accounts were not approved by Finance Division. No transaction of deposits, withdrawals and expenditure was recorded since December 2018 in the Cash book resulting in non- reconciliation of Rs.78.548 million in balance.

Audit is of the view that operating large number of bank accounts without approval of Finance Division, non-maintenance of cash books and non-reconciliation of bank balances was serious lapse on part of the management due to which chances of misappropriation of funds could not be ruled out.

Neither management replied nor was DAC convened.

Audit recommends that approval of Finance Division and maintenance of cash book.

Directorate General Ports & Shipping, Karachi

20.5.47 ***Excess payment of rent of office building – Rs. 19.374 million***

As per Ministry of Housing and Works O.M No. dated 14.04.2008, Rates of Office Accommodation was fixed in Karachi area under the category of Commercial Buildings (Other Area) “Other Floors” as Rs. 20 per sq. ft. The rates were revised as per Ministry of Housing and Works O.M No. dated 27.03.2017 Rs. 35 per sq. ft.

As per Finance Division (Exp.Wing) O.M. No.F.3(2) Exp-III/2012-334 dated 26.08.2015, the powers delegated under the head of account “Rent of Non-Residential Buildings” to Ministries / Divisions is up to Rs.200,000 per month for Islamabad / Rawalpindi / Lahore / Karachi / Peshawar / Quetta.

The management of D.G. Port & Shipping, Karachi paid an amount of Rs.54.423 million on account of rent of office building for the period from 01.04.2012 to 30.06.2020. A lease agreement with Karachi Dock Labour Board (KDLB), Karachi was signed on 31.05.2016 for acquiring of 17,987 sq.ft.

Audit observed that sanction of the rent was accorded by the DG Ports & Shipping who had not such powers. Moreover rent specified for the area, by Housing and Works was Rs.20 whereas the building was leased @ Rs.30 leading to an excess payment of Rs.16,675,908.

Audit further observed that covered area was reduced form 17,987 sq.ft. to 11,990 sq.ft. and payment of rent for 15 months for excess area 5,997 sq.ft. amounting to Rs.2,698,650 was made.

Audit is of the view that payment without sanctioning power and over & above the land acquired and rates specified is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that the matter be probed for excess payment besides its regularization.

CHAPTER 21

MINISTRY OF NARCOTICS CONTROL

21.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Policy on all aspects of narcotics and dangerous drugs, such as production, processing, marketing, import, export and transshipment, trafficking etc., in conformity with national objectives, laws and international conventions and agreements.
2. Legislation covering all aspects of narcotics and psychotropic substances, and matters ancillary thereto, in consultation with the Ministries/Divisions, etc., concerned.
3. Bilateral and multilateral cooperation with foreign countries against narcotics trafficking and all other international aspects of narcotics including negotiations for bilateral and multilateral agreements for mutual assistance and cooperation in the field of enforcement of narcotics laws.
4. Coordination of aid/assistance from foreign countries and of narcotics control interdiction for poppy crop substitution.
5. Policy on drug education, treatment and rehabilitation of narcotics/drugs addicts and grants-in-aid to Non-Governmental Organizations (NGOs) engaged in these fields.

1. Inter-Provincial coordination on all aspects of narcotics and dangerous drugs.
2. Monitoring of the implementation of policies on all aspects of narcotics and dangerous drugs.

3.Regulation of administrative, budgetary and other matters of Pakistan Narcotics Control Board.

ATTACHED DEPARTMENT / AUTONOMOUS BODIES

1. Anti-Narcotics Force.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	23	6	3,299.625	-
2	Assignment Accounts (Excluding FAP)	1	1	29,729.000	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

21.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Narcotics Control Division for the financial year 2019-20 was Rs.2,777.77 million, out of which the Division expended an amount of Rs.2,830.45 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

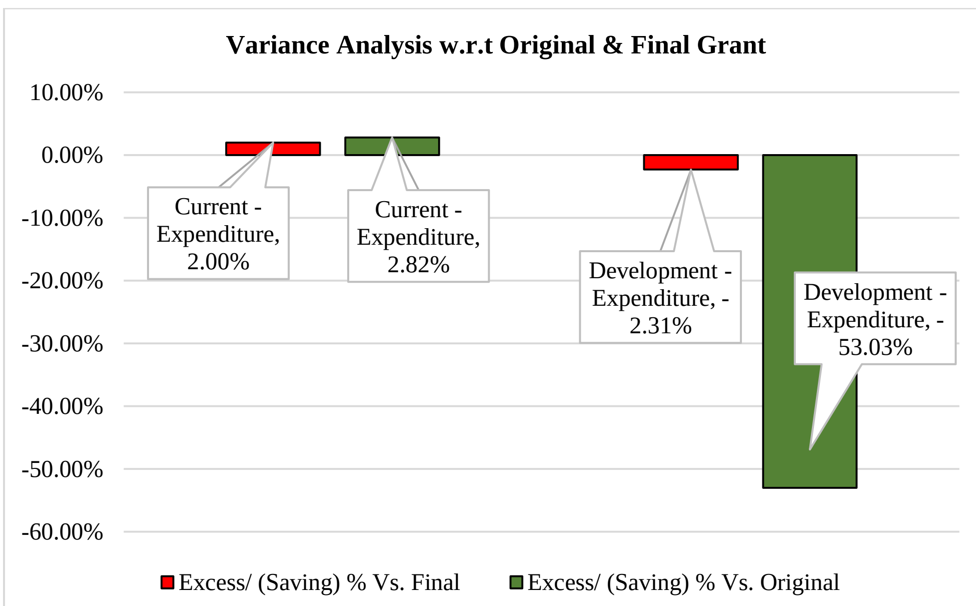
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	84	2,691.00	24.74	-3.00	2,712.74	2,766.92	54.18	2.00%
Current Total		**2,691.00**	**24.74**	**-3.00**	**2,712.74**	**2,766.92**	**54.18**	**2.00%**
Dev.	137	135.24	0.00	-70.21	65.03	63.53	-1.50	-2.31%
Development Total		**135.24**	**0.00**	**-70.21**	**65.03**	**63.53**	**-1.50**	**-2.31%**
Grand Total		**2,826.24**	**24.74**	**-73.21**	**2,777.77**	**2,830.45**	**52.68**	**1.90%**

Audit noted that there was an overall excess of Rs.52.68 million, which was due to excess in Current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 53.03% with respect to Original grant which reduced to savings of 2.31% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 2.82% of excess in expenditure w.r.t original allocation reduced to 2.00% of excess in expenditure w.r.t final allocation, as depicted in the graph below:



21.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 127.14 million, were raised in this report during the current audit of **Narcotics Control Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	78.17
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	48.97

21.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2011-12	5	5	5	0	100
2013-14	6	6	5	1	83
Total:	11	11	10	1	91

21.5 AUDIT PARAS

Ministry of Narcotics Control

21.5.1 *Non-utilization of National Fund for Control of Drug Abuse*

Section 54 (3) of the Control of Narcotic Substances Act, 1997 states that the purpose and object of the National Fund for Control of Drug Abuse was to meet the expenditure incurred in connection with the control and eradication of trafficking in, and abuse of, narcotics drugs, psychotropic substances, controlled substances, or treatment and rehabilitation of drug addicts and for all or any of the related purposes, as may be specified by the Federal Government

Ministry of Narcotics Control notified that the Governing Body shall be responsible for the management, control and supervision of the National Fund for Control of Drug Abuse vide S.R.O. 1008(1)/2005 dated 15.09.2005. Fund was created with the purpose to control Drug Abuse in the country. As on 30.06.2020, Rs.308.604 million were lying in the fund.

Audit observed that the funds generated were not utilized for their intended purpose as no expenditure had been made for the last ten years.

Audit is of the view that non-utilization of Fund for Control of Drug Abuse was a serious lapse on the part of management.

The management replied that only reimbursement of forfeited money amounting to Rs.793,050 was made by the Governing Body in pursuance of the court orders. Efforts are in hand to initiate further proposals for approval.

The reply was not accepted as it indicates failure to achieve the purpose of the fund.

The DAC was not convened till finalization of this report.

Audit recommends that efforts may be made to utilize the funds to achieve its purpose.

21.5.2 ***Non-preparation of Annual report of the activities financed out of the National fund***

Section 55 of the Control of Narcotic Substances Act, 1997 states that the Governing body shall, after the end of each financial year, submit to the Federal Government a report giving an account of its activities and the activities financed out of the fund during the financial year, together with a statement of accounts.

Ministry of Narcotics Control notified the composition of Governing Body for National Fund for Control of Drug Abuse for the management, control and supervision of the fund vide S.R.O. 1008(1)/2005 dated 15.09.2005.

Audit observed that the Governing Body since its creation in 2005 has failed to prepare annual report for submission to the federal government as required under Section 55 of the Control of Narcotic Substances Act, 1997.

Audit is of the view that non-preparation of annual report is a serious lapse on part of management.

Neither management replied nor was DAC convened.

Audit recommends that the annual report be prepared and submitted at the earliest.

Anti-Narcotics Force (Headquarters), Rawalpindi

21.5.3 *Non-Production of Record*

Section 14 of AGP Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

International Narcotics and Law Enforcement Section, US Embassy committed a total of Rs 91.150 million to ANF HQ Rawalpindi. Bifurcation of commitment was Rs. 51.307 million for incentive pay & building leases for SIC Vetted Unit and Rs. 39.843 million for equipment and vehicles etc.

An amount of Rs. 29.729 million was released to Anti-Narcotics Force/Special Investigation Cell under the above mentioned agreement during 2019-20. The management of ANF HQ Rawalpindi was requested to provide record relating to expenditure incurred out of the above mentioned released amount.

Audit observed that the management did not provide record as requested by audit for scrutiny pertaining to release and expenditure of Rs. 29.729 million to ANF Headquarter.

Audit is of the view that in the absence of record, the authenticity of the expenditure could not be ascertained.

The management replied that no technical assistance i.e. equipment and property has been received from INL-P during the period from Jul 2019 to June 2020. The management further replied that INL-P US Embassy Islamabad does not release the operational support according to commitment made in the Project Implementation Letter (PIL). A sum of Rs. 36.48 million was committed by INL-P US Embassy for Financial Year 2018-2019 whereas only Rs. 12.39 million was released as expenditure from Jan to Jun 2019. Budget on account of incentive pay has not been released by INL-P. Rent for building lease is directly paid to the House Owner by INL-P.

The reply is irrelevant as record of released amount was not provided to audit.

The DAC was not convened till finalization of this report.

Audit recommends that the matter may be investigated to fix responsibility besides provision of record.

21.5.4 *Unauthorized deduction from the proceeds realized from the auction of confiscated property*

Section 54 of the Control of Narcotic Substances Act, 1997 states that federal government may, by notification in the official Gazette, constitute a fund to be called National Fund for Control of Drug Abuse consisting of the sale proceeds of any assets forfeited under this Act. All its receipts shall be credited to a head of Account in the Public Account duly authorized by the Auditor General of Pakistan. The purpose and object of the Fund shall be to meet the expenditure incurred in connection with the control and eradication of trafficking in, and abuse of, narcotic drugs, psychotropic, substances, controlled substances, or treatment and rehabilitation of drug addicts and for all or any related purposes, as may be specified by the Federal Government.

Para (ix) of the Accounting Procedure for National Fund for Control of Drug Abuse states that all receipts mentioned in Section 54 of the Control of Narcotic Substances Act, 1997 shall be credited to the fund.

The management of Anti-Narcotics Force, Rawalpindi had been deducting 6% of the total proceeds realized from the auction of confiscated properties since the promulgation of the above-mentioned Act and distributing the same as per following details:

S. No.	Purpose	Share (%)
1	Reward to the employees investigating drug assets cases	2.5%
2	Common pool for welfare of employees	2.5%
3	Reward to the informers	1%

Audit observed that there was no provision for such deductions in the Control of Narcotic Substances Act, 1997. All the deductions out of National Fund for Control of Drug Abuse were introduced through the rules framed under ANF Act, 1997 instead of Control of Narcotic Substances Act, 1997.

Audit further observed that management failed to provide the details of receipts and deduction since inception of the Act; so actual amount of deduction could not be ascertained.

Audit is of the view that deduction from funds and its distributions without any provision in the governing law was unauthorized.

The management replied that ANF Reward Rules have been approved & issued by Government of Pakistan. The detailed proceeding of auctions, expenditure thereof, arrangement & record keeping is dealt at concerned Regional Directorates.

The reply was not acceptable as there was no provision in the governing law for the above mentioned deduction from National Fund for Control of Drug Abuse.

The DAC was not convened till finalization of this report.

Audit recommends to stop the practice and regularization of the amount already deducted.

21.5.5 *Unauthorized issuance of SOPs for incurring of expenditure from welfare fund in violation of ANF Reward Rules, 2000*

Rule 1 (3) of Anti-Narcotics Force reward Rules, 2000 states that these rules shall apply to (a) Informers giving tangible information leading to the seizure of narcotics; (b) Officers and staff of the force who are physically involved in the operations of interdiction or seizure of narcotics; (c) Officers and staff enquiring or investigating drug assets or money laundering cases leading to freezing and confiscation of assets and (d) Officers and staff conducting the prosecution in courts leading to conviction of the persons involved in drug smuggling in exceptional cases only.

The management of Anti-Narcotics Force, Headquarter, Rawalpindi has been receiving 25% share from the amount realized out of seizure of narcotics as cash reward since long. An amount of Rs. 72.699 million was paid as cash reward to the employees during the financial year 2019-20 from welfare fund.

Audit observed that the reward was distributed among all employees in the light of SOPs approved by the DG in violation of ANF Reward Rules, 2000 whereas the management was required to pay the reward only to the employees specified in the above-mentioned rules.

Audit is of the view approval of SOPs in violation of ANF Reward Rules, 2000 was unauthorized.

The management replied that ANF Reward Rules 4 (1) amended vide SRO 1132(1) 2008 clearly indicates that 25% of the amount of the seizure be distributed for welfare of officers and staff of the force, not specified personnel. It is further highlighted that Rule 12 of the said SRO indicates expenditures out of the Welfare Fund and SOP has been formulated to make the justified payments and ensure transparency of its utilization. Expenditure made out of the Welfare Fund is covered under said Rules.

The reply was not acceptable as the SOPs were approved in violation of ANF Reward Rules, 2000 which states that 25% of the seizure amount will be distributed only among officers and staff of the force who are physically involved in the operations of interdiction or seizure of narcotics.

The DAC was not convened till finalization of this report.

Audit recommends to streamline the distribution that matter may be investigated to fix responsibility besides taking the corrective action.

21.5.6 *Auction of vehicles without reserve price and non-deposit of sale proceeds in to Government Treasury – Rs. 78.166 million*

Section 54 (1) of the Control of Narcotic Substances Act, 1997 states that federal government may, by notification in the official Gazette, constitute a fund to be called National Fund for Control of Drug Abuse consisting of grants and the sale proceeds of any assets forfeited under this Act or any other law for the time being in force.

Section 2 (b) of the Control of Narcotic Substances Act, 1997 states that assets means any property owned, controlled or belonging to an accused, whether directly or indirectly, or in the name of his spouse or relatives or associates whether within or outside Pakistan for which they cannot reasonably account.

The Directorate General, Anti-Narcotics Force (Headquarters), Rawalpindi auctioned 241 seized and confiscated vehicles/motorcycles on various dates during 2019-20 parked at the Regional Directorates.

Audit observed that the vehicles were auctioned without any reserve price and sale proceeds realized from the auction of vehicles were not deposited into the government treasury. The receipts realized through auctions were deposited into National Fund irregularly without any provision for the same.

Audit further observed that an expenditure of Rs. 4.505 million from the sale proceeds of the auctioned vehicles was made irregularly without invoices and supporting documents.

Audit is of the view that non-deposit of sale proceeds into Government treasury and expenditure therefrom was irregular.

The management replied that the funds generated through auction of vehicles was deposited into National Fund vide Para 9(2)(3) of SRO198/(I)/2013 dated 12.03.2013 which stated that the concerned Regional Directorate of ANF on receipt of whole amount of the bid after approval of DG ANF shall deposit it in National Fund for Control of Drug Abuse.

The reply was not accepted as non-deposit of sale proceeds into Government treasury is against the rules.

The DAC was not convened till finalization of this report.

Audit recommends that the matter may be investigated to fix responsibility besides recovery.

21.5.7 *Irregular transfer from welfare fund to regional offices – Rs.41.472 million*

Rule 12 (2) of the Anti-Narcotics Force Reward Rules, 2000 states that the expenditure shall include the following items, namely; (a) Enhancement of operation performance of the force; (b) Financial aid for education, health and marriage of dependent children of staff of the force; (c) Improvement of the amenities for officers and staff of the force including recreational facilities; (d) Special reward to the family and heirs of officers and staff of the force concerned in cases of loss of life or injury; and (e) Other similar purpose at the discretion of the committee constituted under sub-rule (1).

Rule 668 of Federal Treasury Rules, Volume-1 states that advances granted under special orders of competent authority to Government officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

The management of ANF, Headquarter, Rawalpindi released Rs. 41.472 million out of Welfare Fund to the Regional Directorates (RDs) for cash disbursement against different activities during the year 2019-20.

Audit observed that transfer of amounts out of Welfare Fund to Regional Directorates (RDs) for cash disbursement against different activities was not covered under ANF Reward Rules, 2000. Moreover, the adjustment accounts were also not provided.

Audit further observed that management transferred Rs. 10 million to the bank accounts of Regional Offices opened without approval of Finance Division as imprest amount.

Audit is of the view that transfer of imprest out of Welfare Fund and authenticity of the expenditure on specified purposes of welfare fund could not be ascertained in the absence of supporting documents.

The management replied that ANF is an operational Force and expenditure like marriage grant, distress grant, performance reward, education grant, Barra Khana & Ramzan/Eid Packages are made for boosting morale of the troops.

Reply of the management is not acceptable in absence of documentary evidence.

The DAC was not convened till finalization of this report.

Audit recommends that the matter may be taken up to fix responsibility besides taking corrective action.

21.5.8 *Unauthorized payment of loans from welfare fund – Rs.7.50 million*

Rule 12 (1) of the Anti-Narcotics Force Reward Rules, 2000 states that welfare fund is used for the purpose of expenditure on the welfare of officers and staff of the force, out of the sums paid into the common pool for welfare of officers and staff of the force, the Director General shall constitute a committee of which the Director General shall be the chairman

Clause 3 of Project Implementation Letter (PIL) states that only expenses incurred during the period of performance for this agreement will be considered valid and reimbursable by INL on a quarterly basis.

The management of ANF Headquarter, Rawalpindi released an amount of Rs. 7.5 million during the financial year 2019-20 as loan to Special Investigation Cell (SIC) out of welfare fund to meet the day to day expenditure to be incurred for the purpose agreed to by International National and Law Enforcement Section, US Embassy, Islamabad Pakistan in clause 3 of PIL signed between the above mentioned two parties on 17.06.2019.

Audit observed that management paid loan to SIC for day to day expenditure out of the welfare fund which was meant for incurring expenditure on welfare of employees. Audit further observed that the loan was not repaid till the close of financial year 2019-20.

Audit is of the view that extension of loan out of welfare fund in violation of ANF Reward Rules, 2000 was unauthorized.

The management replied that due to non-availability of INL-P operational support budget, an amount of Rs. 7.5 million was paid to SIC out of ANF Welfare Fund in the light of Para 12 (a) of Reward Rules 2000. Subject to receipt of funds from INL-P, SIC will return the loan amount to the ANF Welfare Fund.

The reply was not acceptable as loan was provided in violation of ANF Reward Rules, 2000.

The DAC was not convened till finalization of this report.

Audit recommends fixing of responsibility besides early recovery of the loan.

21.5.9 *Unauthorized opening of three Bank Accounts by Special Investigation Cell*

Para 7 of GFR Volume-I states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the public account for deposit elsewhere without the consent of the Ministry of Finance.

The management of Special Investigation Cell under administrative control of Anti-Narcotics Force HQ, Rawalpindi was maintaining 3 Bank Accounts during the financial year 2019-20 as per following detail:

S.No	Title of Account	Bank/Branch	Remarks
1	Joint Directorate SIC Islamabad	NBP F-10 Markaz	NAS Fund/ Current
2	Joint Directorate SIC Islamabad	NBP F-10 Markaz	Informer, Raiding Share PLS
3	Special Investigation Cell ANF	Askari Commercial Bank Ltd, Cantt Branch, Rawalpindi	Monthly Expenditure/Current

Audit observed that:

i. The bank accounts were opened without the approval of Finance Division.

ii. The bank statements, cash books and bank reconciliation statements were not provided to audit for scrutiny.

Audit is of the view that opening of bank accounts without the approval of Finance Division was unauthorized.

The management replied that in the past, INL-P operational support Budget was released to ANF/SIC through PLA maintained in FTO, hence amount was credited in the PLA and further issued to SIC. SIC used the NAS Account for making expenditure on the operational activities. Finance Division has been approached for ex post facto approval.

The management accepted the audit observation.

The DAC was not convened till finalization of this report.

Audit recommends early regularization by Finance Division.

CHAPTER 22

MINISTRY OF NATIONAL FOOD SECURITY AND RESEARCH

22.1 *Introduction*

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Economic coordination and planning in respect of food, economic planning and policy making in respect of agriculture.
2. Imports and exports control on food grains and foodstuffs, inspection, grading analysis of food grains and foodstuffs, maintenance of standards of quality for import and export and inspection, handling, storage and shipment of rice exports.
3. Collection of statistics regarding production, consumption, prices, imports and exports of food grains.
4. Coordination with aid and assistance agencies in respect of food sector.
5. Pakistan Agricultural Research Council and other Federal agriculture research organizations.
6. Food and Agriculture Organization (FAO) of United Nations in respect of food.
7. Plant protection, pesticide import and standardization, aerial spray, plant quarantine and locust control in its international aspect and maintenance of locusts warning organizations.
8. Federal seed certification and registration.
9. Standardization and import of fertilizer.
10. Procurement of food grains, including sugar- (a) from abroad; (b) for Federal requirement; (c) for inter-Provincial supplies; and (d) for export and storage at ports.
11. Grading of agricultural commodities, other than food grains, for exports.
12. Administrative control of PASSCO.
13. Preparation of basic plan for bulk allocation of food grains and foodstuffs.

14. Price stabilization by fixing procurement and issue prices including keeping a watch over the price of food grains and foodstuffs imported from abroad or required for export and those required for inter-provincial supplies.
15. Agricultural Policy Institute.
16. (i) Animal quarantine departments, stations and facilities located anywhere in Pakistan. (ii) National Veterinary Laboratory, Islamabad. (iii) Laboratory for Detection of Drugs Residues in Animal Products at Karachi.
17. Veterinary drugs, vaccines and animal feed additives'- (i) import and export; and (ii) procurement from abroad for Federal requirements and for interprovincial supplies.
18. Livestock, poultry and livestock products'- (i) import and export; and (ii) laying down national grades.
19. Pakistan Dairy Development Company.
20. Livestock and Dairy Development Board (LDDB).
21. Fisheries Development Board (FDB).
22. Pakistan Oil-Seed Development Board (for Federal areas only).
23. International cooperation matters relating to agriculture and livestock.
24. Administrative control of the Agricultural Counselor's Office at Rome, Italy.
25. National Fertilizer Development Centre.
26. Administrative control of Pakistan Central Cotton Committee.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Animal Quarantine Department.
ii. Department of Plant Protection.
iii. Agricultural Policy Institute, Islamabad.
iv. Federal Seed Certification and Registration, Islamabad.
v. Plant Breeders' Rights Registry.
vi. Pakistan Agriculture Research Council.
vii. National Veterinary Laboratory
viii. Pakistan Dairy Development Company
ix. Live Stock and Dairy Development Board
x. Fisheries Development Board

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	43	10	9,125.000	-
2	Assignment Accounts (Excluding FAP)	19	1	3,001.541	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	1	1	-	-

22.2 *Comments on Budget & Accounts (Variance Analysis)*

Final budget allocated to the National Food Security and Research Division for the financial year 2019-20 was Rs.11,287.61 million, out of which the Division expended an amount of Rs.10,902.65 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) -%
Current	87	4,468.00	459.50	-475.95	4,451.55	4,399.92	-51.63	-1.16%
Current Total		**4,468.00**	**459.50**	**-475.95**	**4,451.55**	**4,399.92**	**-51.63**	**-1.16%**
Development	138	12,047.52	0.00	-5,211.46	6,836.06	6,502.73	-333.33	-4.88%
Development Total		**12,047.52**	**0.00**	**-5,211.46**	**6,836.06**	**6,502.73**	**-333.33**	**-4.88%**
Grand Total		**16,515.52**	**459.50**	**-5,687.41**	**11,287.61**	**10,902.65**	**-384.97**	**-3.41%**

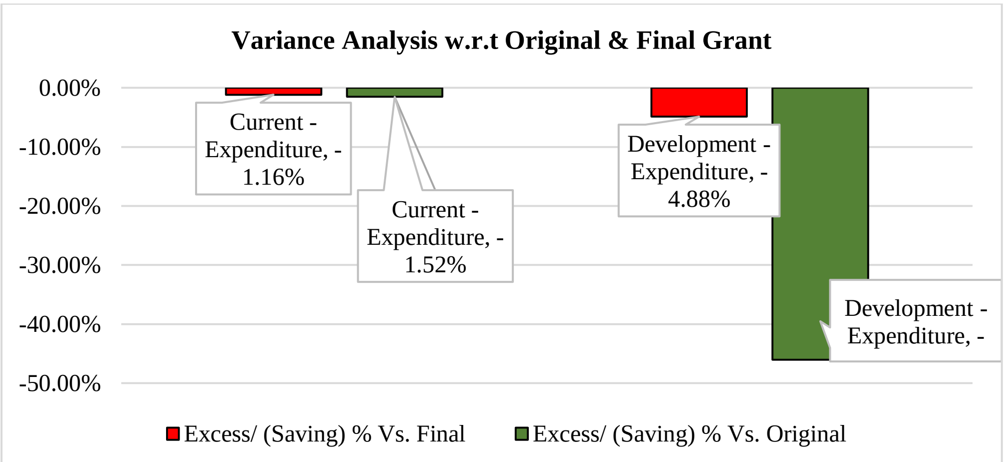
Audit noted that there was an overall savings of Rs.384.97 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 46.02% with respect to Original grant which changed to savings of 4.88% w.r.t Final Grant in case of development expenditure.

In case of current expenditure the 1.52% of savings in expenditure w.r.t original allocation turned into 1.16% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



22.3 *Classified Summary of Audit Observations*

Audit observations, amounting to Rs. 89.58 million, were raised in this report during the current audit of **National Food Security And Research Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	10.31
C	*Management of account with commercial banks*	30.70
D	*Recovery*	10.75
E	*Internal Control*	35.15
4	Value for money and service delivery	-
5	Others	2.67

22.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1987-88	17	17	15	2	88
1988-89	11	11	7	4	64
1989-90	9	9	5	4	56
1990-91	6	6	4	2	67
1991-92	19	19	2	17	11
1992-93	22	22	6	16	27
1993-94	31	31	4	27	13
1994-95	6	6	0	6	-
1995-96	14	14	0	14	-
1996-97	90	90	12	78	13
1997-98	7	7	3	4	43
1998-99	38	38	0	38	-
1999-00	64	64	18	46	28
2000-01	45	45	1	44	2
2001-02	20	20	6	14	30
2005-06	9	9	5	4	56
2006-07	3	3	1	2	33
2007-08	5	5	4	1	80
2008-09	2	2	0	2	-
2009-10	4	4	1	3	25
2010-11	2	2	0	2	-
2014-15	3	3	1	2	33
2017-18	9	9	2	7	22
Total:	**436**	**436**	**97**	**339**	**22**

22.5 AUDIT PARAS

Central Cotton Research Institute

22.5.1 *Non-submission of audited Financial Statements since 2012*

Para 21 (1 & 2) of Pakistan Cotton Cess Rules, 2012 provides that the Committee shall maintain accounts of its assets, liabilities, and all financial transactions in accordance with the Globally Accepted Accounting Practices (GAAP). The accounts shall be audited annually by the auditors appointed in this behalf by the Committee and by the AGP.

The Expenditure Statements of Central Cotton Research Institute (CCRI), Multan showed that the management made an expenditure of Rs. 296.499 million during the years 2017-20.

Audit observed that since 2012 financial statements were not prepared annually in accordance with GAAP. Moreover, the management neither appointed an auditor for conducting annual audit, nor the accounts and the auditor's reports, if any, were prepared and published.

Audit is of the view that in the absence of prescribed annual financial statements and published audit reports, the authenticity of the accounts could not be validated.

Neither management replied nor was DAC convened.

Audit recommends early submission of audited financial statements.

22.5.2 *Cash Payments instead of crossed cheques - Rs. 35.150 million*

Rule 157 of the Federal Treasury Rules states that all third party payments in settlement of government dues shall always be crossed "A/C Payees only – not negotiable."

Sr. No. 3 of 11th schedule of Sales Tax Act, 1990 states that every government department is bound to procure goods and services from the parties/vendors that are registered with Sales Tax Authorities; sales tax number will be written in the quotation, bill and formal sales tax invoice which would be issued serial wise to the department and department will release payment on receipt of sales tax invoice of the taxable item or exempted item. In case of unregistered firms, sales tax @ 17% should be deducted at source from their bills and deposited into Government Account.

The management of Central Cotton Research Institute (CCRI), Multan made procurement of Rs. 35.150 million of various goods and services during 2017-18 to 2019-20.

Audit observed that all the procurement were paid in cash instead of issuing crossed cheques to the vendors. Moreover, procurement from non-registered GST firms lead to non-deduction of Sales tax @ 17% amounting to Rs.5.975 million.

Audit is of the view that cash payments caused a loss to the government exchequer

Neither management replied nor was DAC convened.

Audit recommends payments in crossed cheques besides recovery of GST.

22.5.3 *Mis-procurement of fertilizer – Rs. 10.307 million*

Rule 12 (1) of Public Procurement Rules, 2004 states that all procurement opportunities over one lac rupees should be advertised on the Authority's website in the manners and format specified by regulation. The procurement opportunities may also be advertised in print media, if deemed necessary by procuring agency.

Sr. No.3 of 11th schedule of Sales Tax Act, 1990 states that in case of unregistered firms, sales tax @ 17% should be deducted at source from their bills and deposited into Government Account.

Rule 157 of the Federal Treasury Rules provides that all third party payments in settlement of government dues shall always be crossed "A/C Payees only – not negotiable."

The management of Central Cotton Research Institute (CCRI), Multan incurred an expenditure of Rs. 5.219 million on purchase of fertilizers and 5.088 million on purchase of insecticides/pesticides during 2017-20.

Audit observed that the procurement was made without open competition and payment was made in cash resulting in non-deduction of GST @ 17% amounting to Rs. 1.752 million.

Audit is of the view that management violated PPRA Rules as well as deprived government of its receipts.

Neither management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery of GST.

Pakistan Agricultural Research Council (PARC), Islamabad

22.5.4 *Irregular exercise of powers by the Board of Governors over and above the approved Regulations, 2006*

Section 5 (b) of PARC (Board of Governors) Financial and Administrative Powers Regulation, 2006 states that the appointment of scientists, officers and employees of the council, their terms and condition of service, pay and allowances and other benefits including pension, disciplinary procedures, recruitments, retirement and termination of staff, creation and up gradation of posts and determination of the optimum size of human resource for efficient operations requires consultation and concurrence of Establishment and Finance Division.

The management of PARC submitted a summary together with draft regulations for BOG and Executive Committee for all administrative and financial matters including one-time settlement of all pending cases of pension & pay fixation and study leave to Prime Minister through ministry of Finance. The Prime Minister of Pakistan approved the proposals for implementation of Special Pay Scales (SPS) for PARC employees and Draft Regulations for BOG and Executive committee subject to the conditions that administrative and financial powers will require the consultation and concurrence of Establishment and Finance Division.

Audit observed that PARC (Board of Governors) failed to perceive the delegation and approved a number of benefits like allowing mobile phone facility, enhancement in hiring rates of private accommodation for residential purpose for officers and staff and creation and up gradation of posts without obtaining concurrence of Establishment and Finance Division.

Audit is of the view that exercising of powers by the Board of Governors over and above the approval granted by the Prime Minister was unauthorized.

DAC held on 7th January, 2021 directed the management to get the record verified by audit.

No record was produced to audit till finalization of the report

Audit recommends that responsibility for the irregularity may be fixed besides corrective action.

22.5.5 ***Irregular maintenance of Bank Account and non-reflection of receipt – Rs.30.704 million***

Section 18 (2) of PARC Ordinance 1981 states that the funds of the Council shall consist of (a) grants made by the Federal Government and the Provincial Governments; (b) grants, donations, endowments, contributions, aid and assistance given by other organizations: (c) foreign aid and loans obtained or raised with the approval of the Federal Government; and (d) receipts from other sources.

The management of Pakistan Agricultural Research Council (PARC), Islamabad was maintaining a current bank account in NBP, Islamabad. The management has been signing Memorandums of Understanding (MoUs) with local and international organizations since long for various projects. The management provided a list of 13 projects showing receipt of Rs. 27,341,516 against these projects from donors during the financial year 2019-20.

Audit observed that:

i. The statement of the above mentioned bank account indicated a credit of Rs. 30,703,726 against an amount of Rs. 27,341,516 shown as received by the management which suggested that the amount received from donors under different agreements was not made part of the fund.

ii. The bank account was opened without the approval of Finance Division.

Audit is of the view that the maintenance of bank account without approval from Finance Division was unauthorized and difference between the figures of receipt appearing in the bank account and that recorded by the management was a serious lapse on the part of the management.

DAC held on 7th January, 2021 directed the management to get the record verified by audit.

No record was produced to audit till finalization of the report.

Audit recommends that the matter may be inquired to authenticate the figure of receipt besides taking corrective action.

PARC Agrotech Company (Private) Ltd. (PATCO), Islamabad

22.5.6 *Irregular Advance to NARC against Base price of Crop Sciences Institute income – Rs.10.749 million*

Terms of Memorandum of Understanding (MOU) between PATCO (Party-I) and Crop Sciences Institute (Party-II) dated 11.03.2015 states that:

The role of Party-I would be to provide operational funds, fully or partially if required to the Party-II for seed multiplication of both crops after termination of the project. The provided funds will be deducted from the payable base price by Party-I and bear all the costs incurred in marketing of Party-II's produce such as fungicide treatment, packing sale and promotional cost etc.

The management of PATCO made an advance payment of Rs.10,748,989 to NARC against base price of CSI crop income during the financial year 2019-20.

Audit observed that the advance payment made by PATCO as Base Price to Crop Sciences Institute for the financial years 2019-20 & 2020-21was irregular as there was no provision in the procedures and policies of PATCO for making advance payments.

Audit is of the view that the advance payment without any provision in the procedures and policies of PATCO for the purpose was unauthorized.

DAC held on 7th January, 2021 directed to place the matter before PAC.

Audit recommends that the practice of payment of base price as advance may be stopped and the procedure of PATCO may strictly be observed.

22.5.7 *Irregular and unauthorized payment by PATCO to NARC on account of High Speed Diesel – Rs.2.670 million*

As per Memorandum of Association (MoA) of PARC Agrotech Company Ltd. (PATCO) the company is established to carry out business of marketing and promotion of Research and Development products, and services developed by

PATCO, its research centers and other centers operating under National Agricultural Research System (NARS).

According to para (3) of MoA, the company is to provide analytical, certification and consultancy services, quality assurance services for input and output products used in agro-industry; and marketing of industrial enzymes and other produces derived through chemical and biological processes which have been developed under NARS.

Management of PATCO made advance payment amounting to Rs. 2,670,000 to Director Admn, NARC for purchase of High Speed Diesel.

Audit observed that:

i. The payment of Rs.2.670 million was irregularly made to Director Admn, NARC for procurement of High Speed Diesel (HSD) which is not covered under the mandate of PATCO. Further, the NARC itself was maintaining a large fleet of vehicles and had its own budget for the purpose.

ii. The detail of utilization of High Speed Diesel was also not available with the management of PATCO.

DAC held on 7th January, 2021 directed to place the matter before PAC.

Audit recommends recovery from NARC and returned to PATCO.

National Agricultural Research Centre (NARC), Islamabad

22.5.8 ***Unauthorized retention and maintenance of 128 vehicles by NARC***

Para-XV of Annexure to the Cabinet Division No.6/7/2011-CPC dated12.12.2011 states that the Ministries/Divisions/Departments needing operational vehicles shall get their authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/ Division/Department.

National Agricultural Research Council (NARC), Islamabad and its 20 allied institutes maintained and operated a fleet of 128 vehicles during the FY 2019-

20. However, complete detail of expenditures incurred on POL and repair & maintenance cost of such vehicles were not provided to audit.

Audit observed that NARC has retained a large fleet of vehicles without due authorization of Cabinet Division.

Audit is of the view that retention of large fleet of vehicles without the approval of Cabinet Division was unauthorized.

The management replied that all vehicles were purchased for PSDP Projects. These projects are approved from Planning Division Government of Pakistan and their PC-Is consist of purchase, and retention of these vehicles is as per PC-I.

The reply is not satisfactory as the vehicles were retained beyond entitlement / needs and without the approval of Cabinet Division. In addition, the vehicles purchased from PSDP funds need to be surrendered to government on the completion of projects.

DAC held on 7th January, 2021 directed the controlling ministry to inquire the matter and furnish the report to audit.

No progress shown to audit till finalization of the report.

Audit recommends early authorization of vehicles.

22.5.9 *Irregular and unauthorized installation of Zong BTS Tower in the premises of NARC*

PARC Ordinance 1981 states that the functions of the Council shall be to undertake, aid, promote and coordinate agriculture research and related activities.

Clause 6(1) of Chapter IV further states that the overall control direction and superintendence of the affairs of the Council shall vest in the Board of Governors.

NARC made a license agreement with M/s CMPak Ltd (Zong) for installation of Zong BTS Tower for the period of 10 years at monthly rent of Rs.70,000 with the condition of increase @ 10% per year.

Audit observed that:

i. Entering into agreement for allotment of land for installation of BTS Tower is not covered under the functions of NARC.

ii. Approval of Board of Governor was also not obtained before signing the agreement.

Audit is the view that installation of Zong BTS Tower in the premises of NARC is unauthorized.

The management replied that PARC is an Autonomous body. The Chairman, PARC is a Competent Authority. The installation of BTS Tower is with the approval of Competent Authority i.e. Chairman, PARC.

The reply is not satisfactory as the installation of BTS tower in the premises of NARC is not covered in its mandate of agricultural research and related activities.

DAC held on 7th January, 2021 directed the management to get the record verified by audit.

No record was produced to audit till finalization of the report

Audit recommends inquiry and fixing responsibility besides verification of record.

Federal Seed Certification and Registration Department

22.5.10 *Non-reconciliation of government receipts*

Rule 77 (v) of FTR Vol-I states that all money deposited into government account should be reconciled with treasury.

S.R.O. No. 907(1)/2016 dated 28.09.2016 notified by the Ministry of National Food Security and Research laid down Business Regulation Rules, 2016 for Federal Seed Certification and Registration Department (FSC&R) for collection of fee on account of registration, enlisting and renewal from seed industry.

The management of FSC&R realized revenue amounting to Rs. 92,182,000 by charging fee for registration, enlisting and renewal of registration of seed business since 2016.

Audit observed that the management failed to reconcile its receipts with FTO to ascertain their correctness.

Audit is of the view that non-reconciliation of receipts was a serious lapse.

Neither the management replied nor was DAC convened.

Audit recommends reconciliation of receipts at the earliest.

CHAPTER 23

MINISTRY OF NATIONAL HEALTH, SERVICES, REGULATIONS AND COORDINATION

23.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Oversite for regulatory bodies for health services
2. National and international coordination in the field of public health
3. Population welfare programme and coordination
4. Training services in all health-related fields.
5. Coordination of Vertical Health Programmes including interaction with GAVI, EPI and the Global Fund for AIDS, TB, Hepatitis and Malaria.
6. Medical and health services for Federal Government employees.
7. Dealing and agreements with other countries and international organizations in the field of health, drugs and medical facilities abroad.
8. Scholarships / fellowships, training courses in health from International Agencies such as WHO. and UNICEF.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Directorate of Central Health Establishment.
ii. Federal Government Services Hospital, Islamabad.
iii. Pakistan Institute of Medical Sciences.
iv. Pakistan Medical and Dental Council.
v. Pakistan Council for Nursing.

vi. College of Physicians and Surgeons.
vii. National Councils for Tibb and Homeopathy.
viii. Pharmacy Council of Pakistan.
ix. Directorate of Central Health Establishment.
x. Drug Regulatory Authority of Pakistan.
xi. National Institute of Health.
xii. National Health Emergency Preparedness and Response Network.
xiii. Pakistan Medical Research Council.
xiv. Health Services Academy, Islamabad.
xv. Directorate of Central Warehouse and Supplies, Karachi.
xvi. Human Organ Transplant Authority.
xvii. Shaheed Zulfiqar Ali Bhutto Medical University, Islamabad.
xviii. Federal Medical and Dental College, Islamabad.
xix. Federal General Hospital, Islamabad.
xx. National Institute of Rehabilitative Medicine.
xxi. District Population Welfare Office.
xxii. Federal Government Tuberculosis Centre, Rawalpindi.

Sr. No.	**Description**	**Total No.**	**Audited**	**Expenditure Audited (FY-2019-20) Rs. in million**	**Revenue / Receipt Audited (FY 2019-20) Rs. in million**
1	Formations	70	19	11,010.648	-
2	Assignment Accounts (Excluding FAP)	11	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	8	8	3,846.423	-
4	Foreign Aided Project (FAP)	-	-	-	-

23.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Health Services, Regulations and Coordination Division for the financial year 2019-20 was Rs.27,266.22 million, out of which the Division expended an amount of Rs.24,832.66 million. The Division had 1 current and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

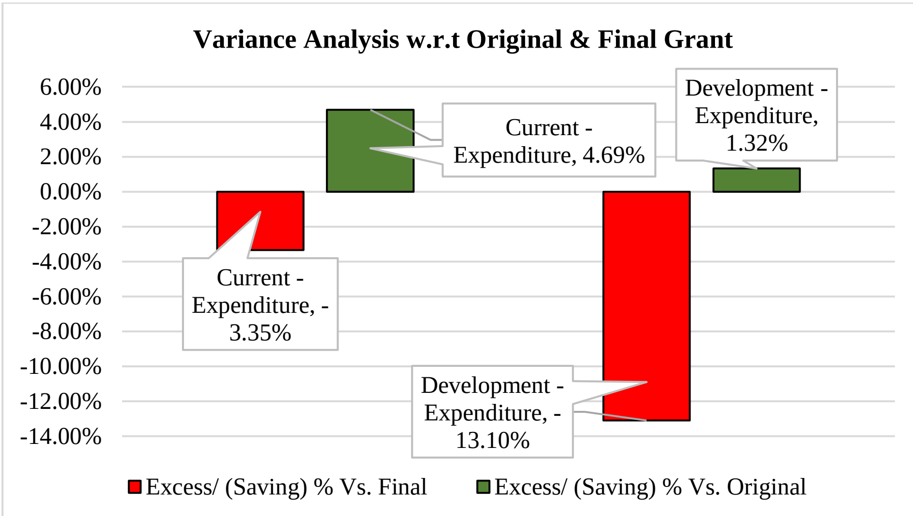
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) -%
Current	88	10,774.00	1,722.01	-826.05	11,669.96	11,279.02	-390.94	-3.35%
Current Total		**10,774.00**	**1,722.01**	**-826.05**	**11,669.96**	**11,279.02**	**-390.94**	**-3.35%**
Dev.	140	13,376.56	8,182.16	-5,962.46	15,596.26	13,553.64	-2,042.63	-13.10%
Development Total		**13,376.56**	**8,182.16**	**-5,962.46**	**15,596.26**	**13,553.64**	**-2,042.63**	**-13.10%**
Grand Total		**24,150.56**	**9,904.17**	**-6,788.51**	**27,266.22**	**24,832.66**	**-2,433.56**	**-8.93%**

Audit noted that there was an overall savings of Rs.2,433.56 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was excess of 1.32% with respect to Original grant which changed to savings of 13.10% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 4.69% of excess in expenditure w.r.t original allocation turned into 3.35% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



23.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,709.80 million, were raised in this report during the current audit of **National Health, Services, Regulations And Coordination Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	5.67
B	*Procurement related irregularities*	112.53
C	*Management of account with commercial banks*	66.66
D	*Recovery*	1,171.66
E	*Internal Control*	171.27
4	Value for money and service delivery	-
5	Others	182.00

23.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1988-89	4	4	0	4	-
1989-90	7	7	6	1	86
1991-92	15	15	0	15	-
1992-93	15	15	9	6	60
1993-94	13	13	0	13	-
1995-96	9	9	5	4	56
1996-97	25	25	17	8	68
1998-99	106	106	26	80	25
2000-01	54	54	9	45	17
2005-06	3	3	1	2	33
2006-07	2	2	0	2	-
2007-08	5	5	1	4	20
2008-09	7	7	0	7	-
2009-10	2	2	1	1	50
2010-11	3	2	0	2	-
2013-14	44	27	8	19	30
2015-16	8	8	2	6	25
Total:	**322**	**304**	**85**	**219**	**28**

23.5 AUDIT PARAS

Drug Regulatory Authority of Pakistan (DRAP), Islamabad

23.5.1 *Appointment of CEO holding Ph.D. degree from non-recognized university- Rs.5.670 million*

Section 5 (1) (a) of the Drug Regulatory Authority of Pakistan (DRAP) Act, 2012 states that the Federal Government may, on the recommendations of the Board may appoint a person as Chief Executive Officer (CEO who has a post graduate degree in Pharmacy or medicine with an age not less than 45 years or more than 56 years, with minimum twenty years' experience in management or pharmaceutical field or regulatory affairs.

Regulation No 10(1) of DRAP (Employees Service) Regulations, 2015 states that the Federal Government may remove the CEO or any Director of the

Authority, on the recommendations of Policy Board, with two third majority for CEO.

Ministry of NHSR&C appointed Dr. Sheikh Akhtar Hussain, as Chief Executive Officer DRAP, on contract basis for a period of three (3) years on 27.12. 2018.Later on, the Ministry vide office order dated 07.03.2019, ordered the officer to cease work as CEO because he possessed PhD degree from “Open International University Colombo” a non-listed university of Sri Lanka. He was paid salaries amounting to Rs.5.670 million from 07.03.2019 to 30.06.2020

Audit observed that during selection process, he was awarded 8 marks for holding Ph.D. from a foreign university, which was actually a non-listed university.

Audit further observed that DRAP’s Policy Board did not take decision about termination of services of the CEO despite Islamabad High Court order dated 28.03.2019 to decide the case under Regulation 10(1) of DRAP (Employees Service) Regulations, 2015.

Audit is of the view that the appointment of CEO without verification of his degree was irregular.

Neither the management replied nor was DAC convened.

Audit recommends to investigate the matter for fixing responsibility beside recovery of amount paid to the CEO.

23.5.2 *Non-recovery of late-delivery charges from contractors – Rs.31.000 million*

Rule 23 (h) of Public Procurement Rules, 2004 states that for competitive bidding the bidding documents shall include delivery time and completion period.

Item No.7 Appendix A to the Bid of the contracts/agreements signed between the Director, CDL Karachi and contractors/vendors states that liquidated damages charges @0.10% of contract price for each day of delay in completion of the works subject to a maximum of 10% of Contract Price stated in the Letter of Acceptance.

Director, Central Drug Testing Laboratory, (under DRAP), Karachi awarded contracts for civil/electrical works, HVAC system, laboratory equipment, software, IT equipment, furniture etc. The contractors failed to deliver goods within stipulated time. Details are at **Annexure 23-A**.

Audit observed that the vendors were liable to pay liquidated damages charges @0.10% of contract price for each day of delay but the management did not impose any penalty upon the contractors.

Audit is of the view that due to non-imposition of liquidated damages Government was put to a loss of Rs. 31.00 million.

Neither the management replied nor was DAC convened.

Audit recommends recovery of the liquidated damages.

23.5.3 *Execution of civil works without technical sanctions and MBs – Rs.80.85 million*

Sl. No.10(12) (ii) to Schedule-II of Rules of Business, 1973 (as amended up to August, 2019) states that execution of federal government works is the mandate of the Ministry of Housing and Works (Pak PWD).

Para 56 of Central Public Work Accounts (CPWA) Code states that for every work detailed estimate must be prepared for sanction of competent authority.

Paras-209 to 216 Central Public Work Accounts (CPWA) Code state that detailed measurements should be recorded only by authorized technical official.

Director Central Drug Testing Laboratory (CDL), Karachi awarded civil work to M/s Syed & Siddique Associates, Karachi on 20.06.2018 with contract price Rs.40.190 million and electrical work to M/s. A K Construction Enterprises Sultanabad, Karachi on 21.06.2018 with contract price of Rs.40.660 million, totaling to Rs.80.850 million.

Audit observed that the work was not executed by Pak. PWD. Moreover, no technical sanction was obtained and payment was made without preparation of measurement book.

Audit is of the view that in absence of technical sanction by a competent engineer expenditure incurred was irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed for the irregularities.

23.5.4 ***Unauthorized allocation for DRAP Pension Endowment Fund - Rs. 182.00 million***

Section 41 of the Drug Regulatory Authority of Pakistan (DRAP) Act, 2012 states that the Federal Government may issue policy directives in accordance with the law and constitution to the Board in respect of any of its activities, powers and functions and whose compliance shall be binding on the Authority, within stipulated time.

Finance Division U.O.No.10(2)R-7/2013-439 dated 03.10.2019 states that DRAP is a "Corporate Body." GP Fund, Pension and Gratuity are not admissible to the employees of Autonomous/Semi-Autonomous Bodies, Corporations and DRAP's employees are entitled to (contributory provident) CP Fund only

The DRAP management reported payable amount towards DRAP's "Pension Endowment Fund" amounting to Rs. 182.00 million as on 30.06.2020.

Audit observed that DRAP Pension Endowment Fund was not allowed/approved by Finance Division as DRAP's employees were entitled to CP Fund only.

Audit is of the view that allocation of Rs. 182.00 million for DRAP Pension Endowment Fund was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that matter be referred to Finance Division for regularization.

23.5.5 *Non-production of important record and Service history of Sh. Akhtar Hussain, CEO DRAP who was proved dead twice in 2001 and 2004*

Section 14(2) of Auditor General's (Functions, Powers and Terms and conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Management of DRAP was requested on 07.09.2020, 08.09.2020 and 09.09.2020 to provide following record/information/documents relating to complaints of Pakistan Young Pharmacist Association (PYPA) Lahore, received from office of the Auditor General of Pakistan, but following record was not provided.

i. Service record of Sh. Akhtar Hussain, CEO DRAP who proved himself dead in two NAB cases in 2001 and 2004.

ii. File of antedate promotions from (B-18) to (B-19) w.e.f. 07.09.2009

iii. Files relating to promotion of three officers Mr. Asim Rauf, Mr. Obaidullah and Mr. Fakharuddin Amir who were promoted from (B-18) to (B-19) without qualifying MCMC.

iv. Files relating to assigning charge of posts (BS-17 to 20) within DRAP

v. File relating to case of typhoid vaccine, which was registered nowhere in the world, imported in Pakistan to test on Pakistani children and payment was made for vaccine by GAVI, which went to India.

vi. File record relating to case of face masks smuggled out of Pakistan

vii. File relating to granting import licenses/permits by DRAP which had not been its mandate under Section 3(ii) of Drug (Import and Export) Rules, 1976.

viii. Record of case of illegally issued licenses /permits to import medicines of billions of USD from India.

ix. Record of illegal appointments, including Drug Inspectors.

x. Record of case of illegal registration of different medicines e.g. dengue vaccine which was already banned by WHO.

Audit observed that the management did not provide the requisite record to hinder conduct of proper audit of accounts of DRAP.

Audit is of the view that non-production of the record is liable to disciplinary action under relevant Efficiency and Discipline Rules.

Neither the management replied nor was DAC convened.

Audit recommends that a special audit of DRAP be considered.

National Institute of Health (NIH), Islamabad

23.5.6 ***Non-recovery of rent and other charges - Rs. 836.582 million***

Para 5 (e) of Finance Division OM No.F.3(2)/Exp/2006 dated 13.09.2006 states that in the matter of receipts pertaining to the ministry/division, attached departments and subordinate offices, the Principal Accounting Officer (PAO) is expected to ensure that adequate machinery exists for due collection and bringing any kind connected with the functions of the ministry/division(s)/ departments and subordinate offices under his control.

Management of the National Institute of Health (NIH), Islamabad rented out land/buildings to various departments/offices.

Audit observed that there were outstanding dues of land and buildings rent, electricity, and water charges, amounting to Rs. 836.582 million as on 30.06.2020 against offices located in the premises of NIH. Details are at **Annexure 23-B**.

Audit is of the view that non-recovery of dues is causing loss to the national exchequer.

Management replied that efforts were being made for recovery of the dues

The reply was unsatisfactory as no documentary evidence was produced.

No DAC was convened till finalization of this report.

Audit recommends early recovery of outstanding dues.

23.5.7 *Loss due to procurement at higher rates – Rs.8.251 million*

Rule 4 of the Public Procurement Rules (PPR), 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.

Federal Board of Revenue SRO No.237(I)/2020 dated 20.03.2020 states that there shall be exemption, of the import and subsequent supply of the personal protective equipment (PPE) goods from whole of the sales tax for a period of three months starting from the date of issuance of the notification.

Directorate of Central Health Establishment (CHE), Islamabad made procurements of personal protective equipment (PPE) during the months of February-April, 2020.

Audit observed that Directorate of Central Health Establishment (CHE), Islamabad purchased said items at higher rates as compared with procurements made by National Institute of Health (NIH) during the months of February-April, 2020. Details are as under:

S. No.	Bill No.	Date	Name of Firm	Item	Units	Unit rate (CHE)	Unit rate (NIH)	Diff.	Loss
1	C-66	17.02.2020	Compulogic Blue Area, Islamabad	Face Mask N95 (Box contain 20 masks)	2,050	643.50	470.00	173.50	355,675
2	C-67	19.02.2020	Shiga Traders, Rawalpindi	Gloves	137,000	9.24	5.80	3.44	471,691
3				Tyrek Suit	1,720	2,925.00	2,300.00	625.00	1,075,000
4				Head Covers	35,200	5.85	3.50	2.35	82,720
5				Shoe Covers	35,200	5.85	4.00	1.85	65,120
6				Face Masks	137,000	11.70	10.00	1.70	232,900
7	C-68	21.02.2020	Al-Hakeem Enterprises, Rawalpindi	Gown	1,360	1,170.00	507.00	663.00	901,680
8	C-123	02.04.2020	Shiga Traders, Rawalpindi	Face Mask	300,000	25.74	10.00	15.74	4,722,000
9				Disposable Gloves	100,000	9.24	5.80	3.44	344,300
Total									**8,251,086**

Audit observed that the procurement was made at higher rates causing loss of Rs 6.995 million alongwith direct payment of waived amount of Sales tax worth Rs. 1.256 million to M/s. Shiga Traders, Rawalpindi. Thus, a total of Rs 8,251,086 loss was caused to national exchequer.

Audit is of the view that the procurement at higher rate is irregular.

Management replied that comparison with NIH could not be made as the procurements had been made at different times and from different vendors.

The reply is not tenable as both organizations are in the same premises and made procurements at the same time.

No DAC meeting was convened till finalization of this report.

Audit recommends to probe the matter to fix the responsibility and recovery of the sales tax.

Pakistan Medical and Dental Council (PM&DC), Islamabad

23.5.8 *Non-Production of record*

Section 14(3) of Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Management of Pakistan Medical and Dental Council (PM&DC) was requested to provide the following record / information for audit scrutiny vide Requisitions No. 1, 2 and 3 dated 16.07.2020, 21.07.2020 and 22.07.2020 respectively, but the record was not provided:

i) List of eligible, ineligible as well as qualified candidates who appeared in NEB Step-I Examination during 2018-20.

ii) Proof of own 150 bedded hospital and separate purpose built college building for recognized private medical & dental colleges as required under Section 9, 10, 11, 12 and 13 of the Medical and Dental Institutions

(Recognition, Eligibility Criteria for enhancement in annual admissions and accreditation standards) Regulations, 2018.

iii) Proof of free of charge provision of 50% beds in all teaching hospitals for accommodation and consultation under Section 17(6) of the Medical and Dental Institutions (Recognition, Eligibility Criteria for enhancement in annual admissions and accreditation standards) Regulations, 2018.

iv) Proof of fulfillment of all requirements by the recognized colleges as laid down in the relevant recognition criteria.

v) Selection criteria and procedure adopted for appointment of legal counsel.

Audit observed that the management did not provide the requisite record that hindered audit of the entity.

Audit is of the view that non-production of the record is liable to disciplinary action under relevant Efficiency and Discipline.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility beside provision of record.

23.5.9 *Non-recovery of penalty for over admitting students – Rs.276.66 million*

Regulation 6(2) of MBBS and BDS (Admission, House Job and Internship) Regulations, 2018 states that whoever contravenes any provision of these regulations or registers or unlawfully admits students shall, in addition to any action that can be initiated under the applicable service rules and regulations, etc. be punishable under the Ordinance/Law.

During financial years 2017-20, Pakistan Medical and Dental Council (PM&DC) imposed penalty amounting to Rs. 468.350 million on eleven institutions for over-admitting 634 student.

Audit observed that out of total penalty imposed, an amount of Rs. 191.690 million was realized whereas remaining Rs.276.66 million was still outstanding against following institutions.

S. No.	Name of Institute	Amount of penalty		
		Imposed	Recovered	Outstanding
1.	Foundation University Medical College, Islamabad	6,000,000	0	6,000,000
2.	Baqai Medical University, Karachi	120,000,000	0	120,000,000
3.	Mohiuddin Medical College, Mirpur	237,650,000	120,000,000	117,650,000
4.	Rahbar Medical and Dental College, Lahore	58,851,000	43,461,000	15,390,000
5.	Margalla College of Dentistry, Islamabad	29,681,900	22,261,425	7,420,475
6.	Aziz Fatima Medical and Dental College, Lahore	16,168,000	5,968,000	10,200,000
Total		**468,350,900**	**191,690,425**	**276,660,475**

Audit is of the view that non-recovery of outstanding penalties was a serious lapse on part of the management.

Management replied that Sl. No. 3-6 had submitted postdated cheques as assurance for depositing penalty in installments and Sl. No. 1-2 had requested for reconsideration of the penalty.

The reply was unsatisfactory being not substantiated with documentary evidence.

No DAC meeting was convened till finalization of this report.

Audit recommends early recovery of outstanding amount besides action against colleges who are continuously admitting students beyond the prescribed limit.

23.5.10 *Non-recovery of annual registration fee from medical colleges – Rs.17.275 million*

Regulation 49 of Medical and Dental Institutions (Recognition, eligibility criteria for enhancement in annual admission and accreditation standards) Regulations, 2018 states that all recognized institutions shall be allotted a registration number by the Council on payment of an annual fee prescribed by the Council.

Pakistan Medical and Dental Council (PM&DC) had recognized 166 colleges / institutions till 30.06.2020.

Audit observed that Rs.17.275 million of annual registration fee from medical colleges was outstanding as on 30.06.2020. Details are as under.

Description	**Nos.**	**Rate of annual fee (Rs)**	**Outstanding fee (Rs)**
Recognized Public Colleges / Institutes	107	500,000	53,500,000
Recognized **Private** Colleges / Institutes	59	200,000	11,800,000
Total	**166**		**65,300,000**
Annual fee received during 2018-20			48,025,000
Receivable as on 30.06.2020			**17,275,000**

Audit is of the view that non-recovery of outstanding penalties was a serious lapse on part of the management.

Management replied that fee would be recovered.

The reply was unsatisfactory being not substantiated with documentary evidence.

No DAC meeting was convened till finalization of this report.

Audit recommends that efforts be made for early realization of the dues.

23.5.11 *Irregular appointments made without advertisement*

Establishment Division O.M. No. F.53/I/2008-SP dated 22.10.2014 para (vii) states that the vacancies in each Ministry / Division / Department / Autonomous body / Corporation as per provincial/Regional quota etc. shall be advertised through widely published national/provincial/regional newspapers.

Pakistan Medical Commission appointed 10 personnel as Director, Manager, Assistant Manager, Assistant (IT) and Accountant on contract basis for a period of three months and paid Rs. 6.997 million as remuneration.

The PMC also appointed 35 personnel, as Administrative Assistant, 04 personnel as Naib Qasids, 02 personnel as Dispatch Rider and Electrician and paid Rs. 1.584 million as salaries.

Audit observed that the appointments were made without advertisement in print media.

Audit is of the view that the appointments without advertisement were irregular and payment of Rs. 8,581,215 as salaries was unauthorized.

Management replied that short-term appointments were made as a stop-gap arrangement, afterwards, the positions were advertised but Islamabad High Court on 11.02.2020 had revived the PM&DC and commission ceased to exist. Therefore, new hiring could not be materialized.

The reply indicated that management accepted the irregularity.

No DAC meeting was convened till finalization of this report.

Audit recommends that no recruitment be made without advertisement and responsibility be fixed for the irregularity.

Federal Government Poly Clinic Hospital

23.5.12 ***Less deduction of income tax from payment of risk allowance - Rs.10.147 million***

In terms of Section 149 of Income tax ordinance 2001, every person responsible for paying salary (including honorarium/cash reward paid to an employee) shall, at the time of payment, deduct tax from the amount paid.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2019-20, it was noted that AGPR allowed DDO payment on account of Risk allowance to 483 employees of Federal Government Poly Clinic Hospital amounting to Rs. 85,727,282 vide cheque No.7855943 dated 27.06.2020.

Audit observed that the AGPR deducted only Rs. 1,714,546 by applying 2% tax rate on the whole amount of the bill. Actual payable income tax calculated as per the applicable tax rate on the individual payments was Rs. 11,862,168. This resulted in less tax deduction of Rs. 10,147,622.

Audit is of the view that negligence resulted in loss to the public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends recovery of the tax as per applicable rules.

23.5.13 *Irregular local purchase of herbal medicines and dietary supplements as medicines for outdoor patients - Rs. 15.12 million*

Para-5 of the Finance Division letter No. F1(1)Imp/2010-622 dated 06.07.2010 states that the existing facility of reimbursement of amounts spent on account of purchase of medicines by Government servants and local purchase of medicines by Government Hospitals for Outdoor Patient (OPD) will be discontinued. However, the existing facilities for consultation and diagnostic investigations at OPD will continue as before. Reimbursement/local purchase on account of Cancer, Hepatitis B, C and insulin dependent diabetes would be admissible for OPD patients.

Local purchase of Rs. 6.88 million was made by Federal Government Poly Clinic (FGPC) and Rs. 8.24 million by NIRM. Thus, a total of Rs. 15.12 million was paid to M/s Al-Habib Pharmacy Islamabad and M/s Al-Saleha Pharmacy Islamabad for local purchase of medicine of outdoor patients.

Audit observed that the local purchase of medicines was made for items which were dietary supplements, herbal medicines or those medicines which were available in the stock of the hospitals.

Audit is of the view that the procurement of dietary supplements, herbal medicines and medicines available in hospital stock is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

Pakistan Health Research Council (PHRC), Islamabad

23.5.14 ***Irregular retention of funds in departmental account after drawl from assignment account - Rs.82.150 million***

Rule-7 of General Financial Rules (GFR) Vol-1 states that money should not be withdrawn from government treasury without approval of the Ministry of Finance.

Pakistan Health Research Council (PHRC), Islamabad had been maintaining five (5) bank accounts other than assignment account which showed a balance of Rs 82.15 million as on 30.06.2020.

Audit observed that from the assignment account the department withdrew irregularly and placed the amount in 5 department accounts 4 in Habib Bank Ltd Foreign Office Branch and 1 in National Bank of Pakistan, Foreign Office Branch.

Audit is of the view that the withdrawal of funds from assignment account for placing in department's accounts is irregular.

Neither the management replied nor was DAC convened.

Audit recommends to stop the practice despite regularization.

Federal General Hospital (FGH), Islamabad

23.5.15 ***Mis-procurement of medicines and other items - Rs.25.560 million***

Rule 12(2) of Public Procurement Rules 2004 states that all procurement opportunities over two 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.

Rule 42 (c) (iv) of Public Procurement Rules, 2004 states that repeat orders not exceeding fifteen per cent of the original procurement is permissible.

The Federal General Hospital (FGH), Islamabad purchased medicines, dietary items, stationery, uniform & protective clothing and other items for the financial year 2019-2020. Details are as under:

S No.	Description	Amount
1.	Medicines	23,377,000
2.	Stationery items	320,517
3.	Uniform & protective clothing	130,575
4.	Others	603,195
5.	Diet Charges	1,129,391
Total Rs.		**25,560,678**

Audit observed that the procurements opportunity was not advertised in newspaper. Instead, the procurement was made from the bidders of previous year 2018-1920.

Audit is of the view that procurement without mandatory advertisement was a violation of PPRA rules.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

23.5.16 *Irregular and unauthorized advance payments to vendors - Rs.8.272 million*

Clause B (5) of bidding document for purchase of electro medical equipment states that the payment will be made after satisfactory report of the user department and electro medical department countersigned by authorized person.

Rule 290 of Federal Treasury Rules (FTR) Vol-I states that no money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants.

Federal General Hospital (FGH), Islamabad issued work orders on 10.06.2020 to different suppliers for purchase of plant and machinery during 2019-2020.

Audit observed that the suppliers were given one-month time (30 days) expiring on 09.07.2020 to make deliveries but advance payments were made before receiving the items. Details are as under:

S. No.	Name of firm	Item	Qty.	Delivery date	Cheque	Date	Amount
1.	Sheikh Associate	Infant Warmers	2	08.08.20	7855731-3	26.06. 2020	1,280,000
2.	Sheikh Associate	OT light elite 561 double	2	07.09.20	785532-730	26.06. 2020	3,630,000
3.	Strongma n	Laundry Unit	1	03.08.20	7837927	27.06. 2020	3,362,000
Total Rs.							**8,272,000**

Audit is of the view that advance payments were in violation of the rules.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

Sheikh Zayed Hospital Lahore

23.5.17 *Irregular appointment of law officers*

Para-1(v) of Ministry of Law, Justice and Human Rights' guidelines vide letter No. F.6/1/2013-LA dated 03.06.2015 states that every Government Department or Semi Government or Public Corporate Body shall obtain concurrence of the Law, Justice and Human Rights Division for engagement of lawyer where professional fee exceeds Rs. 300,000 (Rupees Three Lac).

Shaikh Zayed Hospital, Lahore appointed legal advisors on contract basis as per following:

S No	Name	Designation	Date of appointment	Period
1	Imran Aziz Khan	Law Officer-I	01.01.2020	1 year
2	Nusrat Ali Joiya	Law Officer-II	15.08.2018	2 year
3	Nasir Mehmood	Law Officer-III	15.08.2018	1 year

Audit observed that appointments were made without open advertisements and consultation of Ministry of Law and Justice. Moreover, three persons were appointed against one sanctioned post of law officer.

Audit is of the view that appointments were irregular and the amount of Rs. 3.933 million paid till date is unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility to be fixed beside recovery of the paid amount.

23.5.18 *Irregular investment in TDRs in violation of Finance Division's instructions*

Finance Division O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003 states that investment of working balances/surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, working balance limit of each organization should be determined with the approval of administrative Ministry in consultation with Finance Division, competitive bidding process, investment exceeding Rs. 10 million not to be kept in one bank, formation of Investment Committee, employment of qualified investment management staff, utilization of services of professional fund managers approved by SECP, annual certificate of the Chief Executive of the organization, etc.

Shaikh Zayed Hospital, Lahore made investments of Rs. 1,405.000 million in TDRs as per following details.

S. No.	Investments in TDRs	Amount invested in million (Rs.)	Period of investment (TDRs)	Date of investment
1	A/C (9703-3) 3001402652 General Provident Fund SZPGMI, Lahore - TDR No. 023290	405	One Year	30.09.2019 to 29.09.2020
2	A/c 9702 (3001402643) Pension Fund, SZPGMI, Lahore TDR No. 023291	950	One Year	30.09.2019 to 29.09.2020
3	A/c 7350-2 (3001390693) Benevolent Fund, SZPGMI, Lahore TDR No. 023292	50	One Year	30.09.2019 to 29.09.2020
Total Rs.		**1,405**		

Audit observed that instead of diversification, total investment of Rs.1,405.00 million was made in one bank beyond the permissible limit Rs.10.00 million, without determining the working balance and surplus funds.

Audit is of the view that investment in violation of Finance Division's policy was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that matter be investigated for fixing responsibility.

23.5.19 *Irregular award of contracts without fresh tender - Rs. 47.720 million*

Rule 12 (2) of Public Procurement Rules, 2004, states that all procurement opportunities over two 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 2019-20, management of Shaikh Zayed Hospital, Lahore entered in contracts with M/S Sherazi Traders for repair and replacement of parts of machinery and equipment items with contracts price Rs. 47,722,400. Details are as under.

S. No	Machine	Original Contract Price in the year 2012	Contract price during 2019-20
1	MRI HDXD 1.5 Tesla	18,000,000	25,264,800
2	CT Scanner GE 64 SLICE	16,000,000	22,457,600
		Total Rs.	**47,722,400**

Audit observed that contracts were extended to the same vendors since 2012 without being advertised in the print media.

Audit is of the view that contracts were made in violation of PPRA 2004.

Neither the management replied nor was DAC convened.

Audit recommends that matter be investigated besides fixing responsibility.

Sheikh Zayed Hospital & Medical College Rahim Yar Khan

23.5.20 *Irregularities in procurement of medical equipment and medicine - Rs. 15.876 million*

Clause 11 of the terms & conditions of bidding documents for the purchase of General X-ray films etc. for financial year 2019-2020 states that the bidder is required to attach documents enlisted in the bidder's eligibility criteria and in case of non-compliance the bid may be rejected. In case of non-fulfilling the criteria, the bidder will be disqualified and no documents will be received later on.

Para 28.1 of the bidding documents for purchase of medicines / surgical disposable items / dialysis items states that there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder, provided that the extent of the negotiation permissible shall be subject to the regulations issued by PPRA.

Rule 12(2) of Public Procurement Rules 2004 states that all procurement opportunities over two 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.

Sheikh Zayed Hospital & Medical College Rahim Yar Khan made procurement of Rs. 15.876 million

Audit observed the following irregularities as tabulated against the details of procurements.

S.No.	Name of firm	Description of Procurement	Amount	Irregularity
1	Fuji Film Pvt. Ltd.	Fuji Med Dry Film 200 @ 14320	2,864,000	non-responsive firms having no experience certificate / past performance certificate, sample and valid import license
2	Fuji Film Pvt. Ltd.	Fuji Med Dry Film 49 @ 21480	1,052,520	
3	Agfa Pakistan Pvt. Ltd.	Agfa Auto Fixer (i) 15 @ 2695 (ii) 15 @ 4095	101,850	
4	M/s. Unisa Pharmacutical Industry Ltd.	Unisol-10% with set (Mediset)	1,858,500	Purchase after negotiations and 23,600 bottles proved sub-standard after test by Drug Testing Lab (DTL), Rahim Yar Khan
5	M/s. Feroze Sons Laboratories 197-A, The Mall Rawalpindi	DES Budget Stents (FDA USA approved, Brand name: Promus Element Plus	10,000,500	Without tendering and ascertaining the shelf life of stents

Audit is of the view that procurements in violation of rules are irregular.

Neither the management replied nor was DAC convened.

Audit recommends that the responsibility be fixed for the irregularities.

College of Nursing and College of Medical Technology, PIMS, Islamabad

23.5.21 ***Unauthorized opening of bank accounts, retention of balances and expenditure thereof - Rs.66.662 million***

Rule-7 of General Financial Rules (GFR) Vol-1 states that money should not be withdrawn from government treasury without approval of the Ministry of Finance.

Para 25 of General Financial Rules (Volume-I) states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

College of Nursing and Medical Technology, PIMS, Islamabad is maintaining two bank accounts at National Bank of Pakistan for collection and retention of fee and other charges from students enrolled in different courses. The closing balance as on 30.06.2020 of the two accounts was Rs. 66.662 million

Audit observed as under:

i. The accounts were opened without the approval of Finance Division.

ii. The rates of fee and other charges were not approved by the Ministry of Finance.

iii. No Accounting Procedure / SOPs pertaining to collection, retention and expenditure out of departmental receipt were approved from Finance Division.

iv. Expenditure of Rs.4,895,017 was incurred from the aforementioned departmental receipt without approval of the Finance Division.

Audit is of the view that operation of bank accounts and utilization of departmental receipts without approval of Finance Division was irregular.

The management replied that the matter of approval of two bank accounts and the SOPs for expenditure of student fund and student fee charges are being taken up with the concerned Divisions.

The management admitted the audit observation.

Audit recommends early finalization of the SOPs beside regularization of the expenditure.

CHAPTER 24

NATIONAL HISTORY AND LITERARY HERITAGE DIVISION

24.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. International agreements and assistance in the field of archaeology, national museums, and historical monuments declared to be of national importance.
2. National and other languages used for official purposes.
3. Naming of institutions in the name of Quaid-e-Azam and other high and distinguished personages.

ATTACHED DEPARTMENTS /AUTONOMOUS BODIES

i. Quaid-e-Azam Papers Wing.
ii. Pakistan Academy of Letters.
iii. Pakistan National Council of Arts.
iv. National Language Authority, Urdu Dictionary Board and Urdu Science Board.
v. Quaid-e-Azam Academy.
vi. Aiwan-i-Iqbal and Iqbal Academy Pakistan.
vii. Quaid-e-Azam Mazar Management Board (QMMB).
viii. Quaid-e-Azam Memorial Fund.
ix. National Book Foundation.
x. Department of Libraries.
xi. Department of Archaeology and Museums.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	5	4	459.784	-
2	Assignment Accounts (Excluding FAP)	2	2	210.729	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

24.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Health Services, Regulations and Coordination Division for the financial year 2019-20 was Rs.27,266.22 million, out of which the Division expended an amount of Rs.24,832.66 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

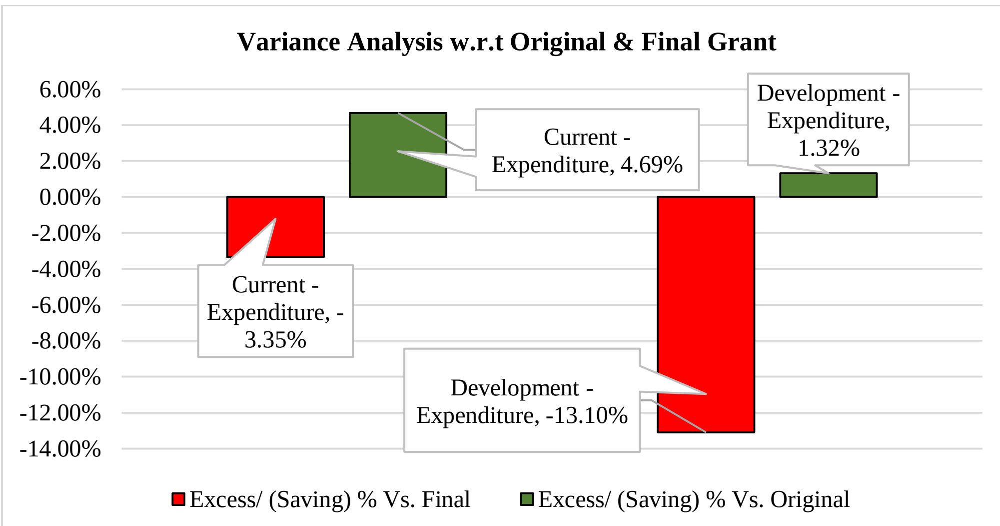
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) -%
Current	88	10,774.00	1,722.01	-826.05	11,669.96	11,279.02	-390.94	-3.35%
Current Total		**10,774.00**	**1,722.01**	**-826.05**	**11,669.96**	**11,279.02**	**-390.94**	**-3.35%**
Development	140	13,376.56	8,182.16	-5,962.46	15,596.26	13,553.64	-2,042.63	-13.10%
Development Total		**13,376.56**	**8,182.16**	**-5,962.46**	**15,596.26**	**13,553.64**	**-2,042.63**	**-13.10%**
Grand Total		**24,150.56**	**9,904.17**	**-6,788.51**	**27,266.22**	**24,832.66**	**-2,433.56**	**-8.93%**

Audit noted that there was an overall savings of Rs.2,433.56 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was excess of 1.32% with respect to Original grant which changed to savings of 13.10% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 4.69% of excess in expenditure w.r.t original allocation turned into 3.35% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



24.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 434.64 million, were raised in this report during the current audit of **National History And Literary Heritage Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	20.41
B	*Procurement related irregularities*	-

S. No	Classification	Amount
C	*Management of account with commercial banks*	50.00
D	*Recovery*	-
E	*Internal Control*	281.48
4	Value for money and service delivery	-
5	Others	82.74

24.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1997-98	17	17	13	4	76
1999-00	16	16	0	16	-
2001-02	8	8	7	1	88
2005-06	4	4	0	4	-
2006-07	2	2	1	1	50
2007-08	7	7	6	1	86
2008-09	2	2	1	1	50
2009-10	2	2	0	2	-
2010-11	8	7	0	7	-
2013-14	3	3	2	1	67
Total:	**69**	**68**	**30**	**38**	**44**

The Draft Audit Reports including following Paras were issued to the PAO on 08.01.2020 and 14.01.2020 followed by reminders 15.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

24.5 AUDIT PARAS

Iqbal Academy Pakistan

24.5.1 *Irregular appointment of Director IAP against the post of BPS-20 on deputation basis in BPS-21*

Section 20 of IAP Ordinance 1962 states that the Director shall be appointed by the Governing Body for such period and on such terms and conditions of service as may be prescribed. According to the IAP employee’s rules (Service, Promotion and Transfer), the method for the recruitment of Director is by transfer, promotion or direct appointment.

Establishment Division OM No. 3/36/91-R-2 dated 06.03.1983 provides that up-gradation of post does not mean automatic up-gradation of its incumbent. Appointment in upgraded post has to be made according to process prescribed for the appointment for the post.

Prof. Dr. Baseera Ambreen (BPS-21) was appointed as Director of IAP by the Ministry on deputation basis for the period of 3 years by up-grading the post of the Director IAP from BPS-20 to BPS-21 personal to her.

Audit observed that:

i. Appointment was made on deputation basis in BPS-21 in violation of IAP Service Rules, 1993.

ii. The advertisement for the post of Director IAP was made in BPS-20 for direct appointment but on the contrary, the appointment was made on deputation basis in BPS-21.

iii. As per Minutes of Meeting of Search Committee, held on 11th July 2019, for the appointment of Director, all 3 top scorers, recommended by the Search Committee were ignored and appointment of Dr. Baseera Ambreen was made against the recommendation of Search Committee.

iv. The Director was paid house hiring by the IAP despite having residence allotted by her parent department Punjab University, Lahore.

Audit is of the view that the appointment of Director in BPS-21, against the recommendations of Search Committee, on deputation basis and the up-gradation of post without the concurrence of Establishment and Finance Divisions was violation of IAP Recruitment Rules and irregular.

Department replied that the record pertaining to the appointment of Director is lying with the Ministry at present. Same would be produced to audit on its availability from the Ministry.

The DAC was not convened till finalization of this report.

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

24.5.2 *Irregular upgradation of the posts of departmental cadre of Iqbal Academy Pakistan*

Establishment Division OM No. 81/130/91-R.1 dated 12.05.1992 states that Ministries / Divisions are requested not to make any up gradation without concurrence of Finance Division (Regulatory Wing) and Establishment Division and the approval of the Prime Minister. The up-gradation of posts, made by the Ministries / Divisions without this process, may be submitted for regularization etc. in the prescribed procedure and approval of the competent authority. The above position may also be brought to the notice of all departments/Autonomous/Semi-Autonomous Bodies/ Corporations etc. under the administrative control of the Ministries/Divisions Departments/Autonomous/Semi-Autonomous Bodies/ Corporations etc. under the administrative control of the Ministries/Divisions.

The management of Iqbal Academy Pakistan upgraded 14 posts of different cadres ranging from BPS-12 to BPS-18.

Audit observed that posts were upgraded without concurrence of Finance and Establishment Divisions. Audit also observed that the employees working against the posts were also promoted and adjusted against the upgraded posts in violation of the instructions of the Government.

Audit is of the view that up gradation of posts and promotion of employees against the upgraded post was irregular.

The department replied that the up-gradations were made in the light of IAP Service Rules 1993. Record will be presented to audit for verification.

The reply is not acceptable because instructions of Establishment Division and Finance Division for the up-gradation of the posts were equally applicable to the Autonomous / Semi-Autonomous bodies.

The DAC was not convened till finalization of this report.

Audit recommends corrective action by inquiring the matter.

24.5.3 *Irregular appointment of System Analyst (BPS-18) and up-gradation to (BPS-19)*

Clause 19 (1) of the IAP Ordinance 1962 states that there shall be an Executive Committee for managing day to day affair of the academy. As per delegation of financial powers, Executive Committee was empowered to create permanent post of BPS17-19.

Establishment Division O.M No. 81/130/91-R.1 dated 12-05-1992 states that Ministries / Divisions are requested not to make any up-gradation without concurrence of Finance Division (Regulatory Wing) and Establishment Division and the approval of the Prime Minister. The up gradation of posts, made by the Ministries / Divisions without this process, may be submitted for regularization etc. in the prescribed procedure and for approval of the competent authority. The above position may also be brought to the notice of all departments/Autonomous/Semi-Autonomous Bodies/ Corporations etc. under the administrative control of the Ministries/Divisions Departments/Autonomous/Semi-Autonomous Bodies/ Corporations etc. under the administrative control of the Ministries/Divisions.

The management of IAP made appointment of Mr. Muhammad Noman Chishti as System Analyst (BPS -18) w.e.f 01.07.2006. He was promoted from BPS-18 to BPS-19 w.e.f 01.01.2010 and the post of System Analyst was also upgraded accordingly. An expenditure of Rs. 17,770,276 was incurred on account of his pay and allowances till 30.06.2020.

Audit observed that Mr. Noman Chishti was relieved of all responsibilities in the Iqbal Academy (vide letter No. F.1-2/2005-Admn/1007 dated May 10, 2006) under the orders of the then Secretary that he shall not be involved in any administrative matter of the Iqbal Academy. (Vide letter no. F.10-5/05-A-III dated 10th May 2006). But ignoring the vivid instructions of Secretary he was appointed as System Analyst in BS-18 on July 1, 2006 without any approved post of System Analyst available on sanctioned strength of IAP on 01.07.2006.

Audit further observed that the post was neither advertised nor upgraded with the concurrence of Establishment and Finance divisions. Moreover, the required Quorum of EC (Competent Authority) was not present at the time of appointment and promotion from BS-18 to BS-19.

Audit is of view that the appointment against the non-sanctioned post, subsequent upgradation and promotion of the incumbent was irregular.

The management replied that the matter has already been taken up in the Executive Committee of IAP and the audit will be intimated accordingly.

The view point of audit was admitted by the department.

The DAC was not convened till finalization of this report.

Audit recommends inquiry to fix the responsibility.

24.5.4 *Irregular appointment of Accounts officer and Accountant of Iqbal Academy Pakistan*

Rule (9) of Recruitment Rules of Iqbal Academy Pakistan states that initial appointments to post in scale 3 to 16 shall be made on the recommendation of Selection Committee after the vacancies have been advertised in the newspaper.

The management of Iqbal Academy of Pakistan made appointments as mentioned in the table below:

S. No	Names	Designation (BPS)	Date of Appointment
1	Mr. Waqar Ahmad	Accounts Assistant (BS -15)	01.07.2012
2	Mr. Attique -ur- Rehman	Accountant (BS -15)	01.07.2014
3	Mr. Fahim Arshad	Software Engineer	18-12-2009

Audit observed that appointments were made on contract basis without advertisement and contracts were extended from time to time and in the end all appointments were regularized in violation of rules.

Audit is of view that the appointment without advertising vacancies in the newspaper was irregular.

The department replied that the matter of regularization of the said employees was under process.

The management accepted the audit point of view.

The DAC was not convened till finalization of this report.

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

24.5.5 *Unauthorized expenditure on the establishment of IT Department - Rs. 79.131 million*

Section 20 (2) of the IAP Ordinance, 1962 states that director shall, under the directions of the Governing body, prepare program of the work and research projects of the Academy and shall be responsible for its execution.

The management of IPA, Lahore incurred an expenditure of Rs. 79.132 million on the establishment of IT Department in pursuance of the Agenda Item No. 12 of 39th meeting of the Governing Body concerning the Restructuring of IAP-Management Study, 2006.

Audit observed that Agenda Item No.12 of 39th meeting was not approved by the Governing Body. The minutes of the meeting were tempered by an officer as mentioned in the Zahid Shah Inquiry Report.

Audit is of the view that establishment of IT department on the basis of tampered minutes was unlawful and hence unauthorized.

The management accepted the observation and stated that the matter has been taken up by the Executive Committee.

The DAC was not convened till finalization of this report.

Audit recommends that action may be taken to fix the responsibility.

24.5.6 *Transfer of supplementary grant into unauthorized bank account and retention of funds – Rs. 50.00 million*

Para 95 of GFR Vol-I states that all anticipated savings should be surrendered to Government immediately they are foreseen but not later than 31st March of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided after 31st March shall be surrendered to Government immediately they are foreseen but not later than 30th June of each year. No savings should be held in reserve for possible future excesses.

Para 1 of Auditor General of Pakistan letter No. 328/02/P&C/1-c/2004(PF-I) dated 21.09.2015 stipulates that permission to open more than one authorized bank account shall be granted by the Finance Division.

The management of Iqbal Academy Pakistan, Lahore received a Technical Supplementary Grant of Rs.50.00 million during the financial year 2011-12 for the specific purposes of Publication Program, Academic projects, IT & media projects, Library Development, Project abroad and Outreach activities.

Audit observed that funds were credited into Academy's private bank account and instead of spending for the purpose meant for, an amount of Rs.20 million was invested in Bank of Punjab and 10 million was spent on repayment of loan. An unspent balance of Rs.3.743 million was lying therein as on 30.06.2019.

Audit is of the view that the retention of funds in private bank accounts and investing of TSG instead of spending on the specified purposes was irregular.

The management replied that objection will be presented to the Governing Body for consideration.

The reply of the management is not tenable because the grant was not spent on the purpose for which it was released and retained in private bank accounts.

The DAC was not convened till finalization of this report.

Audit recommends inquiry to fix the responsibility.

24.5.7 *Irregular payment of medical allowance over and above prescribed rates - 18.630 million*

Para 25 of GFR Vol-I states that all Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance.

O.M. No.F-16(1)-Reg-6/2010-778 dated 05-07-2010 of Finance Division states that Medical Allowance is allowed to civil servant in BPS-1 to BPS-15 @ Rs.1000 per Month and from BPS-16 to BPS-22 @15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f 01.07.2010.

O.M. No.F-1(3)-Imp/2015-630 dated 07-07-2015 of Finance Division states that Medical Allowance is allowed to civil servant in BPS-1 to BPS-15 @ Rs.1500 per month and from BPS-16 to BPS-22 increase in the amount of Medical Allowance @25% of the existing amount being admissible / drawn.

The management of Iqbal Academy of Pakistan, Lahore incurred an expenditure of Rs. 18,629,764 on account of medical allowance @ 20% of the running basic pay to its employees during the years 2015-16 to 2019-20.

Audit observed that the management of IAP, Lahore paid Medical Allowance over and above the rates prescribed by the Finance Division.

Audit is of the view that the payment of Medical Allowance in excess of the approved rates without approval of Finance Division was irregular.

Department replied that IAP had been paying the medical allowance as per the Medical rules of IAP duly vetted by the CAAD being the competent authority.

The reply of the management is not tenable as approval of Finance Division has not been obtained for the purpose.

The DAC was not convened till finalization of this report.

Audit recommends that the practice may be stopped and recovery of the excess amount may be effected.

24.5.8 *Unauthorized distribution of books without any record and cost – Rs.3.613 million*

Clause 5 (3) of IAP Ordinance, 1962 states that aims and objectives of the Academy shall be to publish books, pamphlets and periodicals relating to the works of Iqbal.

Clause 18 (3) of IAP Ordinance, 1962 states that Governing Body shall have power to hold, control and administer the property and funds of the academy.

The management of IAP was maintaining a stock of books for the purpose of sale. The management distributed 11,299 books of different titles valuing Rs. 3,613,496 among public without charging any price during 2015-20 as per following table:

S. No	Year	No. of Books	Amount
1.	2015-16	1009	315,074
2.	2016-17	6104	949,461
3	2017-18	1229	846,665
4	2018-19	1807	1,063,301
5	2019-20	1150	438,995
Total Rs.		**11,299**	**3,613,496**

Audit observed that books were distributed free of charge in the absence of any policy rendering the purchase and distribution of books unverified.

Audit is of the view that distribution of books free of charge without any receipt and approved policy was unauthorized.

The management accepted the audit observation and stated that a policy for issuance of books is under process for incorporation in the rules and the expenditure will be presented to Governing Body for regularization.

The DAC was not convened till finalization of this report.

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

24.5.9 *Irregular payment of TA/DA to officers not on the payroll of Iqbal Academy – Rs. 1.779 million*

GFR-12 A Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order 'to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.

The management of Iqbal Academy Pakistan, Lahore incurred an expenditure Rs.4,503,513 on account of TA/DA during the period 2015-20.

Audit observed that an amount of Rs. 1,779,114 was paid to the Directors who were not on the payroll of the Academy. Moreover, TA/DA claims were neither prepared on proper forms nor were countersigned by the competent authority.

Audit is of the view that incurrence of expenditure without observing codal formalities was irregular.

The management replied that all codal formalities were fulfilled while honoring TA/DA claims. The management further stated that payment of TA/DA was made to Deputy Secretaries appointed by the Ministry as Directors on look after basis.

Reply of the department is not tenable as payment of TA/DA to Deputy Secretaries of the Ministry from the funds of IAP is not covered under the rules.

The DAC was not convened till finalization of this report.

Audit recommends recovery.

Pakistan National Council of the Arts (PNCA), Islamabad

24.5.10 *Irregular appointment of Director General PNCA*

Section (iv) of Establishment letter No. 9/4/9/R-5 dated 28th January 2008 states that cases of appointment to project posts carrying emoluments beyond MP-III shall be submitted for approval of Prime Minister and Section 5 (7) of Establishment Division letter No.1/3/2020-E-6 dated 22.06.2020 regarding management position scales policy, 2020 states that Prime Minister shall be the appointing authority of MP scales and selection will be made on the recommendations of the selection committee.

National History and Literacy Heritage Division appointed Dr. Fouzia Saeed as Director General, PNCA, Islamabad on contract basic in MP-I scale for a period of 2 years vide letter no F.5-2/2019-H-II dated 07.01.2020.

Audit observed that the appointment was made by the Minister for National History and Literacy Heritage Division without obtaining approval of Prime Minister being the appointing authority for appointment in MP scales. Audit further observed that the management of PNCA did not provide CV of Director General for the purpose of audit scrutiny in order to ascertain her eligibility for the post.

Audit is of the view that appointment in MP scale without the approval of Prime Minister was irregular and in absence of CV the eligibility of the DG cannot be ascertained.

DAC held on 12th January, 2021 was apprised that the Act of PNCA authorizes Chairman BoG to appoint DG. DAC directed to review the record after the post of DG was converted to MP scale which required approval of the PM.

Audit is of the view that after conversion of the post to MP scale Chairman BoG is no more competent to appoint the DG.

Audit recommends that the matter be probed and findings be shared with Audit.

Quaid-i-Azam Mazar Management Board (QMMB), Karachi

24.5.11 *Non-approval of budget estimates for the years 2018-2020 from the Board of Governors – Rs.218.540 million*

Clause 5(2) of Quaid-i-Azam Mazar Act, 1976 states that budget estimates of the Quaid-i-Azam Mazar Management Board are required to be approved by the Board of Governors before its submission to Finance Division.

The management of the Quaid-i-Azam Mazar Management Board (QMMB), Karachi was requested to provide the approval of Board of Governors for the budget forwarded to controlling ministry for allocation of grant from the government for the financial years 2018-20.

Audit observed that the management of the Quaid-i-Azam Mazar Management Board (QMMB) forwarded the Budget Estimates for Financial Years 2018-2019 and 2019-2020 amounting to Rs.218.540 million to controlling ministry without approval of the Board of Governors.

Audit is of the view that the non-approval of the budget estimates from the board is a serious lapse on part of management.

Neither the management replied nor was DAC convened.

Audit recommends that post facto approval regarding budget estimates 2018-2020 may be obtained from the competent authority (Board) and copy of the same be shared with audit at the earliest beside inquiry to fix responsibility.

24.5.12 *Unauthorized expenditure from receipts without approved budget - Rs. 62.944 million*

Para 4 (iv) of Finance Division O.M No. F.3 (2) Exp. III/2006 dated 13th Sept. 2006 states that the actual expenditure should not be exceeded from the budget allocation.

The Resident Engineer of the Quaid-i-Azam Mazar Management Board (QMMB), Karachi prepares the proposed budget estimates for the next financial year and submits it to the Honorary Treasurer, QMMB for checking and vetting. The Honorary Treasurer forwards it to controlling ministry for allocation of government grant. The ministry allocates certain amount as grant, but lesser than the proposed budget estimates which is received in QMMB office in shape of releases on quarterly basis. The remaining expenditure is met out from own receipt / income. The budget also requires approval of the QMM Board.

During audit of accounts of QMMB for FY-2018-19 and 2019-20 audit observed that the management incurred expenditure Rs. 62,944,399 from the receipts despite regular budget received through assignment account.

Audit is of the view that incurrence of expenditure from receipts was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that the matter may be taken up with Finance Division for regularization through Board of Governors.

24.5.13 ***Irregular and un-justified maintenance of 10 bank accounts***

Para 7 of GFR Volume-I states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

The management of Quaid-e-Azam Mazar Management Board (QMMB), Karachi is maintaining 10 bank accounts in different banks.

Audit observed that a number of accounts had been non-operational since long. The management could not provide any reason for maintaining non-operational accounts with similar title in different banks.

Audit is of the view that the maintenance of multiple bank accounts needlessly could result in their unauthorized / irregular use.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired to ascertain justifications for maintaining 10 bank accounts besides closure.

CHAPTER 25

NATIONAL SCHOOL OF PUBLIC POLICY

25.1 Introduction

The National School of Public Policy (NSPP), Lahore, is the premier institution for the training and continuing education of civil servants in Pakistan. The School provides mandatory, four-tiered, training courses for civil servants through their entire career cycle. Policy related, strategic, operational, and tactical training is provided beginning with Basic Scale-18 officers up to Basic Scale-20 officers who are transitioning to the highest level of public policy making.

Building on the strength of Pakistan's existing training mechanism, the NSPP was established on the 15th of March 2005 under the NSPP Ordinance of 2002 with a broader scope and mandate. The ordinance merged the Pakistan Administrative Staff College, now the National Management College (NMC), with the five provincial National Institutions of Public Administration, now National Institutes of Management (NIMs).

In June 2009, NSPP was declared a Degree Awarding Institute. While training remains central to the School, it is expanding its core functions to also include 'education' and 'research'. The School has established the National Institute of Public Policy (NIPP) as a research organization with the goal of evolving it into a think tank for the senior executives of both the public and private sectors on challenging public policy issues.

The National School of Public Policy (NSPP) is responsible for training senior civil servants in strategic, operational and tactical fields of management.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	5	4	1,306.800	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

25.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National School Public Policy for the financial year 2019-20 was Rs.1,127.155 million which was fully utilized. The expenditure was incurred from Grant No.8 of Establishment Division.

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)
Current	**8**	1,088.00	39.32	-	1,127.32	1,127.32	-

25.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 132.38 million, were raised in this report during the current audit of **National School Of Public Policy**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	10.95
4	Value for money and service delivery	-
5	Others	121.43

25.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2000-01	10	10	3	7	30
2010-11	2	2	2	0	100
Total:	12	12	5	7	42

25.5 AUDIT PARAS

National School of Public Policy, Lahore

25.5.1 *Irregular withdrawal / retention of public money - Rs.10.950 million.*

Para 1(iv) of Finance Division letter No. S.R.O (I)/2008 dated 23.09.2008 regarding revised procedure for operation of Lapsable Assignment Accounts of Federal Government describes that “the amounts remaining unspent at the close of the financial year shall not be used for the next financial year.”

Para 2(vi) of Finance Division letter No. S.R.O(I)/2008 dated 23.09.2008 regarding revised procedure ibid requires that “the officers holding Assignment Accounts shall ensure that no money is drawn from these accounts unless it was required for immediate disbursement. Moneys shall not be drawn for deposit into chest or any bank account.”

Management of National School of Public Policy (NSPP), Lahore transferred funds from assignment account to pension fund account for disbursement to its pensioners.

Audit observed that all the pension payments were being made through Assignment Account even after introduction of revised procedure for operation of Assignment Account.

Audit further observed that an amount of Rs.10.950 million was retained and invested in Defense Saving Certificates. Detail is given below:

S. No.	Name of Financial Institute	Date of Investment	Period of Investment	Type of Investment	Amount
1.	National Savings Centre, Fortress Branch, Lahore Cantt	08.04.2015	10Years	Defense Saving Certificates	4,450,000

2.	-do-	11.09.2015	-do-	-do-	6,500,000
				Total Rs.	**10,950,000**

Audit is of the view that withdrawal from assignment account and investment of funds is unauthorized and in violation of procedure of assignment account.

Neither the management replied nor was DAC convened.

Audit recommends that the funds be deposited into government treasury.

National Institute of Public Management, Karachi

25.5.2 ***Unauthorized expenditure from departmental receipts without approved financial rules - Rs. 121.432 million***

According to Rule 7 (i) of FTR Vol. I "All moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the Bank. Moneys received as previously mentioned shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund of the Federal Government. No department of the Government may require that any moneys received by it on account of the revenues of the Federal Government be kept out of the Federal Consolidated Fund of the Federal Government."

Para 25 of GFR Vol-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

The management of NIM Karachi incurred expenditure of Rs.121.432 million out of total receipts of 141.966 million generated through Course fee, Room Rent & Welfare Account during Financial Years 2018-19 & 2019-20.

The detail of expenditure from receipts as per statement provided by the management is as under:

Period	Particulars	Course Fee	Room Rent	Welfare Account	Grand Total
2018-19	Total Receipts up to 2018-19	59,823,294	4,046,697	2,816,492	66,686,483

	Total Expenditure up to 2018-19	55,198,804	4,020,363	2,556,688	61,775,855
2019-20	Total Receipts up to 2019-20	68,933,895	4,088,400	2,257,447	75,279,742
	Total expenditure up to 2019-20	54,463,095	3,588,165	1,605,188	59,656,448

Audit observed that expenditure of Rs 121.432 million was incurred from receipts without approval from the Ministry of Finance.

Audit is of the view that in the absence of approval from finance ministry any such expenditure is unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that financial rules may be got approved from Finance Division, besides regularization of expenditure from Finance Division.

CHAPTER 26

NATIONAL VOCATIONAL AND TECHNICAL TRAINING CENTRE

26.1 Introduction

National Vocational & Technical Training Commission (NAVTTC) was established in December 2005 as an apex body for Technical & Vocational Training and is attached with the Prime Minister's Secretariat (Public). Being a federal agency for TVET, NAVTTC facilitates, regulates, and provides policy direction for skill development in Pakistan. Under the National Vocational & Technical Training Commission (NAVTTC) Act, 2011 NAVTTC is responsible for setting-up of national occupational skills standards, development of curriculum, national qualification framework, labour market information analysis, training of trainers, public private partnership and setting-up of institutional standards for TVET providers amongst the other functions:

1. National Policies, Strategies and Regulations
2. National Qualification Framework (NQF)
3. Accreditation, Certification, Skill Standards & Curricula
4. Performance Evaluation System
5. TVET Development through Public-Private Partnership
6. Labor Market Information System

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	10	4	557.286	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

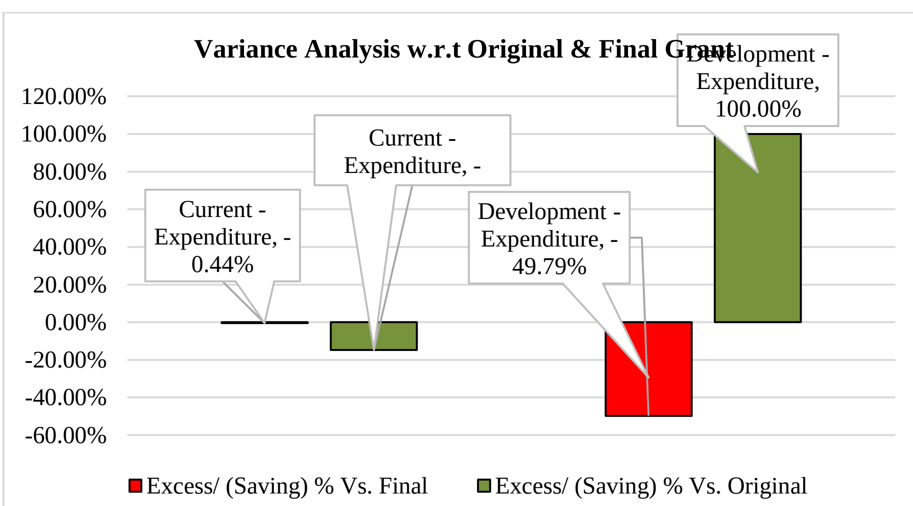
26.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the NAVTTC for the financial year 2019-20 was Rs.1,527.28 million out of which NAVTTC utilized Rs.928.33 million. Audit noted that there was an overall saving of Rs.598.95 million, which was due savings in development grant, which was 49.79% of total Final Grant.

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surren -der (-)	Final Grant	Actual Expendi -ture	Excess/ (Saving)	Excess/ (Saving) %
Current	33	382.00	0.00	44.16	327.28	325.82	-1.45	-0.44%
Development	121	0.00	1,200.00	-597.48	1,200.00	602.50	-597.50	-49.79%
Grand Total		382.00	1,200.00	-553.32	1,527.28	928.33	-598.95	-39.22%

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Variation between estimated and actual expenditure captures the level of foresight that goes into budget formulation. As shown in the chart below, it was observed that in case of Current Grant there was 14.71% saving w.r.t. w.r.t. Original Grant and in case of Development Grant there was 49.97 % savings w.r.t. final Grant.



Variance analysis could not be performed due to non-existence of a separate grant for NAVTTC. The Current expenditure was incurred from Grant No. 32 - Federal Education and Professional Training Division and Development expenditure was incurred from Grant No. 121 - Development Expenditure of Federal Education and Professional Training Division.

26.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 42.92 million, were raised in this report during the current audit of **National Vocational And Technical Training Centre**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	42.92
4	Value for money and service delivery	-
5	Others	-

26.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2013-14	1	1	0	1	-

26.5 AUDIT PARAS

26.5.1 *Non-production of record*

Section 14 of Auditor General's Functions, Powers and Terms and Conditions of Service Ordinance, 2001 states that the officer in-charge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial functions of the Auditor General shall be subject to disciplinary action under relevant Efficiency and Discipline Rules.

The management of National Vocational Technical Training Commission (NAVTTC), Headquarter, Islamabad was requested to provide information/ record through series of requisitions but record was not provided pertaining to:

i. Details of consultants'/contract employees appointed during the period of audit.
ii. List of officers/officials who are on deputation with the date of joining.
iii. Progress reports/PC-IV of the projects.
iv. Number of Training needs assessment survey conducted
v. Complete record relating to trainings.
vi. Regulations issued for licensing of federal establishments and institutions
vii. List of staff project PM special package Skills for all

The management replied that information/record is awaited from concerned sections.

The management accepted the observation.

No DAC was convened till finalization of this report.

Audit recommends that responsibility may be fixed on the persons at fault.

26.5.2 *Non-submission of audited financial statements of NAVTTC*

Section 14 (3) of NAVTTC Act, 2011 states that the Commission may also get its accounts audited by a chartered accountancy firm to be appointed with the approval of Board.

The management of National Vocational Technical Training Commission (NAVTTC), Headquarter, Islamabad was under obligation of getting their Annual Financial Statements audited by Chartered Accountancy Firm but BoM did not appoint Chartered Accountancy Firm for carrying out audit of accounts of NAVTTC.

Audit observed that since 2011-12 the approved audited statements are not available with the management.

Audit is of the view that non-submission of Audited Financial Statements to the BoM is a serious lapse on the part of management.

The management replied that NAVTTC has no receipt of any kind. Therefore, it is not possible to hire the firm for audit in a meager budget.

The reply is not acceptable as the Section 14 (3) of NAVTTC Act, 2011 demands for submission of audited financial statements.

No DAC was convened till finalization of this report.

Audit recommends preparation of Financial Statements duly certified by CA firm.

26.5.3 *Irregular payment of additional honorariums from foreign funded projects – Rs. 42.921 million*

In terms of Column No.3 against Sl. No. 17 of Annex-I of Para 8 (a) of the New System of Financial Control & Budgeting issued vide Finance Division's O.M. No.F.3(2)Exp.III/2006 dated 13.09.2006 full powers up to the level of Section Officer and equivalent is delegated to the Ministries/Divisions. The amount should not exceed one month's pay of the government servant concerned on each occasion. In the case of recurring honoraria, this limit applies to the total of recurring payments made to an individual in a financial year.

The management of National Vocational Technical Training Commission (NAVTTC), Headquarter, Islamabad incurred an expenditure of Rs.64.382 million on honorarium to the officers and staff of NAVTTC during FYs 2017-2020.

Audit observed that four basic pays in 2017-18, two basic pays in 2018-19 and 2019-2020 were paid as honorarium to employees of NAVTTC, whereas they were entitled for one honorarium from general revenues as remuneration under the provision mentioned above.

Audit further observed that NAVTTC employees were also paid honorarium from foreign funded project.

Audit is of the view that payment of more than one honorarium was irregular.

The management replied that NAVTTC Board in its 3rd meeting held on 16.02.2008 approved honorarium maximum up to six months basic pay during the financial year out of non-development budget.

Reply is not satisfactory as justification of more than one honorarium was not produced.

No DAC was convened till finalization of this report.

Audit recommends that payment of more than one honorarium without any justification be stopped.

CHAPTER 27

PARLIAMENTARY AFFAIRS DIVISION

27.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

i. Majlis-e-Shoora (Parliament), summoning of either House or both Houses or Joint sitting of Majlis-e-Shoora (Parliament) and prorogation thereof.
ii. Dissolution of the National Assembly.
iii. Liaison between the Divisions and Majlis-e-Shoora (Parliament) in respect of official and non-official business; priority of official business.
iv. Follow up of the assurances, promises and undertakings given by the Federal Government on the floor of the House with a view to their implementation by the Divisions concerned.
v. Submission of Bills passed by Majlis-e-Shoora (Parliament) or by the National Assembly to President for his assent.
vi. Legislation pertaining to privileges of Majlis-e-Shoora (Parliament) and members of Majlis-e-Shoora (Parliament), salaries and allowances of the Chairman and Deputy Chairman of the Senate, Speaker and Deputy Speaker of the National Assembly and members of Majlis-e-Shoora (Parliament).
vii. Legislation pertaining to the Leader of the House and the Leader of the Opposition, provision of staff and other facilities for the Leader of the House.
viii. Rules of Procedure of either House or Joint Sitting of Majlis-e-Shoora (Parliament).
ix. Legislation pertaining to punishment of persons who refuse to give evidence or produce documents before committees of National Assembly or the Senate.
x. Appointment and terms and conditions of Federal Parliamentary Secretaries.
xi. Legislative business relating to the Election Commission.
xii. Prime Minister's Public Affairs and Grievances Wing

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	1	1	1,462.564	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

27.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to Parliamentary Affairs Division for the financial year 2019-20 was Rs.406.43 million out of which the Division utilized Rs.405.91 million. Audit noted that there was a meager savings of 0.51 million.

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) %
Current	90	410.00	0.00	-3.57	406.43	405.91	-0.51	-0.13%

27.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 33.42 million, were raised in this report during the current audit of **Parliamentary Affairs Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	33.42

S. No	Classification	Amount
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

27.4 Status of compliance with PAC Directives

No pending PAC directives against this Division

27.5 AUDIT PARAS

27.5.1 *Irregular payment on the account of Housing Allowance – Rs.33.415 million*

Clause No. 2 of Terms and Conditions vide No. F.13(43)/2003-P.A dated 18.07.2006 states that the Parliamentary Secretaries occupying the official, Government or rented accommodation shall not be entitled to House Allowance of Rs. 2,000 per day during the period of their residence on duty in Islamabad.

The Ministry of Parliamentary Affairs, Islamabad, paid Rs. 33,415,000 on the account of House Allowance to Parliamentary Secretaries during the financial year 2016-17 to 2019-20. The detail is as under:

F.Y	House Allowance @ Rs. 2,000	No. of Parliamentary Secretary
2016-17	6,569,000	25
2017-18	9,708,000	40
2018-19	7,064,000	23
2019-20	10,074,000	38
Total	**33,415,000**	

Audit observed that an amount of Rs.33,415,000 was paid on account of House Allowance to Parliamentary Secretaries despite the fact that they were provided government accommodation.

Audit is of the view that payment of House Allowance to the allotees of government accommodation was irregular.

The management replied that the Parliamentary Secretaries were also entitled to Housing Allowance @ Rs.2,000 for each day during any period of residence on duty according to para-7 of the Terms & Conditions for Appointment of Parliamentary Secretaries as in the case of MNAs in the light of Section-9 of the Members of the Parliament Salaries and Allowances Act, 1974. The stay in hostel / lodges may not be construed as allotted official accommodation as per their entitlement allotted which was equivalent to Federal Secretary.

The reply was not cogent because it was clearly mentioned in Clause No. 2 of Terms and Conditions that Government or rented accommodation shall not be entitled to Housing Allowance.

The DAC in its meeting held on 20.11.2020 directed the management to refer the case to the Ministry of Housing & Works for clarification whether the Parliament Lodges can be considered as official accommodation or not.

Audit recommends that the payment be stopped and already paid amount be recovered from concerned.

CHAPTER 28

PRIVATIZATION DIVISION

28.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Privatization policies.
2. The transfer of Managed Establishments Order, 1978.
3. Administration of the Privatization Commission Ordinance, 2000.
4. Negotiation with International organizations relating to the functions of Privatization in consultation with the Economic Affairs Division.
5. Any item incidental or ancillary to the above.

ATTACHED DEPARTMENT / AUTONOMOUS BODIES

i. Privatization commission.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	2	1	68.691	-
2	Assignment Accounts (Excluding FAP)	1	1	117.228	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

28.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Privatization Division for the financial year 2019-20 was Rs.187.42 million, out of which the Division expended an amount of Rs.185.92 million. Detail of budget and expenditure of the Division is as under:

(Rs. in million)

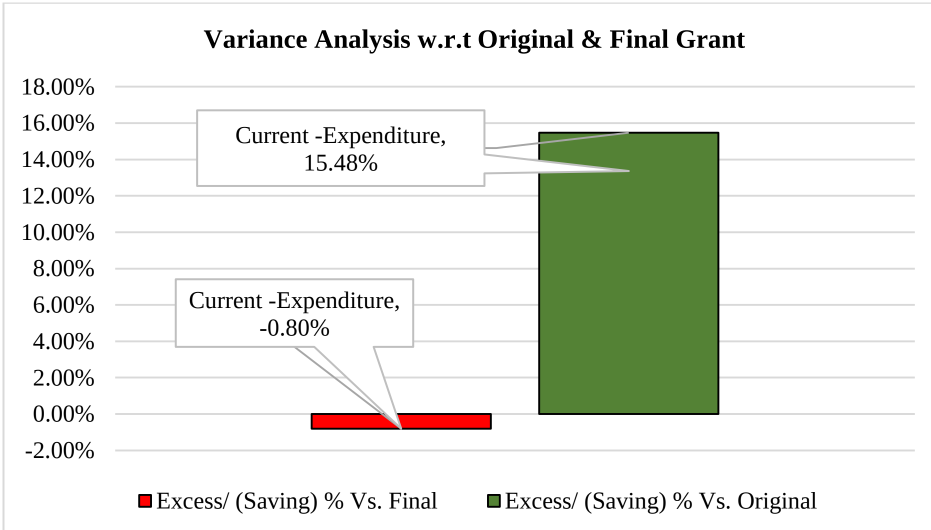
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) - Percentage
Current	**94**	**161.00**	**26.42**	**0.00**	**187.42**	**185.92**	**-1.50**	**-0.80%**

Audit noted that there was an overall savings of Rs.1.50 million.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

There was an excess of 15.48% in expenditure w.r.t original allocation which turned into 0.80% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



28.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.3,475.03 million, were raised in this report during the current audit of **Privatization Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	35.18
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	164.27
E	*Internal Control*	3,240.38
4	Value for money and service delivery	-
5	Others	35.19

28.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2011-12	4	4	2	2	50
2012-13	5	5	3	2	60
2017-18	4	4	1	3	25
Total:	**13**	**13**	**6**	**7**	**46**

28.5 AUDIT PARAS

28.5.1 *Sale Proceeds retained in Privatization Commission fund account without reconciliation - Rs.2,899.736 million*

Section 16 (2) of the Privatization Commission Ordinance, 2000 states that the privatization proceeds distributed to the Federal Government pursuant to sub-section (1) shall be utilized by the Federal Government as follows:

a) Ten (10) percent shall be used for poverty alleviation programmes;

b) The remaining ninety (90) percent for retirement of the Federal Government debt.

Rule 2A of the Accounting Procedures Rules, 2007 of Privatization Commission states that transfer of net sale proceeds should be transferred to GOP within 15 days after receipt of final payment from the buyer.

The management of Privatization Commission of Pakistan (PC) has been maintaining a PC Fund account No. 35-1 (3035236082) in NBP, main branch, Islamabad to deposit the amounts received from the sale proceeds of the entities or shares/assets since long. An amount of Rs. 2,879.538 million was available as balance in the bank account as on 30.06.2019.

Audit observed that Privatization Commission (PC) retained the sale proceeds of the different entities. Neither the reasons for non-transferring of sale proceed to the Government nor was source of balance retained in the fund made known to audit.

Audit is of the view that retention of the sale proceeds deprived the government of its revenue and in the absence of information of source of the retained amount, audit could not ascertain the authenticity of the amount.

DAC convened on 23-12-2020 decided that detailed working of cash inflow have been worked out by the Finance wing of PC and same shall be got verified from Audit within one week.

Audit recommends that responsibility for the irregularity may be fixed.

28.5.2 *Irregular retention of foreign currency realized through non-refundable bid money and interest – USD 2.019 million equivalent – Rs. 340.647 million*

Finance Division vide U.O. No.F.7(10)-Inv.IV/2001 dated 09.10.2001 on submission of summary of the PC approved the proposal for opening of interest/profit bearing bank account in NBP both in Pak Rupees as well as US Dollars to deposit the amounts received from the potential/successful bidders as earnest money or sale proceeds till such time either the possession of the entities or shares/assets were handed over to buyers. Finance Division further stated that the issue will be reviewed on the basis of experience gained.

The management of Privatization Commission of Pakistan (PC) has been maintaining a foreign currency bank account No. 990573 (3035237661) in NBP, main branch, Islamabad to collect the amounts received from the potential/successful bidders as bid money since 2001. An amount of USD 2.019 million equivalent to Rs. 340.647 million as balance was available in the bank account as on 30.06.2020.

Audit observed that amount realized through interest and non-refundable bid money was retained by the commission after a lapse of more than 19 years. The record of the commission was silent about the non-transfer of interest amount and non-refundable bid money to the Government.

Audit is of the view that retention of interest amount and non-refundable bid money was irregular.

DAC convened on 23-12-2020 directed to reduce the balance of foreign currency account to zero and transfer the amount to the PC fund account. However, any balance to be retained may be got approved from the Finance Division.

Audit recommends that responsibility for the irregularity may be fixed

28.5.3 *Irregular transfer of Trust Fund to PC Fund Account-Rs. 164.268 million.*

Section 19 of Privatization Commission Ordinance, 2000 states that the Commission may open and maintain its accounts at such scheduled banks as it may from time to time determine in consultation with the Federal Government.

The management of Privatization Commission was maintaining a Bank Account of BESOS bearing Account No. 3001258989 with National Bank of Pakistan D-Block Branch, Pak. Secretariat, Islamabad. The management issued a cheques No. 30190027 dated 08.06.2020 of Rs.164.268 million for transferring of funds in to PC Fund Account.

Audit observed that amount was transferred in to Fund Account instead depositing to Government Treasury. Bank transferred only Rs. 163.288 and deducted Rs. 979,730 as withholding tax on transfer.

Audit is of the view that transferring of balance in to Fund Account instead depositing into Government Treasury was irregular and deduction of withholding tax was deprived the government of its revenue.

DAC convened on 23-12-2020 decided that final settlement of the BESOS to be verified alongwith deposit of amount to the public exchequer.

No record was verified till finalization of this report.

Audit recommends that responsibility for the irregularity may be fixed besides transferring back of funds in to Government account.

28.5.4 *Absence of information regarding the source of receipt - Rs.35.192 million*

Para-26 of GFR 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. They should accordingly arrange to obtain from their subordinates monthly accounts and returns in suitable form claiming credit for so much paid into the treasury or otherwise accounted for and compare them with the statements of treasury credits furnished by the Accountant General, to see that the amounts reported as collected have been duly credited in the Public Account.

The management of Privatization Commission was maintaining a Bank Account of BESOS bearing Account No. 3001258989 with National Bank of Pakistan D-Block Branch, Pak. Secretariat, Islamabad. An amount of Rs. 35,194,818 was received in to BESOS Account on 08.01.2020 through clearing of cheque.

Audit observed that no record was available with the management regarding the source of receipt.

Audit is of the view that in the absence of source of receipt, the authenticity of the amount was unclear.

Neither the management replied nor was DAC convened.

DAC convened on 23-12-2020 decided that final settlement of the BESOS to be verified along with deposit of amount to the public exchequer.

Audit recommends that record pertaining to nature of amount may be provided to audit.

28.5.5 *Irregular hiring the services of Transaction Manager without advertisement – Rs.24.732 million*

Rule 5 of Privatization Commission Advisors/Senior consultants, consultants/Transaction Managers and Technical Assistants (Terms and Conditions of Appointment) Regulations, 2002 states that all positions of advisors/Senior Consultants, Consultants/Transactions Managers and Technical Assistants etc. shall be filled through advertisement in the national and regional newspapers.

The management of Privatization Commission appointed Mr. Asad Rasool Chaudhry as full-time transaction manager (Grade-I) for period of two years at salary of Rs. 630,000 per month on 24.03.2017. An amount of Rs. 24.732 million was paid against monthly salary for the period 24.03.2017 to 30.06.2020.

S. No	Time period	Amount
1	March 2017-June 2017	2,052,581
2	2017-2018	7,560,000
3	2018-2019	7,560,000
4	2019-2020	7,560,000
Total Rs.		**24,732,581**

Audit observed that the appointment was made without advertisement and the commission record was silent for approval of the competent authority for such appointment.

Audit is of view that the appointment made without advertisement and without obtaining the approval of the competent authority was irregular.

DAC convened on 23-12-2020 decided to settle the para subject to record verification relating to the minutes of the shortlisting committee and other appointment record.

No record was verified till finalization of this report.

Audit recommends that responsibility for the irregularity may be fixed

28.5.6 *Irregular up gradation of Consultant from Grade-III to Grade-II - Rs. 10.450 million*

Rule 5 of privatization commission Advisors/Senior consultants, consultants/Transaction Managers and Technical Assistants (Terms and Conditions of Appointment) Regulations, 2002 states that all positions of advisors/Senior Consultants, Consultants/Transactions Managers and Technical Assistants etc. shall be filed through advertisement in the national and regional newspapers.

Privatization commission appointed Mr. Muhammad Zayed Maud, Consultant, Banking & Finance (Grade-III) for the period of two years in November, 2014. The contract was extended for a period of two years from 01.12.2016 to 30.11.2018 on same terms and conditions. The consultant was upgraded from Grade-III to Grade-II during the extended period of the contract. The contract was subsequently extended up till 31.03.2021. However, the consultant resigned from the post on 31.08.2020. The consultant was paid Rs.10.450 million after upgradation.

Audit observed that the management granted up gradation to the Consultant from Grade-III to Grade-II w.e.f. 01.01.2017 in violation of the terms and conditions of the contract

Audit is of the view that undue favor was made to the consultant which resulted in overpayment of pay and allowances.

DAC convened on 23-12-2020 decided to hold inquiry and probe into the matter. The report may be shared with Audit, within one month.

Audit recommends that responsibility for the irregularity may be fixed along with recovery of overpayment.

28.5.7 *Irregular extensions in the contract of consultants*

Schedule 2 (h) of Privatization Commission Advisors/Senior consultants, consultants/Transaction Managers and Technical Assistants (Terms and Conditions of Appointment) Regulations, 2002 states that the Advisor/Senior Consultant and Consultant/Transaction Manager shall produce at least one research paper of not less than 5000 words every year on any subject relating to privatization as may be assigned by the Commission.

Serial No (F) of the terms of reference of consultant- Grade-I/II (Energy/Legal /PR/Communication Specialist/Banking and capital market/Financial Consultant/Industries/Oil and Gas/Real Estate/) states that the consultant would be required to submit quarterly report on the prescribed format listing all activities (on qualitative and quantitative nature) with outcome assessment for senior management.

The management of Privatization Commission appointed following full time Consultant/transaction manager initially for a period of one year and subsequently the period of their contracts was extended time and again:

S. No	Name of the Post	Position	Period of Contract
1.	Muhammad Zayed Maud	Grade-III/II	12.11.2014 to 31.08.2020
2.	Asad Rasool Chaudhry	(Grade-I)	11.3.2010 to 30.04.2015 and 24.3.2017 to date
3.	Mr. Shahid Raza	(Grade-I)	10.4.2008 to date

Audit observed that none of the consultants published a single research paper relating to privatization nor submitted any quarterly performance indicator report since their appointment but extensions in the contract period were frequently allowed.

Audit is of the view that grant of extensions in the contracts of consultants without any tangible performance was irregular.

DAC convened on 23-12-2020 decided that system of extension of the consultant needs to be reframed and additional Key Performance Indicators (KPIs) needs to be developed to evaluate the working of the consultants prior to their extension in the contract period.

Audit recommends that responsibility for the irregularity may be fixed.

CHAPTER 29

MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY

29.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Pilgrimage beyond Pakistan; Muslim pilgrims' visits to India.
2. Ziarat and Umra and Welfare and safety of pilgrims and Zairian.
3. Islamic studies and research including holding of seminars, conferences, etc., on related subjects.
4. Training and education of Ulemas and Khatibs etc.
5. Error-free and exact printing and publishing of the Holy Quran.
6. Exchange of visits of scholars.
7. Ruet-e-Hilal.
8. Tabligh.
9. Observance of Islamic Moral Standards.
10. Donations for religious purposes and propagation of Islamic Ideology abroad.
11. Marriage and divorce, infants and minor's adoption.
12. Policy and legislation with regard to interfaith harmony.
13. International agreements and commitments in respect of all religious communities and implementation thereof.
14. Representation of Pakistan at UN Sub-Commission on Prevention of Discrimination to Minorities.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Hajj and Umrah Directorate (06) subordinate offices.

ii. Council of Islamic Ideology.

iii. Pakistan Madrassah Education Board.

iv. Evacuee Trust Property Board.

v. National Commission for Minorities.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	10	7	570.192	
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	33	4	84.875	-
4	Foreign Aided Project (FAP)	-	-	-	-

29.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Religious Affairs and Inter Faith Harmony Division for the financial year 2019-20 was Rs. 17,362.45 million, out of which the Division expended an amount of Rs.17,346.42 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

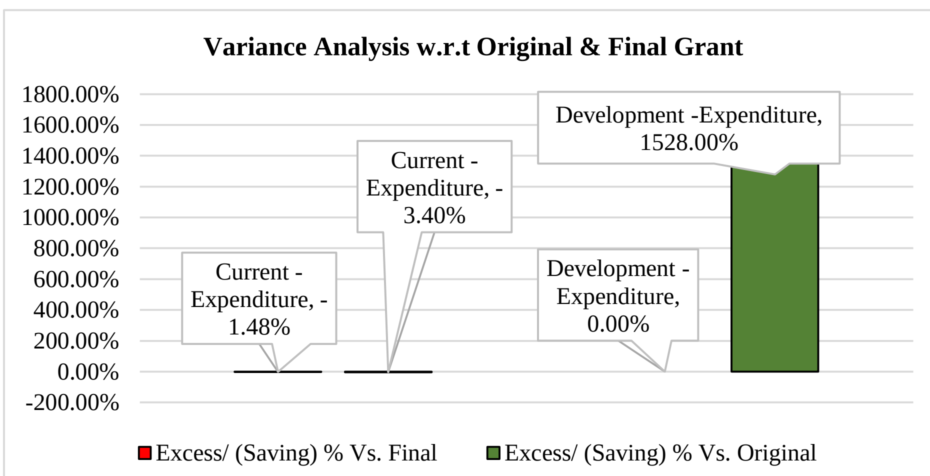
Type of Grant	Grant No.	Original Grant	Suplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
Current	96	479.00	0.00	-13.71	465.29	453.28	-12.01	-2.58%
Current	97	625.00	0.00	-7.83	617.17	613.14	-4.03	-0.65%
Current Total		**1,104.00**	**0.00**	**-21.55**	**1,082.45**	**1,066.42**	**-16.04**	**-1.48%**
Develop	142	1,000.00	1,5280.00	0.00	16,280.00	16,280.00	0.00	0.00%
Grand Total		2,104.00	1,5280.00	-21.55	17,362.45	17,346.42	-16.04	-0.09%

Audit noted that there was an overall savings of Rs.16.04 million which was due to savings in current grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was excess of 1,528% with respect to Original grant which was fully utilized w.r.t Final Grant in case of development expenditure. In case of current expenditure the 3.40% of savings in expenditure w.r.t original allocation turned into 1.48% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



29.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 725.42 million, were raised in this report during the current audit of **Religious Affairs And Interfaith Harmony Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	303.87
E	*Internal Control*	106.01
4	Value for money and service delivery	113.76
5	Others	201.78

29.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1989-90	5	5	2	3	40
1990-91	6	6	0	6	-
1991-92	7	7	4	3	57
1992-93	3	3	2	1	67
1993-94	2	2	0	2	-
1994-95	2	2	1	1	50
1996-97	7	7	2	5	29
2000-01	30	30	23	7	77
2005-06	4	4	2	2	50
2006-07	1	1	0	1	-
2009-10	8	8	4	4	50

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2010-11	14	2	1	1	50
2013-14	13	9	1	8	11
2014-15	5	5	2	3	40
2015-16	29	29	0	29	-
2016-17	47	12	1	11	8
Total:	183	132	45	87	34

29.5 AUDIT PARAS

Ministry of Religious Affairs and Interfaith Harmony

29.5.1 *Loss due to delay in investment -Rs. 113.760 million*

Rule 23 of GFR Volume-1 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 was 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.

The management of Ministry of Religious Affairs and Interfaith Harmony (MORA&IH), Islamabad has decided to invest surplus fund for short term period amounting to Rs. 1,200.00 million.

Audit observed that working for investment of Rs. 1,200.00 million was done in March and April, 2019 but due to indecision by Investment Committee the investment was made on December 31, 2019 for six months tenure. This delay on the part of Ministry caused loss of Rs. 113,760,000 as under:

Amount of Investment	Rate of Interest	Interest amount 9 months (April 2019 to Dec, 2019)
1,200,000,000	12.64%	113,760,000

Audit is of the view that unnecessary delay on the part of management caused loss of Rs. 113.760 million.

The management replied that the minutes of the meeting of Investment Committee were submitted on 24-5-2019 but the PAO directed to consider other options and other financial institutions.

The reply of the management is not tenable, as reply reflects that the matter was not taken seriously which caused loss of Rs. 113.760 million.

The DAC in its meeting held on 22.01.2021 directed the Ministry to get the record verified.

No record was provided to audit for verification till finalization of this report.

Audit recommends that matter be enquired and responsibility be fixed for the loss.

29.5.2 *Unauthorized retention of government receipts - Rs. 74.706 million*

Rule 3(VI) of Hajj Pilgrimage Welfare Fund Rules 1990 states that Fund shall comprise of any income derived from the charges leviable from Hajjis not falling within the definition of revenue creditable to the Federal Consolidated Fund.

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to Government officers on account of the revenues of the Federal Government shall, without undue delay, be paid in full into a treasury and shall not be appropriated to meet departmental expenditure, nor otherwise kept apart from the Federal Consolidated Fund (FCF) of the Federal Government.

The management of Ministry of Religious Affairs and Inter-Faith Harmony (MORA&IH), Islamabad charged Rs. 5,000 and Rs.3000 for inter-cities and intra-city shifting of address/location of the companies enrolled as Hajj Group Operators (HGOs) respectively. Similarly, an amount of Rs. 1,000 was charged against change of management. Penalties were also imposed on HGOs on violation of contract. The fees and penalties collected from Hajj Group Operators were retained in the commercial bank account No.06027900459301-HBL, Islamabad opened for Pilgrim's Welfare Fund. Detail of receipts is as below:

S. No.	Description	Amount
1.	Enrolment fee of HGOs 2019-2020	2,100,000
2.	Change of address / Management of HGOs 2019-2020	2573000
3.	Penalty received from HGOs 2019-2020	1,000,000
4.	Accrued Profit during 2019-2020	69,033,175
	Total	**74,706,175**

Audit observed that the management of MORA&IH collected and retained the receipts in Hajj Pilgrims Welfare Fund instead of depositing the same into the FCF.

Audit is of the view that the fee, charges and profit accrued on such fee are public money required to be deposited in government treasury. Retention of the same by the management was unauthorized.

The management replied that the Rules of Federal Consolidated funds were not applicable on PWF because it was not Government Fund rather it was established by virtue of receipt of service charges from pilgrims.

The reply of the management is not acceptable. The said receipts are public money required to be deposited in government treasury.

The DAC in its meeting held on 22.01.2021 directed the Ministry to take up the matter with Finance Division for clarification.

Audit recommends that public money be deposited in government treasury.

29.5.3 *Charging Hajj duty expenditure to Ministries instead of Hajj Pilgrims Welfare Fund*

Rule 4(viii) of the Hajj Pilgrims Welfare Fund Rules, 1990 states that fund shall be expanded on purchase of such vehicles, equipment, appurtenance and supplies and services as are meant directly and exclusively for pilgrims welfare and for which funds from any other source are not available.

Rule 4(ix) of the Hajj Pilgrims Welfare Fund Rules, 1990 states that employment of seasonal duty staff in Pakistan and Saudi Arabia, meant to serve pilgrims welfare exclusively.

The management of the Ministry of Religious Affairs and Interfaith Harmony (MORA&IH), Islamabad send government employees on Hajj duty every year as per Hajj Policy. Details are as under:

S.No.	Particular	No. Of Employees
1.	Staff of other Ministries	100
2.	Staff of MoRA	170
3.	Moavineen-e-Hujjaj	300
4.	Medical Mission	450
	Total:	**1020**

Audit observed that despite having surplus balance in the Pilgrim Welfare Fund to be spent on staff of other ministries going on Hajj duty to facilitate the Hujjaj the MoRA charged more than Rs.300,000 from Ministries / Divisions for each member.

Audit is of the view that the liability of the Pilgrim Welfare Fund was met from the government fund by causing undue financial burden on the public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends that amounts received from the Ministries / Divisions should be refunded and expenditure be met from the pilgrim welfare fund.

Evacuee Trust Property Board Peshawar

29.5.4 ***Leasing of property on lump sum rent instead of per square foot - Rs.106.007 million***

Clause 18 (B) (d) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the tenant will be charged minimum rates of rent so charges per square foot for the covered area for Category A and Category B.

Lease Agreement executed between Administrator ETPB, Peshawar and Lessee states that the plan of the building will be got approved from the local Municipal authorities by the lessee at their own cost and the construction will be carried out strictly in accordance with the approved plan under the supervision of the technical staff of the lessor and no additional construction beyond the approved plan would be raised by the lessee.

The management of the Evacuee Trust Property Board, Peshawar leased out a piece of land bearing property No.979-1674/1654 CB-534 measuring 8033 sq. ft. (29.53 marla) to Mr. Alaf Jan, Mr. Mian Khan and Mr. Fakhar-e-Alamon on a monthly rent of Rs. 30,000 with 30% increase after every three years for a period of 30 years for construction of a plaza. The lease agreement was signed on 15.04.1996. The lessees constructed a plaza on the property. Similarly property No.1690/965 measuring 14 marla 237 sq. ft. situated at Naaz Cinema Road, Peshawar was leased out to Mr. Muhammad Umar & Co. on a monthly rent of Rs. 20,000 lump sum for a period of 30 years for construction of a plaza. The lease agreement was signed on 01.10.2010. The lessee constructed a Plaza on the property.

Audit observed that:

i. The plaza was rented out at lump sum monthly rent instead of fixing the rent on the basis of per Sq. ft. on the basis of which total rent due against the lessees came out to Rs. 106,006,788. (98,421,300+7,585,488)

ii. Even the rent on lump sum basis was not recovered. An amount of Rs.29,373,198 (26,500,398+2,872,800) w.e.f April, 1996 to June, 2020 was outstanding against the lessees / tenants.

iii. The construction was carried out without obtaining approval of the Municipal authorities, Town-I.

iv. The contract for development / construction of plazas were not drawn in writing.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

29.5.5 *Illegal construction of houses on agricultural land and non-recovery of rent-Rs.23.892 million*

Notification No.ETP/PSH/76 dated 23.05.1997 of ETPB, Peshawar prescribed a monthly rent of Rs.1.50 per marla w.e.f. 1960 with 30% increase after every 3 years for 349.3 Kanal (6986 Marla) Agricultural Land in Pir Sabak Nowshera.

Clause 3 (i) (c) of the Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the tenant shall not make any addition/ alternation or new construction without obtaining prior written permission from the competent authority of the Evacuee Trust Property Board.

The Evacuee Trust Property Board, Peshawar owned 349.3 Kanal (6986 Marla) Agricultural Land in Pir Sabak, Nowshera.

Audit observed that the above land was in possession of illegal occupants who constructed houses on that agricultural land and the management could neither recover the land from the illegal occupants nor collected monthly rent. Details are as under:

Period	Rent per Marla in Rs. (a)	Total land in Marlas in Rs. (b)	Months (c)	Total amount in Rs. d= (a x b x c)
07-2019 to 06-2020	285	6,986	12	23,892,120

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides vacating the property.

29.5.6 *Illegal construction on urban Properties*

Clause (3) (ii) of Chapter-III of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977states that an existing occupant / occupants of a property whose possession has not been regularized may be treated as tenant, provided: (a) He /she is in actual physical possession since or before the

31st December, 1995, and the property is not already on rent with any person.(b) He / she clears all arrears of rent and other dues if any, as assessed by the Board from the 1st April, 1960 or the date of physical occupation whichever is later; and that such tenancy is approved by the concerned Administrator. Provided that fifty percent surcharge shall be charged on the total rent assessed periodically since the date of occupation

Clause (1) (b) (c) of Chapter-III of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977states that the tenant shall not make any addition / alternation or new construction without obtaining prior written permission from the competent authority of the Evacuee Trust Property Board.

Evacuee Trust Property Board Peshawar owned 17 highly valuable properties in Peshawar and Nowshera on which illegal construction has been made for commercial exploitation as per the following detail:

Tukra/ Khasra No.	Name of Trust	Area/Raqa	Occupied by	Remarks
256-243-270-271-305-308-312-313	Lal Dowara	28 Kanal	P.D.A	Constructed the part on Trust Land
01	PanchTrunth	5.10 Kanal	Municipal Corporation Pesh	Constructed Shops on Trust Land
47,48,58,101,102, 103,104 and 121	PanchTrunth	7.13 Kanal	Mr. Shams ud Din	Constructed Shops on Trust Land Pesh

Audit observed that the management neither took any legal action to recover the property nor was any rent received from the occupants.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

29.5.7 *Non-recovery of Lease amount of Agriculture land – Rs.22.471 million*

Clause 3(i) (a) & (b) of the Management and Disposal of Urban Evacuee Trust Properties Act, 1977states that the tenant shall pay the monthly rent in advance by the 10th of each month and in case of annual lease, the lease money shall be paid by the 10th of the first month of the lease year. In case of default in payment by the above said due date, surcharge @ 10% s hall be charged.

The management of the Evacuee Trust Property Board Peshawar leased out Agriculture land in various Mauzas i.e Pir Sabaq, Sangu, Mazara, Kahi, Mardan, GujarGarhi, Matta Wadigram for agriculture purpose/cultivation.

Audit observed that an amount of Rs.22,471,729 was outstanding against the lessees of agricultural land in different cities during the financial year 2019-20. **(Annexure 29-A)**

Audit further observed that the rate of lease was determined without any proper criteria.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

29.5.8 *Non-recovery of monthly rent – Rs. 17.643 million*

Clause 3 (i) (a) & (b) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the tenant shall pay the monthly rent in advance by the 10th of each month and in case of annual lease, the lease money shall be paid by the 10th of the first month of the lease year. In case of default in payment by the above said due date, surcharge @ 10% shall be charged.

Clause 18 (B) (d) of Scheme for the Management and Disposal of Urban Evacuee Trust Properties, 1977 states that the tenant will be charged minimum rates of rent so charges per square foot for the covered area for Category A and Category B.

The management of the Evacuee Trust Property Board, Peshawar leased out 15.57 marla @ 6,589/month and 5.243 marla land @ Rs.27,091 to M/S Haji Haroon and Mr. Nasir Gul for a period of 30 years for construction of commercial plazas. Furthermore there was recoverable rent of from two tenants Mr. Zafar Saraf and Mr. Saif-ur-Rehman. Details are tabulated below:

(Rs. in million)

S. No	Name of Property	Lessee / Tenant	Recoverable Amount	Recoverable Period
1	Property No.502, 507, 508 and 509 measuring 15.57 marla outside Kachehri Gate Peshawar	Haji Haroon	2,438,631	Jan 2005 – Jun 2020
2	Plot No. 995-1625-CB-547 measuring 1603 Sq. ft. (05 Marla & 243 Sq. ft.) at Ander Shehar Peshawar	Mr. Nasir Gul	8,704,484	July 2006 to June-2020
3	Al-Khair Plaza	Zafar Saraf	3,500,000 **(4,500,000-1,000,000)**	Difference of paid and actual rent
4	Saif-ur-Rehman Plaza	Saif-ur-Rehman	3,000,000 **(3,500,000 – 500,000)**	
			17,643,115	

Audit observed that the properties were rented without any criteria at a rent much lower than the market rent. Moreover, the arrears of rent and actual rent amounting to Rs. 17,643,115 were outstanding since long.

Audit is of the view that government was put to loss and undue favour was extended to the tenants by renting at lower rate and non-recovery of rent.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

29.5.9 *Non-recovery of lease amount of the property– Rs.17.150 million*

Clause 3 (i) (a) & (b) of the Management and Disposal of Urban Evacuee Trust PropertiesAct, 1977 states that the tenant shall pay the monthly rent in advance by the 10thof each month and in case of annual lease, the lease money shall be paid by the 10thof the first month of the lease year. In case of default in payment by the above said due date, surcharge @ 10% shall be charged.

Lease Agreement executed between Administrator ETPB and Lessee states that the plan of the building will be got approved from the local Municipal authorities by the lessee at their own cost and the construction will be carried out strictly in accordance with the approved plan under the supervision of the technical staff of the lessor and no additional construction beyond the approved plan would be raised by the lessee.

The management of the Evacuee Trust Property Board, Peshawar leased out a plot No.5957, at Katchehry Gate Peshawar measuring 02 Kanal 11 marlas 051 sq. ft.valuing Rs.28,152,850 @ Rs. 550,000 per marla to M/S GulFaraz and Ali Jan vide agreement dated 28.05.1992 for construction of plaza (Mohmand Plaza).

Audit observed that the rent was fixed without any workable criteria and even the fixed rent of Rs.17,150,436 w.e.f June, 1992 to June, 2020 was not recovered. Moreover, construction was carried out without the approval of the Municipal authorities.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

29.5.10 *Working strength in excess of sanctioned posts*

Para-1(xv) and (xii) of the Establishment Division's O.M. No. F-53 /1/2008-SP dated 22.10.2014 states that Administrative Ministries/ Divisions shall ensure merit and transparency in the recruitment process at all level and vacancies in posts should be filled only against the approved sanctioned strength of the said category.

Evacuee Trust Property Board, Peshawar had (05) sanctioned posts i.e. (02) Assistant / Inspector and (03) LDC / RC during the financial year 2019-20.

Audit observed that (31) employees of various cadres were working against (05) sanctioned posts as per following detail:

S#	Name of Post	Sanctioned Strength	Working Strength	Excess
1	Assistant Private Secretary	0	1	01
2	Assistant/Inspector	2	5	03
3	Key Punch Operator	0	1	01
4	LDC/RC	03	04	01
5	Chowkidar	0	02	02
6	Driver	0	02	02
7	Security supervisor	0	02	02
8	Security Guards	0	14	14
			Total excess	**26**

Audit is of the view that appointment of (26) employees in excess of the sanctioned strength and payment of salaries was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides recovery.

Evacuee Trust Properties Board (ETPB) Rawalpindi

29.5.11 *Non production of record*

Section 14(2) of Auditor General's (Functions, Powers and Terms and conditions of Service) Ordinance, 2001 states that any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Office of the Deputy Commissioner Evacuee Trust Property, Rawalpindi was requested on 04.12.2020 with subsequent reminders on 08.12.2020 and 11.12.2020 to provide list of ETPB land/properties (except agricultural land) encroached or unauthorized occupied but the same was not provided.

Audit is of the view that non-production of record is violation of AGP's Ordinance, 2001 and is liable to disciplinary action under relevant Efficiency and Discipline Rules, 1973 against the concerned.

Neither the management replied nor was DAC convened.

Audit recommends that the record be provided besides taking disciplinary action the concerned.

29.5.12 *Encroachment by a housing society on Board's land*

Section 4(1) of the Evacuee Trust Properties (Management and Disposal) Act, (No. XIII) 1975 states that general supervision and control of all evacuee trust shall, subject to any directions that may be given by the Federal Government, vest in the Board, and Board shall take such action as it deems fit for the proper management, maintenance, and disposal of such property in accordance with provisions of this Act and the rules, scheme or directions made or issued there under.

Evacuee Trust Properties Board (ETPB) Rawalpindi's land (12 kanals and 9 marlas) in Zone-II of Islamabad had been under illegal occupation of Islamabad Farming Cooperative Housing Society.

Audit observed that the illegally encroached land had neither been vacated nor was any rent being recovered.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends that the land be got retrieved from illegal occupants.

29.5.13 *Non-billing of rent to occupants of 1,382 urban sub units*

Section 4(1) of the Evacuee Trust Properties (Management and Disposal) Act, (No. XIII) 1975 states that general supervision and control of all evacuee trust shall, subject to any directions that may be given by the Federal Government, vest in the Board, and Board shall take such action as it deems fit for the proper management, maintenance, and disposal of such property in accordance with provisions of this Act and the rules, scheme or directions made or issued there under.

The Evacuee Trust Board Properties, Rawalpindi reported 2900 urban sub-units mainly in Rawalpindi city, out of which 1,518 had been sent bills for rent and remaining 1,382 had neither been asked nor they deposited the rent.

Audit observed that 1,382 units (48% of total urban units) were not sent bills/notices for recovery of rent.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends that recovery of the rent be made from all occupants.

29.5.14 *Non-recovery of rent – Rs. 43.807 million*

Clause 3(i) (a) & (b) of the Management and Disposal of Urban Evacuee Trust Properties Act, 1977states that the tenant shall pay the monthly rent in advance by the 10th of each month and in case of annual lease, the lease money shall be paid by the 10^{th} of the first month of the lease year. In case of default in payment by the above said due date, surcharge @ 10% shall be charged.

Clause 24 of the ETPB Management And Disposal Act No.XIII of 1975 states that any sum due to the board in respect of any evacuee trust property which is not paid within thirty days of its having become due, shall be recoverable as an arrears.

During audit of Deputy Administrator, Evacuee Trust Properties Board (ETPB) Rawalpindi it was revealed that out of 1518 urban units of properties, 792 cases involved outstanding dues of rent amounting to Rs.35.553 million as on 30.06.2020. Similarly, in another case, the Court of Chairman Evacuee Trust Properties Board (ETPB) passed order on 30.05.2016 for recovery of the rent amounting to Rs. 8.254 million from occupants of illegally constructed 24 shops in Mouza Sirai Khola from 01.07.2013 to 30.06.2020.

Audit observed that the management did not recover the dues amounting to Rs. 43.807 million despite lapse of considerable time and Court decision.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Neither the management replied nor was DAC convened.

Audit recommends that the outstanding dues be recovered immediately.

29.5.15 ***Non-transfer of title of propriety in Board's name despite payment of price – Rs. 15.575 million***

Section 4(1) of the Evacuee Trust Properties (Management and Disposal) Act, (No. XIII) 1975 states that general supervision and control of all evacuee trust shall, subject to any directions that may be given by the Federal Government, vest in the Board, and Board shall take such action as it deems fit for the proper management, maintenance, and disposal of such property in accordance with provisions of this Act and the rules, scheme or directions made or issued there under.

The Evacuee Trust Properties Board (ETPB) made an agreement on 27.01.1982 for purchase of building No.20 Markaz G-6 (Melody) Islamabad, at a cost of Rs.15,575,000. The CDA letters No.CDA/EM-27(90)/68/8949 dated 25.11.2019 and letter of even number dated 17.09.2020 revealed that the change of title in the name of ETPB had not taken place.

Audit observed that despite full payment of cost of building in 1982 the property has not been transferred in the name of ETPB till date.

Audit was of the view that the management failed to finalize the matter of transfer of title of the property with CDA.

Neither the management replied nor was DAC convened.

Audit recommends that propriety be got transferred in the name of ETPB.

Evacuee Trust Property, Karachi

29.5.16 ***Non-Production of record against properties.***

Section 14(3) of the Ordinance further states that, any person or authority hindering the auditorial functions of the Auditor General regarding inspection of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline Rules, applicable to such person.

Administrator ETP Karachi wrote a letter dated 01.04.2015 to the Deputy Secretary (Properties), EPT, Lahore, wherein complaint against Sindh Government was made for illegal transfer of four properties measuring 1200 sq. yards each, worth three billions to private persons.

The following information was called vide audit memo No. 04 dated 24.12.2020, but no reply was received till the closure of audit.

i. Property File
ii. Complaint letter of Transparency International of Pakistan regarding these properties.
iii. Approval of properties transferred by Sindh Government to private persons.
iv. Latest position of properties.

Audit is of the view that non-production of record is a serious negligence on part of the management.

Neither the management replied nor was DAC convened.

Audit recommends the earliest production of the relevant record.

29.5.17 *Unauthorized regularization of land to M/s Lion Private Limited-Rs.139.784 million*

Section 4(1) of Evacuee Trust Properties (Management and Disposal) Act, 1975 states that, the general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules; scheme, or directions made or issued thereunder.

Administrator ETP, Karachi leased land measuring 16-11 acres costing Rs.141,387,000 @ Rs.1,800 per sq. yard (the market price at that time) on 01.11.1975 to M/s Lion Private Limited.

Audit observed that out of Rs.141,387,000 only Rs.2,003,735 was recovered leaving behind an amount of Rs.139,784,065. Moreover, the approval of lease of land was given by the Administrator and Deputy Administrator without approval of Chairman ETP, Lahore.

Audit is of the view that undue favor was granted to the lessee at the cost of exchequer causing huge loss.

Neither the management replied nor was DAC convened.

Audit recommends the recovery of Rs.139.784 million from M/s Lion besides, conducting inquiry to fix responsibility.

29.5.18 ***Non-recovery of cost of 13.37 acres land from Circular Railways***

Section 4(1) of Evacuee Trust Properties (Management and Disposal) Act, 1975 states that the general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules; scheme, or directions made or issued there under.

Section 4(2)(d) of the Evacuee Trust Properties (Management and Disposal) Act, 1975 as amended through Ordinance, 1984 states that in particular and without prejudice to the generality of the foregoing power, the functions of the Board shall be, with the prior approval of the Federal Government, to sell, dispose of, transfer or make an endowment or otherwise manage evacuee trust Property consistent with the objects of this Act or a scheme or for any other object which is considered to be a public purpose by the Federal Government.

During review of property file of Survey No.187 Deh Okewari, Karachi it was noted that the management of the Deputy Administrator, Evacuee Trust Property, Karachi leased 13-37 acres to Circular Railway authorities.

Audit observed that the management did not recover the cost of the leased land from the Circular Railway.

The management replied that the Chairman, Evacuee Trust Property Board vide order dated 10.06.1985 directed the Railway Authorities to clear the outstanding payments but the Railway Authorities failed to make payment.

No DAC was convened till finalization of this report.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

Audit recommends recovery of the cost of land.

29.5.19 ***Encroachment of land and non-recovery of outstanding lease amount – Rs. 46.422 million.***

Section 4(1) of Evacuee Trust Properties (Management and Disposal) Act, 1975 states that, the general supervision and control of all evacuee trust property shall, subject to any directions that may be given by the Federal Government, vest in the Board, and the Board shall take such action as it deems fit for the proper management, maintenance and disposal of such property in accordance with the provisions of this Act and the rules; scheme, or directions made or issued there under.

The Deputy Administrator, Evacuee Trust Property, Karachi record reveals that:

1. An agricultural land of 225.26 acres, out of total land of 2380.8 acres was encroached.

2. Property bearing Nos. 39,40 and 41, measuring 48-18 acres, Deh Okewari Karachi were leased to Karachi Municipal Corporation (KMC) in 1970 for a period of five years for establishment of Zoo but the management of

ETPB neither recovered the lease money of five years nor retrieved the said land from KMC even after the lapse of fifty years.

3. An amount of Rs. 46.422 million was outstanding against various tenants on various head of accounts i.e. Current Rent, Arrears of Rent, Current Lease, Arrear of Lease, Misc.

Audit observed that illegal occupants encroached the lands and defaulters were not paying any rent.

Audit is of the view that the negligence of the management had put the ETPB fund to loss.

The management replied that matter relating to encroachments are under litigation and appropriate actions were taken. With regard to outstanding amount, tenants have taken stay order from Courts.

The reply is not convincing as no concrete progress has been made since long.

Neither the management replied nor was DAC convened.

Audit recommends land be retrieved along with recovery of outstanding rent.

Evacuee Trust Property Board, (ETPB) Nankana Sahib

29.5.20 ***Non-recovery on account of rent and lease from tenants Rs.104.202 million.***

Clause 3-(i) (a) & (b) of the ETPB, Act-1977 provides that the tenant shall pay the monthly rent in advance by the 10thof each month and in case of annual lease, the lease money shall be paid by the 10thof the first month of the lease year. In case of default in payment by the above said due date, surcharge @ 10% shall be charged.

The management of Evacuee Trust Property Board, (ETPB) Nankana Sahib did not recover the outstanding rent and lease from the tenants. The detail is as under:

Year	Acre	Rate	Amount Recoverable
2018-19	13725	1460	20,038,500
2019-20		4500	61,762,500
As on Nov- Dec 2020	Rent recoverable		22,401,388
		Total	**104,202,388**

Audit observed that an amount of Rs.104.202 million was recoverable which needed to be expedited.

Audit is of the view that the Board has sustained a loss due to non-recovery.

Neither the management replied nor was DAC convened.

Audit recommends that efforts may be made to recover the outstanding amount.

CHAPTER 30

MINISTRY OF SCIENCE AND TECHNOLOGY

30.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Establishment of science cities.
2. Establishment of institutes and laboratories for research and development in the scientific and technological fields.
3. Establishment of science universities as specifically assigned by the Federal Government.
4. Planning, coordination, promotion and development of science and technology monitoring and evaluation of research and development works, including scrutiny of development projects and coordination of development programmes in this field.
5. Promotion of applied research and utilization of results of research in the scientific and technological fields carried out at home and abroad.
6. Guidance to the research institutions in the Federation as well as the provinces in the fields of applied scientific and technological research.
7. Coordination of utilization of manpower for scientific and technological research.
8. Promotion and development of industrial technology.
9. Promotion of scientific and technological contacts and liaison nationally and internationally, including dealings and agreements with other countries and international organizations.

10. Initiate promotional measures for establishment of venture capital companies for technological development and growth.

11. Support to NGOs concerned with development of science and technology.

12. Promotion of metrology Standards, Testing and Quality Assurance System.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. National Commission for Science and Technology.

ii. Pakistan Council of Scientific and Industrial Research.

iii. Council for Works and Housing Research.

iv. Pakistan Science Foundation.

v. National Institute of Electronics.

vi. Pakistan Council of Science and Technology.

vii. National Institute of Oceanography.

viii. STEDEC Technology Commercialization Corporation of Pakistan (Private) Limited.

ix. National University of Sciences and Technology.

x. Pakistan Standards and Quality Control Authority (PSQCA).

xi. Prescription of standards and measures for quality control of manufactured goods.

xii. Establishment of standards of weights and measures.

xiii. Development, deployment and demonstration of renewable sources of energy.

xiv. Pakistan National Accreditation Council (PNAC).

xv. Pakistan Council of Renewable Energy Technologies (PCRET).

xvi. COMSATS Institute of Information Technology.

xvii. Pakistan Engineering Council (PEC).

xviii. Pakistan Halal Authority.

xix. National University of Science & Technology.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	80	12	1,4202.430	-
2	Assignment Accounts (Excluding FAP)	9	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	41	10	11,879.933	-
4	Foreign Aided Project (FAP)	-	-	-	-

30.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Science and Technology Division for the financial year 2019-20 was Rs.9,875.91 million, out of which the Division expended an amount of Rs.9,386.98 million. The Division had 2 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

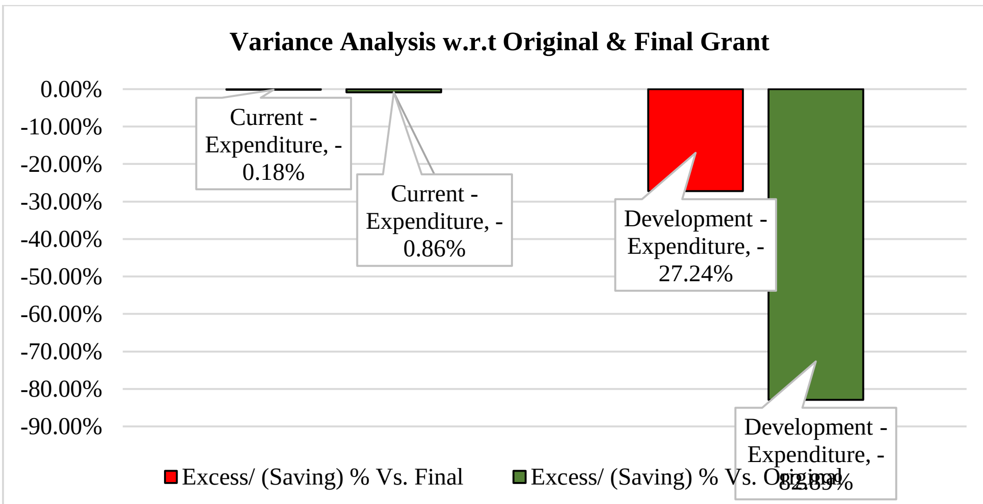
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) - Percentage
Current	98	506.00	0.00	-45.17	460.83	457.27	-3.55	-0.77%
Current	99	7,684.00	0.00	-11.24	7,672.76	7,661.96	-10.81	-0.14%
Current Total		**8,190.00**	**0.00**	**-56.41**	**8,133.59**	**8,119.23**	**-14.36**	**-0.91%**
Development	143	7,407.36	0.00	-5,665.04	1,742.32	1,267.75	-474.57	-27.24%
Development Total		**7,407.36**	**0.00**	**-5,665.04**	**1,742.32**	**1,267.75**	**-474.57**	**-27.24%**
Grand Total		**15,597.36**	**0.00**	**-5,721.45**	**9,875.91**	**9,386.98**	**-488.93**	**4.95%**

Audit noted that there was an overall savings of Rs.488.93 million, which was due to savings in Development grants.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 82.89% with respect to Original grant which reduced to savings of 27.24% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 0.86% of savings in expenditure w.r.t original allocation reduced to 0.18% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



30.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.3,344.83 million, were raised in this report during the current audit of **Science And Technology Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	80.85

S. No	Classification	Amount
D	*Recovery*	2,790.48
E	*Internal Control*	384.04
4	Value for money and service delivery	29.00
5	Others	60.46

30.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
1988-89	3	3	0	3	-
1989-90	7	7	5	2	71
1990-91	4	4	1	3	25
1991-92	12	12	9	3	75
1992-93	8	8	7	1	88
1994-95	6	6	3	3	50
1995-96	2	2	0	2	-
1999-00	158	158	138	20	87
2005-06	4	4	3	1	75
2007-08	3	3	2	1	67
2008-09	5	5	3	2	60
2010-11	5	5	2	3	40
2013-14	3	3	2	1	67
2015-16	2	2	0	2	-
2016-17	37	11	0	11	-
2017-18	2	2	0	2	-
Total:	**261**	**235**	**175**	**60**	**74**

30.5 AUDIT PARAS

Pakistan Council of Science and Industrial Research (PCSIR), Islamabad

30.5.1 *Framing of Service and Medical regulations in absence of Rules*

Section 18 of PCSIR Act states that the Federal Government may, by notification in the official gazette, make rules for carrying out the purposes of this Act.

Section 19 of PCSIR Act provides that the Council may, with the previous sanction of the Federal government, make such regulations, not inconsistent with this Act or the rules made thereunder, as may, in its opinion, be necessary or expedient for the achievement of its aims and objects or for the performance of its functions.

The management of PCSIR Islamabad framed PCSIR Employees (Service) Regulations-1981 and PCSIR Medical Attendance Regulations-2014.

Audit observed that the PCSIR Employees Service Regulations-1981 and Medical Attendance Regualtion-2014 were framed without framing the relevant Rules.

Audit is of the view that framing of Regulations in absence of the relevant Rules is violation of the Act.

Neither the management replied nor was DAC convened.

Audit recommends for formulation of relevant Rules as per provision of the PCSIR Act.

30.5.2 *Irregular distribution of incentive out of receipt of Labs and Research Center - Rs.374.09 million*

Para 25 of GFR Vol-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

Finance Division letter No. UO No.D.1366-DFA(S&T)/2012 dated 29-11-2012 states that PCSIR shall not incur any expenditure from its own receipts except for research and development in its own labs.

The management of PCSIR, Islamabad obtained net receipt amounting to Rs.1,019.864 million for three financial years 2017-2020. The Management of PCSIR distributed 40% of its own receipts as Incentive to Units (20%) and Remittance to H.O. (20%).

S.No.	Financial Year	Receipt	Incentive Unit (20%)	Remittance to HO (20%)	Total Distribution as Incentive
1	**2**	**3**	**4**	**5**	**6=(4+5)**
1	2017-18	306,843,877	61,368,775	61,368,775	122,737,550
2	2018-19	425,615,526	63,591,127	72,798,908	136,390,035
3	2019-20	287,404,742	57,480,948	57,480,948	114,961,896
	Total	**1,019,864,145**	**182,440,850**	**191,648,631**	**374,089,481**

Audit observed that the distribution of receipt as incentive to the employees of the PCSIR was made without approval of Finance Division.

Audit is of the view that the utilization of receipts and distribution of workers' share to the employees, without concurrence of Ministry of Finance was irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that proper mechanism be developed for utilization of receipts for research and development with the approval of the Federal Government.

30.5.3 *Unauthorized retention of sale proceeds of sanitizers & departmental receipts – Rs.35.56 million*

Rule-7(1) of Federal Treasury Rules Volume-I describes that all money received by or tendered to government officers on account of the revenues of Federal Government shall without undue delay be paid in full into treasury. Money received as aforesaid shall not be appropriated to meet the departmental expenditure nor otherwise kept apart from the Federal Consolidated

Management of PCSIR Islamabad spent Rs.17,322,552 for production of sanitizers in labs at Karachi, Lahore and Peshawar as per following details:

S.No.	Laboratory	Cost of Production	Reported Sale Proceed
1	PCSIR Lab, Karachi	10,117,937	20,422,495
2	PCSIR Lab, Peshawar	1,506,925	3,912,610
3	PCSIR Lab, Lahore	5,697,690	9,690,950
	Total	**17,322,552**	**34,026,055**

Further, PCSIR also collected an amount of Rs.1,537,127 from 01.07.2017 till 30-06-2020 on account of rent collection for its Guest House at PCSIR, Islamabad.

Audit observed as under:

i. Sales proceeds amounting to Rs.34,026,055 was not deposited into government treasury.

ii. Retention of receipts of rent of rooms of Guest House amounting to Rs 1,537,127 was made without approval from Finance Division.

Audit is of the view that retention of sale proceeds / receipts outside government treasury is violation of the financial rules.

Neither the management replied nor was DAC convened.

Audit recommends that matter be investigated and all the receipts be deposited into government treasury.

30.5.4 *Unauthorized utilization of profit earned on R&D Endowment Fund. – Rs.42.96 million*

Section 10 of PCSIR Act states that the funds of the Council shall comprise:

a) funds of the registered Council which stand transferred to the Council under Section 22;
b) grants from the Federal Government and the Provincial Governments;
c) donations and endowments; and
d) income and receipts from such other sources as may be approved by the Federal Government.

Para 25 of GFR Vol-I states that all departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by or with the approval of the Ministry of Finance.

The management of PCSIR Islamabad created an R&D Endowment Fund with Rs.200 million from their own receipts. These funds were invested in TDRs which earned a total profit of Rs. 42.96 million over 3 years period as tabulated below:

S. No	Period	Rate	Profit
1	05-Dec-2016 to 06-Dec-2017	6.15%	12,318,061.93
2	06-Dec-2017 to 10-Dec-2018	6.15%	12,367,397.26
3	07-Jan-2019 to 13-Jan-2020	10.75%	18,275,000.00
4	30-Jan-2020 to 30-Jan-2021	13%	To be matured in 2021
		Total	**42,960,459.19**

Audit observed that the profit earned on the TDR was utilized on general expenditures. Audit further observed that the profit from these investments was not disclosed in the estimated receipts of the council for the relevant financial year.

Audit is of the view that utilization of profit on activities other than Research and Development and non-disclosure of the profits in the estimated receipts of the council is a material misstatement.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter for fixing of responsibility.

30.5.5 *Unauthorized assigning of "Look-After" charge of Member Finance to PCSIR officers*

Section 4 of PCSIR Act 1973 sets out the Composition of the Council which includes Member Finance as a representative of Ministry of Finance and The Chairman shall be the chief executive officer of the Council and the other members, except the Finance Member, shall perform such functions as the Council may assign to each of them from time to time.

Management of PCSIR Islamabad assigned the look-after charge of the post of Member (Finance) to PCSIR officers since 17-05-2016 till date. Detail is as under:

Sr.No.	Name	Designation	Period	Remarks
1	Jan Muhammad	CAO (BS-20)	17-05-2016 to 06-05-2017	Look After Basis
2	Dr. Sakhawat Ali	Chief Scientific Officer (BS-20)	w.e.f 09-05-2017	
3	Muhammad Akram	Principal Accounting Officer (BS-20)	w.e.f 28-05-2018 to	
4	Muhammad Akram	Principal Accounting Officer (BS-20)	w.e.f 22-10-2020	

Audit observed that as per the provision of Act, Finance Member has to be a representative/nominee of the Ministry of Finance but not a regular employee of the PCSIR.

Audit is of the view that assigning the look-after charge to employees of PCSIR was violation of PCSIR Act 1973.

Neither the management replied nor was DAC convened.

Audit recommends to probe the matter for regularization in light of provisions of the PCSIR Act.

Pakistan Council of Science and Industrial Research (PCSIR) Laboratories, Lahore

30.5.6 *Non-deposit of surplus receipt into government treasury - Rs.108.194 million*

FTR 7(1) states that all moneys received by or tendered to Government Officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury and shall be included in the Federal Consolidated fund of the Federal Government.

The management of PCSIR Labs. Lahore collected receipts of Rs.165,347,546 from its Research and Development (R&D) activities during financial year 2019-20.

Audit observed that Rs.57,153,558 was incurred on R&D activities during financial year 2019-20 whereas the balance amount Rs.108,193,988 was neither deposited into the government treasury nor disclosed while obtaining the Government grant.

Audit is of the view that retention of departmental receipts after closure of financial year was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that government receipts be deposited into government treasury.

30.5.7 *Unauthorized operation of bank accounts and retention of government funds - Rs.80.849 million.*

Para-7 of General Financial Rules Volume-I states that unless otherwise expressly authorized by any law or rule or order having the force of law, moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

Para-1 of the Auditor General of Pakistan letter No.328/02/P&C/1-c/2004(PF-I) dated 21st September 2015 stipulates that permission to open more than one authorized bank account shall be granted by the Finance Division.

The management of PCSIR Laboratories Lahore was operating following bank accounts.

S. No.	Account Title	Account No.	Bank Name	date	Amount in account
1.	Non-Development Fund	C/A # 106-9	NBP, PCSIR Br. Lahore	30.06.2020	339,366
2.	Revolving Fund / Loan & Advances	CA# 466-3		30.06.2020	2,354,792
3.	Staff Welfare Fund	CA# 745-6		30.06.2020	1,793,315
4.	DAP Project	NIDA-N4-4		30.06.2020	76,361,594
Total Rs.					**80,849,067**

Audit observed that these bank accounts were opened without approval of Finance Division. It was further observed that heavy balances were retained in these bank accounts as on 30.06.2020.

Audit is of the view that operation of bank accounts without approval of Finance Division was irregular.

Neither the management replied nor was DAC convened.

Audit recommends closure of bank accounts and depositing of fund into government treasury.

30.5.8 *Irregular payment of pension to unverified pensioners - Rs.9.945 million.*

Para 04 of the revised SOP dated 29.09.2004 issued by the Finance Division states that "the Pensioner drawing pension through direct credit shall be bound to produce a life certificate to pension disbursing bank branch in person or through representatives on or before 10th March, and 10th September of each year. In case of family pension, the widow / widower, unmarried daughter or sister, as the case may be, shall produce a non-marriage certificate on or before 10th March & 10th September.

Para 9(xiv) of above SOP states that if a pensioner drawing pension through direct credit system fails to submit the life certificate or non-marriage certificate as the case may be, after every six months or does not draw his / her pension for consecutive six months his / her account will become dormant.

Management of PCSIR Labs Lahore made payment of monthly pension to its pensioners during financial year 2019-20.

Audit observed that as per verification report of PCSIR Headquarter Islamabad, 29 persons were not verified till 28.02.2020 whereas the management continued making payment to unverified pensioners up to July, 2020. An amount of Rs.9.945 million was paid to the unverified pensioners during March, 2020 to July, 2020 though the management claimed that payment was stopped w.e.f. August, 2020.

Audit is of the view that payment of pension to unverified pensioners was a violation of prescribed codal formalities which may entail fake payments.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to ascertain veracity of payments.

Pakistan Council of Science and Industrial Research (PCSIR) Laboratories, Skardu

30.5.9 ***Wasteful expenditure on non-functional laboratory - Rs.29.00 million***

As per Para 5 (A) of the PC-I of the project titled "Up-gradation of Food Processing, Analytical Lab and Establishment of Gems & Minerals Cutting and Polishing Center at PCSIR Lab", with the objective of establishment of gems and mineral cutting and polishing center for facilitation of gem stone miners to curb the precious and semi-precious stones wastage at mining level and Upgradation of existing fruit processing / preservation center for value addition and minimization of post- harvest losses of fruits and vegetables of Gilgit Baltistan.

Management of PCSIR incurred an amount of Rs.29 Million on project activities including construction of laboratory and procurement of equipment.

Audit observed that the laboratory was constructed on the premises of PCSIR, Skardu from the project funds but the same is non-functional even after three years since the initiation of the project. Machinery worth Rs 6 million was purchased but the technical staff was not appointed.

Neither the management replied nor was DAC convened.

Audit is of the view that the non-operationalization of the lab despite a huge expenditure was a wastage of public money.

Neither the management replied nor was DAC convened.

Audit recommends to operationalize the lab at the earliest.

Pakistan Council of Science and Industrial Research (PCSIR) Laboratories, Karachi

30.5.10 ***Loss due to irregular lease of premises at lump-sum rate - Rs.17.503 million***

GFR 31 provides that the head of the department concerned will be responsible for the due recovery of the rents thereof.

Ministry of Housing & Works vide O. M dated 14.04.2008 fixed rent against use of Commercial Buildings (Other Area) “Other Floors” for Karachi region as Rs 20 per sq. ft.

The management of Karachi Lab Complex (PCSIR), Karachi signed two lease agreements with two private companies namely M/s Reign Pharmaceuticals (Pvt.) Limited and M/s Espoir Pharmaceutical (Pvt.) Limited Karachi respectively on 29.01.2011 and rented out their premises on lump sum rate @ Rs.75,000 per month for four years.

Audit observed that the premises were leased out at a lump-sum rate per month instead of applicable rate of Rs 20 per sq.ft. in accordance with government instructions.

Audit is of the view that due to negligence of management the public exchequer was put to loss of Rs.17.503 million.

Department replied that efforts are ongoing to recover the dues.

Management accepted the audit observation.

No DAC was convened till finalization of this report.

Audit recommends recovery of due rent.

Pakistan Standards and Quality Control Authority (PSQCA), Karachi

30.5.11 ***Non-recovery of marking fee from clients - Rs.2,624.93 million***

Under Government of Pakistan, Ministry of Science & Technology Islamabad SRO No. 29 (KE) 2008 dated. 27th February 2008, PSQCA is required to charge marking fee from various companies.

In terms of Para-26 of Federal Treasury Rules Vol-1, it is the duty of departmental controlling officer to see that sums due to Government are regularly and promptly assessed, realized and duly credited in the public account.

The management of the Pakistan Standards and Quality Control Authority (PSQCA), Karachi provides marking services to companies.

Audit observed that an amount of Rs.2,624.93 million was outstanding against Cement Industries, M/s Tapal Tea Private Limited and M/s Unilever Pakistan Limited and other companies on account of marking fee.

Neither the management replied nor was DAC convened.

Audit recommends for immediate recovery of the dues for deposit in government treasury.

30.5.12 ***Non-deduction of Sales Tax on testing fee - Rs. 21.799 million.***

As per Sindh Sales Tax on Services Act 2011 amended on 01.07.2013 Second Schedule under Tariff Heading 9817.9000 of Sindh Sales the services provided or rendered by laboratories other than the services relating to pathological, radiological or diagnostic tests of patients will pay Sindh Sales Tax @13%.

The management of the PSQCA, Karachi generated receipts amounting to 167.687 million through laboratories tests during 2019-20.

Audit observed that the management of the PSQCA, Karachi did not deduct/pay Sindh Sales Tax @13% amounting to Rs. 21.799 million on the total receipts during 2019-20

Audit is of the view that non deduction of applicable taxes caused a loss to public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends for immediate recovery of taxes.

CHAPTER 31

SENATE SECRETARIAT

31.1 Introduction

Senate of Pakistan is the Upper House of the Parliament. Being the House of the Federation, the Senate of Pakistan gives equal representation to all the federating units in order to promote national cohesion and harmony by counterbalancing the numerical disparity among provinces in the National Assembly. Senate of Pakistan is a permanent House, which symbolizes a process of continuity in the national affairs. Senate of Pakistan was formed with a principle of 'Chamber of continuity.' In order to ensure smooth transition of power of lower house and government, this house remains in place to oversee the process. The matters in federal legislative list can be initiated in any of the Houses, except money bill, which is sent to the Senate only for recommendations.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY 2019-20) Rs. in million
1	Formations	1	1	7,893.941	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

31.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the The Senate for the financial year 2019-20 was Rs.2,841.13 million, out of which the The Senate expended an amount of Rs.2,778.44 million. Detail of budget and expenditure is as under:

(Rs. in million)

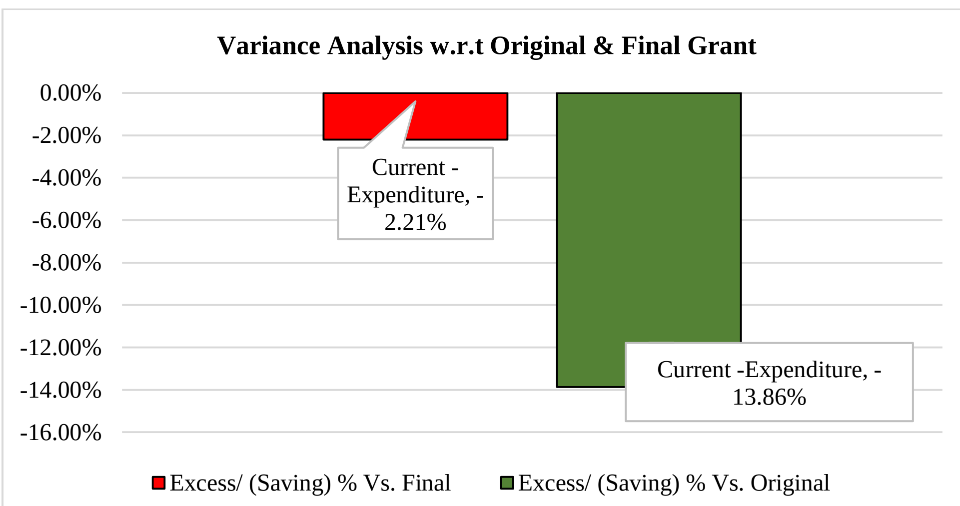
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) - Percentage
Current	**86**	**3,225.50**	**0.00**	**-384.37**	**2,841.13**	**2,778.44**	**-62.69**	**-2.21%**

Audit noted that there was an overall savings of Rs.62.69 million.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Senate reduced its savings in expenditure from 13.86% w.r.t original allocation to 2.21% w.r.t final allocation, as depicted in the graph below:



31.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 46.92 million, were raised in this report during the current audit of **Senate Secretariat**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	22.06
C	*Management of account with commercial banks*	-
D	*Recovery*	24.86
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

31.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2017-18	2	2	2	0	100

31.5 AUDIT PARAS

31.5.1 *Non-adjustment of advances - Rs. 24.859 million*

Rule 668 of the Federal Treasury Rules (FTRs) states that advances granted under special orders of competent authority to Government Officers for departmental or allied purposes may be drawn on the responsibility and receipt of the Officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

The Senate Secretariat, Islamabad extended advances amounting to Rs. 24.859 million to various employees/vendors during 2016-17 to 2019-20, as per **Annexure 31-A.**

Audit observed that the adjustment of the advances was not made even after lapse of considerable time.

Audit is of the view that non-adjustment of advances was violation of treasury rules.

The DAC in its meeting held on 21.01.2021was apprised that partial recoveries / adjustments have been made. DAC directed the management to expedite the recoveries / adjustments. DAC pended the para till the full recovery / adjustment and verification thereof by Audit.

Audit recommends submission of adjustment accounts of advances.

31.5.2 *Appointment of Advisors, Consultants and Coordinators without advertisement and selection process*

Establishment Division, M.S. Wing's U.O. No.11-3/2001-MSW-III, dated 25.01.2002 states that the case for such appointments supported with detailed justification, including TORs, qualifications, outputs required, cost estimates etc. shall be placed for concept clearance before a committee headed by the Secretary of the Ministry/ Division concerned and including representative of Finance Division, Establishment Division and the Planning & Development Division.

Para 4 of Establishment Division, M.S. Wing's U.O. No.11-3/2001-MSW-III, dated 25.01.2002 states that after concept clearance has been received, the following procedure will be pursued by the client Ministry/Division/Department/ Organization:

a) Consultancy should be widely advertised.
b) Advertisement of consultancy will indicate the range of compensation package, including various facilities, depending on the nature of work involved. The applicants will be short-listed and prioritized by an in-house Committee of the client organization.
c) For general/non-development budget funded consultancies, a Selection Board, headed by the Secretary of the Ministry/Division concerned and including a representative each of Establishment Division and Finance Division, will recommend a panel of at least three candidates in order of merit for consideration of the appointing authority. The Selection Board should also recommend the compensation package for the consultants placed on the panel.

The Senate Secretariat, Islamabad appointed Advisors, Consultants and Coordinators, as per following details:

S. No.	Name	Date of Engagement	Period (months)	Monthly Package (Rs.)
1	Engr. Muhammad Hanif	15.05.2018	12	230,000
2	Dr. M. Shaukat Hayat	03.10.2018	6	honorary
3	Ms. Bushra Ali	29.10.2018	6	135,000
4	Justice R M Raza Khan	22.02.2017	12	honorary
5	Syed Abid Hasan	16.04.2019	24	honorary
6	Mr. Khalid Rizwan Malik	02.05.2019	6	honorary
7	Mr. Akhtar Abbas	04.03.2020	12	175,000
8	Mr. Nouman Khan	11.03.2020	6	not available
9	Mr. Muhammad Iqbal Khan Mohmand	01.06.2020	12	173,000
10	Mr. Jawad Ahmed	13.07.2020	12	45,000
11	Mr. Arif Khan	24.07.202	12	120,000

Audit observed that these Advisors, Consultants and Coordinators were appointed without observing the guidelines issued by the Establishment Division on the subject. No record was available regarding advertisement, concept clearance, selection process etc.

Audit is of the view that appointment of Advisors, Consultants and Coordinators without observing guidelines issued by the Establishment Division were irregular.

The DAC in its meeting held on 21.01.2021 directed the management to provide the record to Audit. DAC directed the management that updated status be shared in next DAC.

No record was produced for verification till finalization of this report.

Audit recommends inquiry to fix the responsibility in the matter.

31.5.3 *Procurement of carpet without open tender- Rs.13.559 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.

Rule 12 (2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The Senate Secretariat, Islamabad incurred an expenditure of Rs.13,558,545 on purchase of carpet for Senate Hall, Galleries and SIS Booths from M/s Venus Kaplan (Pvt.) Ltd, District Haripur during 2019-20.

Audit observed that procurement was made without calling open tenders through advertisement which is irregular being a violation of PPRA rules.

The DAC in its meeting held on 21.01.2021 directed the management to refer the case to Public Procurement Regularity Authority for clarification. Para stands.

Audit recommends fixing of responsibility for the lapse.

31.5.4 *Irregular procurement of stationery items at higher rates - Rs.8.506 million*

Rule 36(b)(ix) of Public Procurement Rules, 2004 states that the bid found to be the lowest evaluated bid shall be accepted.

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

The Senate Secretariat, Islamabad incurred an expenditure of Rs. 8,506,185 on procurement of stationery items from M/s Rayyan Enterprises, Islamabad during F.Y 2019-20.

Audit observed that the stationery items were not purchased from the lowest bidder. Instead, the items were purchased from other bidder who had quoted higher rates.

Audit is of the view that purchase of the stationery items at rates Rs.1,949,489 higher that the lowest bid was violation of PPRA rules.

The DAC in its meeting held on 21.01.2021 recommended the para for settlement subject to verification of record by Audit.

No record was provided to audit for verification till finalization of report.

Audit recommends fixing of responsibility.

31.5.5 *Non-auction of twenty-one (21) condemned vehicles*

Para 167 of GFR (Vol-I) provides that subject to any special rules or orders applicable to any particular department, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or otherwise under the orders of the authority competent to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value.

Rule 26 of Staff Car Rules, 1980 states that all vehicles shall be disposed of by the Ministry/ Division, concerned through public auction.

The management of Senate Secretariat, Islamabad produced a list of twenty-one (21) vehicles which were required to be disposed of.

Audit observed that the management did not dispose of twenty-one (21) condemned vehicles as required under the rules, which were depreciating resulting in reduction of salvage value.

Audit is of the view that the government was deprived of its potential receipts which could have been realized by auction of the vehicles.

The DAC in its meeting held on 21.01.2021 was apprised that seventeen (17) vehicles have been auctioned and three (03) vehicles in process. DAC recommended the para for settlement subject to verification of record by Audit.

No record was provided to audit for verification till finalization of report.

Audit recommends early disposal of off-road vehicles.

CHAPTER 32

TEXTILE DIVISION

32.1 Introduction

As per Schedule II [Rule 3 (3)] Distribution of Business among the Divisions read with Schedule III [rule-4(4)] Rules of Business 1973 (As amended up to 23rd April, 2019) following main business have been assigned to the Division amongst the other functions.

1. Textile Industrial Policy.
2. Coordination and liaison with Federal Agencies/Institutions, Provincial Governments and Local Government entities for facilitation and promotion of the textile sector.
3. Liaison, dialogues, negotiations, except trade negotiations, and cooperation with international donor agencies and multilateral regulatory and development organizations with regard to textile sector.
4. Setting of standards; and monitoring and maintaining vigilance for strict compliance of the standards throughout production and value chain.
5. Textile related statistics, surveys, commercial intelligence, analysis and dissemination of information and reports on international demand patterns, market access etc.
6. Linkages with cotton and textile producing countries.
7. Training, skill development, research for quality improvement and productivity enhancement throughout the production/value chain.
8. Management of Textile Quotas.

<u>ATTACHED DEPARTMENTS / AUTONOMOUS BODIES</u>

i. Textile Commissioner's Organization.
ii. Federal Textile Board.

iii. National Textile University, Faisalabad.
iv. Directorate General of Textiles & Quota Supervisory Council.
v. Textile Testing Laboratory, Faisalabad.
vi. Garment City Projects at Lahore, Faisalabad and Karachi.
vii. Pakistan Cotton Standards Institute, Karachi.
viii. Cotton Hedge Markets.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20)
1	Formations	2	1	442.393	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	10	2	37.536	-
4	Foreign Aided Project (FAP)	-	-	-	-

32.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Textile Division for the financial year 2019-20 was Rs.51,294.20 million, out of which the Division expended an amount of Rs.51,276.63 million. The Division had 1 current grant and 2 development grant. Grant-wise detail of current and development expenditure is as under:

(Rs. in million)

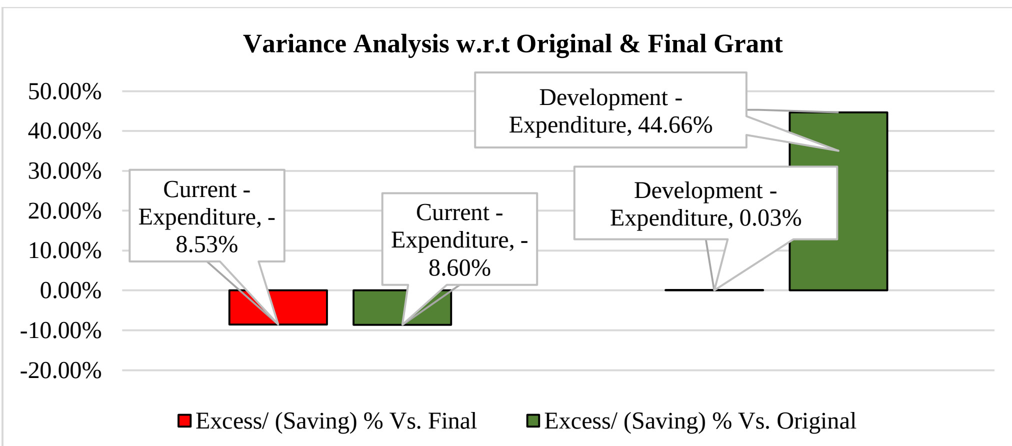
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving) - Percentage
Current	20	385.00	0.00	-0.30	384.70	351.90	-32.80	-8.53%
Current Total		**385.00**	**0.00**	**-0.30**	**384.70**	**351.90**	**-32.80**	**-8.53%**
Development	115	202.83	0.00	-189.10	13.73	13.72	-0.01	-0.09%
Development	116	35,000.00	30,000.01	-14,104.24	50,895.77	50,911.01	15.24	0.03%
Development Total		**35,202.83**	**30,000.01**	**-14,293.34**	**50,909.50**	**50,924.73**	**15.23**	**-0.06%**
Grand Total		**35,587.83**	**30,000.01**	**-14,293.64**	**51,294.20**	**51,276.63**	**-17.57**	**-0.03%**

Audit noted that there was an overall savings of Rs.17.57 million.

Supplementary Grants obtained without careful cash forecasting

According to Para 71 of General Financial Rules (Volume I), while framing budget estimates, the authorities should exercise utmost foresight. Rules of good governance demand that budget processes are carried out in accordance with clearly defined expectations and assumptions and a coordinated calendar of activity.

Dividing the total allocation into current and development expenditure it is observed that there was savings of 199.96% with respect to Original grant which reduced to savings of 0.06% w.r.t Final Grant in case of development expenditure as the Division obtained a supplementary grant of Rs.30 billion and surrendered an amount of Rs.14.293 billion. In case of current expenditure the 8.60% of savings in expenditure w.r.t original allocation reduced to 8.53% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



32.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.3,498.64 million, were raised in this report during the current audit of **Textile Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	11.92

S. No	Classification	Amount
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	1,651.00
E	*Internal Control*	35.71
4	Value for money and service delivery	-
5	Others	1,800.00

32.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2009-10	1	1	0	1	-
2010-11	2	2	0	2	-
2013-14	3	1	0	1	-
Total:	**6**	**4**	**0**	**4**	**0**

32.5 AUDIT PARAS

Lahore Garment City Company (LGCC)

32.5.1 *Irregular leasing of factory units to large sized company instead of small and medium companies in violation of PC-1*

Para 2 of the Revised PC-I of the Project Lahore Garment City Company (LGCC) under heading Description, Justification, Technical Parameters and Technology Transfer Aspects, provides that Faisalabad Garment City is envisaged as a cluster of sewing and stitching units grouped together to produce specialized garments for export. The project will provide an opportunity to small and medium entrepreneurs to develop value-added clothing and accessories.

Sr. No. 3 of Third Schedule of Companies Act, 2017 provides the essentials of Small, Medium and Large Sized entity as follows:

S .No	Category	Share Capital	Turnover	No. of Employees
1	Small Sized Company	Up to Rs. 10 million	Not exceeding Rs. 100 million	Not more than 250
2	Medium Sized Company	Less than Rs. 200 million	Not exceeding Rs. 1 Billion	More than 250 but less than 750

The management of Lahore Garment City Company (LGCC), Lahore under the auspices of Ministry of Commerce and Trade incurred an expenditure of Rs. 540.349 million on construction of factory units for leasing to small and medium sized (foreign and domestic) manufacturers of garments to boost up exports in garments with the objective to reduce the capital outlay.

Audit observed that the units were leased to 1 large sized companies, M/s Style Textile Ltd., in violation of the PC-1.

Audit is of the view that the factory units / halls constructed to provide an opportunity for leasing to the small and medium enterprises was lost as the units were leased to 1 large sized company.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides corrective action.

32.5.2 *Irregular leasing of property without insurance and revocation clause*

Para 19 (ix & x) of General Financial Rules Vol-I states that provision must be made in contracts for safeguarding government property entrusted to a contractor and when a contract is likely to endure for a period of more than 5 years it should wherever feasible, include a provision for an unconditional power of revocation or cancellation by government at any time on the expiry of six months' notice to that effect.

Clause 5 (ii) of the Lease Agreement dated 07.02.2019 states that the lessee shall, during the term of the lease, keep in full force and effect, a policy of commercial general liability insurance of a reputed insurance company approved by the Lessor, for bodily injury, personal injury (including wrongful death) and damage to property resulting from:

a) Any occurrence in the Rented Premises,

b) Any act or omission by Lease or its respective invitees, agents, representatives, contractors or employees anywhere in the Rented Premises or the LGCC Estate, and

c) The business operated by Lessee in the Rented Premises.

The management of Lahore Garment City Company (LGCC), Lahore leased out multipurpose building, lobby & hall with a covered area of 34,284 sq. ft. for 5 years to M/s Style Textile Ltd.

Audit observed that the property was leased out on single tender basis at a rent of Rs. 9.50 per square foot per month without any revocation clause in the lease agreement.

Audit further observed that the management did not enforce the Clause 5(ii) of the agreement to ensure insurance of the Government property against any loss.

Audit is of the view that non-insertion of revocation clause and non-insurance of the government property was an undue favour to the lessee.

Neither the management replied nor was DAC convened.

Audit recommends revision of agreement and implementation of Clause 5(ii).

32.5.3 *Non-repayment of development loan to the Ministry of Finance – Rs.1,316.601 million*

Clause 10 (B) of Revised PC-1 of the project states that construction of buildings in the Project is being undertaken with federal funding under PSDP which may be considered as either “grant” or “short term loan” as per understanding arrived between the Federal Government and the Ministry of Textile Industry which is sponsoring the project. The role of Lahore Garment City Company is confined to being an implementation agency of a Trade Policy Initiative executed by the Ministry of Textile Industry.

Para 1 of Corporate Financial Wing of Finance division’s sanction letter No I-4(4)/CFIII/2006-1082 dated 05.04.2006 states that Rs. 50.00 million are released as the first instalment of the Federal Government Development Loan for the quarter July-Sep 2006 to LGCC, with the condition that mark up on loan will be charged on the prevailing rate, as announced by the Government for the respective year of the accrued period.

Management of Lahore Garment City Company (LGCC), Lahore received an amount of Rs. 572.64 million as development loan from the Finance Division for the execution of PSDP project during the FYs 2006-2013. In addition to principal amount, a total of Rs. 743.961 million accrued as markup to be repaid by the company to the federal government.

(Rs. in million)

Sr. No.	**Year**	**Opening Balance**	**Amount of release by FD**	**Interest**
1	2006-07	-	150.000	7.034
2	2007-08	150.000	165.000	23.374
3	2008-09	315.000	147.640	37.508
4	2009-10	462.640	17.500	55.552
5	2010-11	480.140		56.979
6	2011-12	480.140	3.500	57.217
7	2012-13	483.640	89.000	58.775
8	2013-14	570.504		66.648
9	2014-15	565.282		66.079
10	2015-16	557.830		65.219
11	2016-17	549.292		64.230
12	2017-18	539.763		63.124
13	2018-19	529.084		61.882
14	2019-20	515.721		60.340
			572.64	**743.961**

Audit observed that the management failed to repay the loan and markup accrued thereon amounting to Rs. 1,316.601 million till date.

Audit is of the view that non-repayment of loan was a serious lapse on the part of the management.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility besides repayment of loan.

32.5.4 *Incurrence of expenditure on land without ownership rights – Rs.483.403 million*

Para 5 (1) of Corporate Governance Rules, 2013 provides that the Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgement and independence in the best interest of the company.

The management of Lahore Garment City Company (LGCC), Lahore purchased a chunk of land measuring 19.34 Acres at a cost of Rs. 69.362 million from Punjab Industrial Estates/Sundar Industrial Estates in 2006 for construction of buildings and halls for renting out to local as well as foreign investors & manufacturers for undertaking business related to garments.

Audit observed that the management incurred expenditure of Rs. 414.041 million on civil works but did not get the ownership rights transferred in favour of the company despite considerable lapse of time.

Audit is of the view that non-transfer of ownership was a serious lapse on the part of management.

Neither the management replied nor was DAC convened.

Audit recommends that strenuous efforts for transfer of ownership rights.

Faisalabad Garment City Company (FGCC)

32.5.5 *Non-obtaining of exemption certificate causing tax deduction – Rs. 35.713 million*

Clause 36 of Section 2 (b) of Income Tax Ordinance, 2001 defines non-profit organization as any entity formed and registered under any law as a non-profit organization.

Section 159 (a) of Income Tax Ordinance, 2001 states that where the Commissioner is satisfied, non-profit organization shall be exempt from tax under this ordinance (after due exemption certificate is applied for and accepted by Commissioner).

The management of Faisalabad Garment City Company (FGCC), Faisalabad was registered as Non-Profit Organization under section 42 of Companies Ordinance, 1984. The management of F.G.C.C. leased out buildings constructed out of PSDP allocations to various tenants.

Audit observed that the management of F.G.C.C. did not obtain tax exemption certificate from FBR being a Non-Profit Organization which resulted in withholding of Rs.35.713 by tenants as income tax.

Audit is of the view that non-obtaining of exemption certificate from FBR caused a huge loss to the company.

Neither the management replied nor was DAC convened.

Audit recommends inquiry and fixing of responsibility.

32.5.6 *Non-transparent hiring of M/s H.A Consulting – Rs.11.922 million*

Rule 39 of Public Procurement Rules, 2004 states that where needed and clearly expressed in the bidding documents, the procuring agency shall require the successful bidder to furnish a performance guarantee which shall not exceed ten per cent of the contract amount.

Terms of Reference (TORs) of criteria for selection of consultant firm states that the firm must have minimum 10 years' experience after registration with Pakistan Engineering Council or Pakistan Council of Architects and Town Planners.

The management of Faisalabad Garment City Company (FGCC), Faisalabad hired the services of a consulting firm i.e. M/s. HA Consulting for the consultancy & supervision of category A&B Building Phase-II at a total cost of Rs. 11.922 million during the financial year 2019-20. M/s. HA Consulting submitted its proposals in association with M/s. Mascon Associates Pvt. Ltd. Lahore as Joint Venture.

Audit observed that the firm did not have minimum 10 years' experience after registration with Pakistan Engineering Council or Pakistan Council of Architects and Town Planners as it was registered with PEC on 02.09.2014. Moreover, the firm was a Joint Venture not registered with the Registrar of Firms.

Audit is of the view that selection of the firm not meeting the laid down criteria was irregular.

Neither the management replied nor was DAC convened.

Audit recommends inquiry and fixing of responsibility.

Pakistan Cotton Standard Institute (PCSI), Karachi

32.5.7 *Non-framing & approval of Service & Pension fund rules*

Rule 20 of Cotton Standardization Act states that the institute with the approval of Federal Government makes rules for carrying out the purpose of this ordinance to regulate appointments to and conditions of service of officers and employees of the institute.

Ministry of Textile Industry, Government of Pakistan vide letter No.F.No.11-6/TID/2015-Cotton-II dated 17.01.2017, directed the management of Pakistan Cotton Standard Karachi to prepare and forward draft pension Fund rules for approval of Finance Division which cover the salient features i.e. establishment of PCSI employees' pension fund through opening of bank account and utilization of these funds for pension cum gratuity to retired employees. The special grant and departmental income generated by PCSI will be deposited into pension fund account.

The management of Pakistan Cotton Standard Institute (PCSI), Karachi was required to frame their Employees' Service and Pension Fund Rules.

Audit observed that the management could not frame Employee's Service and Pension Fund Rules despite a lapse of more than three years.

Audit is of the view that in absence of rules the payment of Employee service and Pension is unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends framing of the Employee's Service and Pension Fund Rules.

32.5.8 *Non recovery of cotton standardization fee from ginning factories – Rs.1,651.00 million*

Rule 11 (2) of S.R.O No. 1273 (I)/2007 dated 31.12.2007 states that cotton standardization fee shall be levied and recovered on the production of cotton bales at the rate fixed by Federal Government i.e. Rs. 5 per pressed bale on the ginners (vide SRO 357(I)/2007 dated 26.04.2007).

Rule 12 of the said SRO states that if a ginner fails to deposit the requisite amount within the stipulated time, the collector shall charge the standardization fee at double the rate of the actual rate and if the standardization fee at the double rate is not paid, the director of the Institute shall recommend to the concerned Provincial Government for sealing of the ginning factory in question under the provision of the West Pakistan Cotton Control Ordinance 1966.

During the scrutiny of record of Pakistan Cotton Standard Institute (PCSI), Karachi it was revealed that an amount of Rs. 825,862,327 was outstanding against ginning factories for the years 2006-07 to 2019-20.

Audit observed that the management failed to recover the amount Rs.1,651,724,654 (outstanding amount + 100% penalty from the ginning factories.

Audit further observed that the management did not take up the matter with the provincial government for sealing of the defaulting companies.

Audit is of the view that non recovery of outstanding amount from the ginning factories was a serious lapse on the part of management.

The management replied that very few cotton ginning factories deposited cotton standardization fee during cotton season 2006-07 & 2007-08. Matter was delegated to provincial governments and Excise and Taxation Departments for the collection of Cotton Standardization Fee but still it could not be collected due to refusal and strikes and multiple writ petitions by ginners. Till date some Cotton Ginning Factories have deposited Rs. 6,570,568 as Cotton Standardization Fee for the period July 2006 to June 2020 out of Rs. 832,432,895 but Rs. 825,862,327 is still outstanding.

The management accepted the audit observation.

DAC was not convened till finalization of the report.

Audit recommends recovery of outstanding amount.

CHAPTER 33

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

33.1 Introduction

The Trade Development Authority of Pakistan (TDAP), is continuation of erstwhile Export Promotion Bureau, and is a premier government agency mandated to develop programs and projects directed at maximum exploitation of the available export market access to the country.

Trade Development Authority of Pakistan (TDAP) develop and promote export holistically, through focus, synergy, and with collective wisdom and counsel of its stakeholders. In addition, it is supposed to achieve the objective of rapid export growth through interaction and coordination with respective public and private–sector stakeholders and enhancing value of products and services by broadening the export base by fostering supportive export culture and facilitation; and by encouraging export oriented foreign investment and joint ventures.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2019-20) Rs. in million	Revenue / Receipt Audited (FY-2019-20) Rs. in million
1	Formations	1	1	1,383.105	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

33.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the TDAP for the financial year 2019-20 was Rs.1,132 million out of which the TDAP utilized Rs.948.47 million. Audit noted that there was an overall saving of Rs.183.53 million, which was 16.21% of Final Grant as well as original grant. The expenditure was incurred from Grant No. 19 - Commerce Division.

(Rupees in million)

Grant No.	Type of Grant	Original Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
19	Current	1,132.000	0	1,132.00	948.47	(183.53)	(16.21%)

33.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.2,768.46 million, were raised in this report during the current audit of **Trade Development Authority Of Pakistan**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	-
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	285.71
B	*Procurement related irregularities*	9.81
C	*Management of account with commercial banks*	1,014.59
D	*Recovery*	163.18
E	*Internal Control*	1,272.23
4	Value for money and service delivery	-
5	Others	22.94

33.4 Status of compliance with PAC Directives

Audit Year	Audit Paras	Actionable Points	Compliance	Non/Partial Compliance	% of Compliance
2005-06	19	19	0	19	-
2007-08	2	2	0	2	-
2008-09	8	8	0	8	-
2010-11	7	7	3	4	43
2016-17	8	4	2	2	50
Total:	**44**	**40**	**5**	**35**	**13**

33.5 AUDIT PARAS

33.5.1 *Unauthorized maintenance of ten (10) bank accounts and retention of closing balances - Rs.987.391million*

According to section 23 of TDAP ACT 2018(1) for the purpose of this Act, no lapsable Fund is hereby, established which shall be administered and controlled by the Authority. (2) The Fund shall consist of (a) such sums as the Federal Government may from time to time grant through non-lapsable regular budget: (b) grants of money and sums borrowed or raised by the Authority for the purpose of meeting any of its obligations or discharging any of its duties; (c) fees including fees received from parties for participation in international trade fairs and exhibitions as well as the booking of halls in Karachi Expo Centre for holding fairs, exhibitions, seminars and conferences etc., (d) penalties or other charges levied or collected by the authority and (e) all other sums or property which may, in any manner, become payable to or vested in the authority in respect of any matter incidental to the exercise of its functions and powers.(3) the regular budget of defunct Export Promotion Bureau along with the EMDF, shall vest in the Board which may approve release to the Authority. (4) All expenditure shall be incurred in accordance with financial and administrative rules and regulations, approved by the Board. (5) The authority may open and operate one account in Pak Rupees and one account in foreign currency in any scheduled bank."

It was observed that following 10 accounts in commercial banks were being maintained:

S. No.	Accounts No.	Title of Accounts	Date of Opening Account	Balance on 30.06.2018
01.	4036106853-Regular Budget Account – NBP (the grant received from Finance Division for Establishment and Operational Charges of TDAP are deposited).	TDAP	01.08.2007	89,867,636
02.	3036103026-EMDF (NIDA) Account – NBP (the grant received from Finance Division for promotional and Development Charges of Pakistan Exports is deposited).	TDAP	28.05.1997	175,879,790

S. No.	Accounts No.	Title of Accounts	Date of Opening Account	Balance on 30.06.2018
03.	01-167-0008-3(0010005005580014) ABL for deposit of CP Fund Amount.	TDAP	01.01.2010	59,512,346
04.	314893086 (Karachi Expo Center Account)-NBP FTC (income received from events held in the center is deposited payment of Operation/maintenance and utility bills of Expo Center is made from this accounts)	TDAP	Not mentioned	35,043,792
05	3036103204 TDAP Freight Subsidy Recovery	TDAP		417,340,806
06.	Participation fee of TDAP A/c # 3065246792, NBP, FTC Branch, Salary A/c	TDAP	12.10.2015	161,841,008
07.	Astana Expo Account, NBP, FTC, Karachi A/c 3138993743	TDAP		339,185
08	3164128286 TDAP Staff Loan Account	TDAP	Nov-2019	27,196,232
09.	TDAP Expo/Texpo Pakistan NBP, FTC Karachi. 3145277562	TDAP	17.10.2017	79,870,529
10.	Strengthening of A/c 3145277562, Research Section of TDAP, A/c 3145878921, NBP FTC Karachi.	TDAP	25.10.2017	12,319
Total				**987,391,297**

Audit observed that as per TDAP Act-2013 a non-lapsable Fund was required to be established wherein the following funds/amounts were to be deposited and expenditure thereof was to be incurred as per provision of TDAP Act-2013 mentioned above. Instead of maintaining an account in Pak Rupees and the other in Foreign Currency with Scheduled Bank, the management of TDAP was maintaining 10 accounts with closing balance of Rs. 987,391,297 as on 30.06.2020.

The opening and maintenance of these bank accounts and retention of huge closing balances is in disregard to the provision of TDAP Act, 2013.

Neither the management replied nor was DAC convened.

It is recommended that unauthorized operation of 10 bank accounts may be justified, besides closing of additional bank accounts (except EMDF Accounts) under intimation to Audit.

33.5.2 ***Improper maintenance of cash books. Balances not reconciled - Rs.987.391million***

According to Rule-77 (v) of FTR Vol-I read with Para-26 of GFR Vol-I, "When Government moneys in the custody of a Government officer are paid into the treasury or the Bank, the head of the office making such payments should compare the Treasury Officer's or the Bank's receipt on the challan or his pass book with the entry in the cash book before attesting it, and satisfy himself that the amounts have been actually credited into the treasury or the Bank. When such payments are appreciable, he should, as soon as possible after the end of the month obtain from the treasury a consolidated receipt for all remittances made during the month, which should be compared with the postings in the cash book".

Section 26(I) of TDAP Act,2013 states that "the Authority shall maintain complete and accurate books of accounts of its actual expenses and receipts in such form as the Federal Government may after consultation with the Controller General of Accounts, direct".

The management of TDAP, Karachi made transactions from various bank accounts, but proper cash books for each account was not maintained.

The cash transaction of TDAP regular account No.4036106853 was being recording in computer and the same was not reconciled with the bank.

The cash book of EMDF account No. 3036103026 and GSP Sales Proceed / Participation Fee (3065246792) were neither closed nor signed/attested by any official/officer.

Audit is of the view that the week internal controls reveal poor financial management of the organization.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed for non-adherence of Government instructions, besides proper maintenance of cash books.

33.5.3 *Non-adjustment of foreign remittances - Rs.222.116 million*

According to Rule-668 of FTRs "Advances granted under special orders of competent authority to Government Officers for department or allied purpose may be drawn on the responsibility and receipts of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund as may be necessary".

The management of TDAP, Karachi made foreign remittances of Rs.390,407,205 to various Pakistani Missions abroad during Financial Year 2019-20.

The break-up is as under:

S. No.	Financial Year	Total Foreign Remittances	Adjustments Received	Adjustment Not Received
1.	2019-20	390,407,205	168,290,270	222,116,935

Audit observed that despite lapse of considerable period the concerned embassies / missions abroad had not rendered the adjustment of foreign remittances.

Audit is of the view that non-submission of adjustment of released funds to the mission / embassies abroad is violation of the above mentioned rules.

The matter was reported to the management on 29.10.2020.

Neither the management replied nor was DAC convened.

Audit recommends that the adjustment be ensured along with refund of un-spent balances into Govt. Treasury.

33.5.4 *Illegal payment of other allowances in violation of TDAP act-2013-Rs.160.261 million.*

In terms of Section 37 (d) of TDAP Act-2013 "all persons currently employed by the Export Promotion Bureau in BPS 1 to 16, whether from regular budget or contract employees paid from regular budget, and contract employees paid from EMDF, shall be given an option to join the Authority."

Further Section 37 (g) ibid states that “A person referred to in clause (d) who opts not to join the Authority shall continue to draw his pay, allowances privileges or other benefits as he was drawing while holding the post in the Export Promotion Bureau and the post to which he was promoted subsequently serving in TDAP and unless he is appointed by the Federal Government to another post or otherwise ceases to remain in Government service on account of retirement, dismissal, removal, discharge from service or in any other manner applicable to a civil servant, the cost for paying salary, allowance and other benefits to such person shall be borne by the Authority”.

The management of TDAP Karachi paid various additional allowances as detailed below to the employees who did not opt. to be considered as part of Authority and remained civil servants. The action of the management is clear violation of TDAP Act-2013. The detail is as under:

Hard Area All.	**TDAP HQ. All.**	**TDAP HRA @ 65%**	**TDAP Medical All.@ 35%**	**TDAP Utility All. @ 30%**	**TDAP Washing All.**	**Total**
5,298,394	36,246,335	6,288,298	33,309,920	77,657,309	1,461,193	160,261,449

Audit observed that the management paid these allowances without approval of Finance Division.

Audit is of the view that the payment of said allowances without approval of Finance Division is irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that the payment of these allowances be discontinued till the approval of Finance Division.

33.5.5 *Non-recovery of dues on account of establishment of Isolation Wards at Karachi Expo Centre - Rs. 121.701 million*

Para 14 of GFR Vol-I states that delay in the payment of money indisputably due by government is contrary to all rules and budgetary principles and should be avoided.

Para 12 of GFR Vol-I states that a Controlling officer must see that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.

The management of Trade Development Authority of Pakistan (TDAP), Karachi handed over the Karachi Expo Centre to Government of Sindh for establishment of Field Isolation Hospital to cater National Emergency in the wake of Covid-19. The decision was made in the meeting at KEC on 20-03-2020 subsequent to which the Expo Centre was converted into Field Isolation Hospital.

Audit observed from the letter issued by the Dy. Director Expo dated. 13-10-2020, that the Government of Sindh did not pay the utilities and other charges since the establishment of the Field Isolation Hospital, from April-2020 to October-2020 amounting Rs.121,701,264. Detail is given below:

Month	Electric Charges	Gas Charges	Water Charges	Monthly Contract or Tech. staff	Monthly Contract for Janitorial services.	Total
April-20	3,941,448	900,000	198,945	2,676,950	1,453,860	9,172,003
May-20	6,651,675	6,965,710	475,280	2,676,950	1,453,860	18,003,481
June-20	7,839,621	8,084,170	639,442	2,676,950	1,333,866	20,574,049
July-20	8,634,397	6,175,700	645,364	2,676,950	1,343,950	19,476,271
August-20	7,915,697	6,273,590	645,364	2,676,950	1,343,860	18,855,461
Sept-20	7,714,080	6,049,740	520,422	2,676,950	1,123,860	18,085,052
October-20	7,030,461	6,021,640	572,036	2,676,950	1,233,860	17,534,947
Total	**49,727,379**	**40,470,550**	**3,696,853**	**18,738,650**	**9,287,116**	**121,701,264**

Audit is of the view that the actual expenditure incurred on the Field Isolation Hospital was required to be paid by the Government of Sindh, but the amount mentioned above was paid by the management of TDAP from Expo Account which is not meant for such expenditure.

The matter was reported to the management on 26.10.2020.

Neither the management replied nor was DAC convened.

Audit recommends that the amount be recovered from the Government of Sindh.

33.5.6 ***Irregular payment of utility allowance on running basic pay instead of initial pay - Rs.77.657 million.***

Rule 12(1) of the Rules of Business, 1973 states that no Division shall, without previous consultation with the Finance Division, authorize the issue of any orders, other than orders in pursuance of any general or special delegation made by the Finance Division, which will affect directly or indirectly the finances of the Federation or which in particular involve a change in the terms and conditions of service of Government servants, or their statutory rights and privileges, which have financial implications.

As per Para-25 of GFR Vol-I, "All Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, Ministry of Finance".

During review of Pay Roll of the TDAP HQ, Karachi it has been noticed that the Utility Allowance @ 30% of the Initial Basic Pay was illegally paid without approval of Finance Division. Further the same was changed on the basis of Running Basic Pay w.e.f. January-2017 instead of Initial Basic Pay, without approval of the competent authority.

Audit observed that the management enhanced the Utility Allowance @ 30% of the Initial Basic Pay and paid Rs.77,657,309 during the period 2019-20 in violation of the rules resulting in extra burden on the budget of the authority.

Audit is of the view that payment of Utility Allowance @ 30% of the Running Basic Pay without approval of the competent authority was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed for committing this financial irregularity.

33.5.7 ***Unauthorized payment of pay and allowances from expo account - Rs.31.762million***

Para-12 of GFR states that a controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided. In order 'to maintain a proper control, he should arrange to be kept informed, not only of what has actually been spent from an appropriation but also what commitments and liabilities have been and will be incurred against it.

Para 26 of GFR Volume-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 management of Trade Development Authority of Pakistan paid pay and additional allowances amounting to Rs.31,762,036 to its employees from Karachi Expo Center account**.** Detail is as under:

S. No.	Cheque No. & Date	Amount	Remarks
1.	09784924 dated 30.12.2019.	16,609,318	Paid to TDAP employees through NBP
2.	09784925 dated 30.12.2019	3,425,553	-do- through UBL
3.	09784926 dated 30.12.2019	9,872,290	-do- through ABL
4.	09784927 to 35 dated 30.12.2019	1,854,875	Individual cheques
Total Rs.		**31,762,036**	

Audit is of the view that the payment of additional allowances from Karachi Expo Center account was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that the payment of the allowances should be stopped forth with till the approval of the Finance Division is sought.

33.5.8 *Unauthorized expenditure beyond the financial power and non-adjustment of advance - Rs. 35.721 million.*

As per rule 9 of GFR Vol-1, No authority may incur any expenditure or enter into any liability involving expenditure from public fund until the expenditure has been sanctioned by general or special order of the president or by an authority which power has been duly delegated in this behalf and the expenditure has been provided for in the authorized grant and appropriation for the year.

After notification of TDAP Service & Financial Rules in March, 2015 the sanctioning powers were delegated as under:

i.	TDAP Board	No Limit
ii.	Chief Executive, TDAP	up to Rs.40 million
iii.	Secretary, TDAP	uptoRs.20 million

The Secretary, Trade Development Authority of Pakistan issued sanction amounting to Rs.35,721,111 (equal to $ 227,523) vide cheque # 23484189 dated. 11-09-2019 to Pakistan Mission, Dubai, UAE on account of TDAP's participation in Gulf Food, Dubai, UAE.

Audit observed that:

i. The expenditure was sanctioned by the Secretary, TDAP in violation of financial powers delegated to him.

ii. Expenditure was incurred from regular budget instead of EMDF.

iii. The adjustment account was not submitted.

iv. The detailed report of the event was not provided.

Audit is of the view that the sanction issued by Secretary, TDAP beyond the delegated financial powers is irregular. Besides, the payment was made from regular budget instead of EMDF and non-adjustment of the advance also reflects weak internal control.

The matter was reported to the management on 02.11.2020,

Neither the management replied nor was DAC convened.

Audit recommends that the expenditure incurred beyond financial powers be got regularized, besides the verification of adjustment and event report from Audit.

33.5.9 *Unauthorized opening of bank account - Rs.27.196 million*

Rule-7 of General Financial Rules (GFR) Vol-1 states that money should not be withdrawn from government treasury without approval of the Ministry of Finance.

According to section 23 of TDAP ACT-2013 (5), “The Authority may open and operate one account in Pak Rupees and one account in foreign currency in any scheduled bank.”

Contrary to the above, it was observed that the management of TDAP opened TDAP Staff Loan Account with National Bank of Pakistan, FTC Branch, Karachi (A/c No. 3164128286) by transferring an amount of Rs.12,000,000 from Expo account vide Cheque No. 09785005 dated. 13-02-2020.

Audit observed that the Staff Loan Account was opened in violation of prescribed rules and without approval of the TDAP Board. The closing balance of account as on 30^{th} June 2020 was Rs.27.196 million.

Audit is of the view that the opening and maintenance of this account and retention of huge balance therein is in disregard to the provision of TDAP Act, 2013.

Neither the management replied nor was DAC convened.

Audit recommends closure of Account or its regularization by Finance division.

33.5.10 *Un-justified payment on account of management, operation and maintenance charges - Rs. 22.941 million*

Para 10 of GFR states that every officer incurring or authorizing expenditure from public funds should be guided by high standards of financial propriety. 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. The expenditure should not be prima facie more than the occasion demand.

The management of Trade Development Authority of Pakistan, Karachi paid huge amount of Rs. 22,941,172 to M/s FTC Management Company (Pvt.) Limited, Karachi during the period 2019-20 on account of Management, Operation and Maintenance of 3rd and 5th floor.

Audit observed that service charges were made to the M/s FTC Management Company (Pvt.) Limited, Karachi without any agreement/TOR is as under:

S. No	Period	Amount
1.	July-2019 to Sep-2019	5,735,293
2.	Oct-2019 to Dec-2019	5,735,293
3.	Jan-2020 to March-2020	5,735,293
4.	April-2020 to June-2020	5,735,293
Total		**22,941,172**

Audit is of the view that the payment against Management, Operation and Maintenance of 3rd and 5th floor without any agreement / TOR is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that the reason and circumstances for making the instant payment without any agreement / TOR be justified.

33.5.11 *Non-deposit of unspent balance into government treasury - Rs.22.500 million*

According to Rule-668 to FTRs "Advance granted under special orders of competent authority to Government officers for department or allied purpose may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary".

During the Financial Year 2016-17 the management of TDAP received Rs.100,000,000 from Export Development Fund to arrange Expo Astana-2017 out of which an expenditure of Rs. 77,500,000 was incurred up to January-2019.

Audit observed that since the funds were received by TDAP from the Federal Government (through EDF), the unspent amount was required to be deposited into Government Treasury. Despite lapse of considerable period the unspent balance of Rs.77,699,884 was not deposited into Government Treasury, but transferred to TDAP, Lahore as detailed below:

S. No.	Cheque No. & Date	Amount	Remarks
1.	Bank Transfer dated 27.02.2019	20,000,000	TDAP Lahore
2.	--do— Dated. 13-03-2019	2,500,000	-do-
Total Rs.		**22,500,000**	

It was also noticed that no adjustment accounts were rendered by the TDAP to the EDF.

Audit is of the view that the action of the TDAP management is contrary to the Government instructions.

Neither the management replied nor was DAC convened.

Audit recommends to fix responsibility against the persons at fault, besides depositing unspent balance into Govt. Treasury.

33.5.12 *Non-adjustment of advances from EMDF - Rs.22.457 million*

Para 213(5) of the GFR states that advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.

Rule 668 of the Federal Treasury Rules states that advances granted under special orders of competent authority to Government Officers for departmental or allied purposes may be drawn on the responsibility and receipt of the Officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary.

The management of TDAP HQ, Karachi paid advances amounting to Rs.22,457,865 (from EMDF A/c No. 3036103026) to its employees for various purposes, but the adjustments thereof were not made accordingly.

Audit observed that despite the lapse of a considerable period, neither were the adjustment accounted for and nor the advances recovered.

The matter was reported to the management on 27.10.2020,

Neither the management replied nor was DAC convened.

Audit recommends that the responsibility be fixed for the negligence beside early recovery/adjustment of advances.

33.5.13 *Irregular payment of medical reimbursement and extra payment of medical allowance @ 35% in lieu of panel hospitals - Rs.16.034 million*

As per Para-25 of GFR Vol-I, "All Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, Ministry of Finance".

The TDAP Board in its 3rd meeting held on 02-12-2014 allowed Medical Allowance @ 35% of Basic Pay till finalization of hospitals panel. The Board further directed that the hospitals shortlisted to be included in the penal should be got approved from it.

The management of TDAP Karachi paid Medical Allowance @ 35% in addition to Medical Allowance-2010 allowed by the Finance Division for all Federal Government employees. In addition to above, an amount of Rs. 16,034,243 was re-imbursement as medical expenses during the period 2019-20.

Audit is of the view that re-imbursement of medical expenses to the employees is held irregular, as they had been drawing extra 35% medical allowance in lieu of treatment in the panel hospitals.

Neither the management replied nor was DAC convened.

It is recommended that either the payment of extra 35% medical allowance or re-imbursement of medical expenses should be discontinued besides recovery.

33.5.14 *Non-deduction of income tax on rental income of Expo Centre - Rs.18.978 million.*

In terms of Section 49 of Income Tax Ordinance 2001 Federal Government, Provincial Government and Local Government Income (1) the income of the Federal Government shall be exempt from tax under this ordinance.

Further the sub Rule (4) ibid Exemption under this section shall not be available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal law or a Provincial Law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution setup, owned and controlled, either directly or indirectly, by the Federal Government or a Provincial government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan.

The management of Expo Centre of Trade Development Authority of Pakistan, Karachi did not pay income tax on rental income of Rs. 189,782,531 @10% amounting to Rs. 18,978,253 during the year 2019-2020 against rent of Halls in Expo Centre, Karachi.

Audit is of the view that non-deduction of Income tax resulted in loss to public ex-chequer.

The matter was reported to the management on 23.10.2020 and 26-10-2020,

Neither the management replied nor was DAC convened.

Audit recommends that the amount of income tax be deposited into Treasury.

33.5.15 *Irregular appointment of advertisement firms for media campaign without open competition – Rs.9.806 million*

Para 2(I) of Ministry of Information and Broadcasting letter No. F.15 (77)/96-Advt. dated 23.05.1997 states that open and transparent competition would be followed in the selection and appointment of advertising agencies in consultation with the Press Information Department whose participation in the process will be meaningful and effective.

Rule 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least 2 national dailies, one in English and the other in Urdu.

During review of record, it was noticed that Rs.9,806,288 were paid on account of advertisement to M/s Midas International (Pvt.) Limited Karachi during 2019-20.

Audit observed that the tender called in April-2017 for a period of two years expired in April-2019. Since then, no fresh tender was floated and the work of media campaign was awarded without open competition and involvement of Press Information Department (PID).

Audit is of the view that the payment against advertisement in violation of PPRA is irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed for the violation and system be streamlined.

33.5.16 *Irregular payment of bank charges - Rs.4.547 million*

Section-25 Trade Development Authority of Pakistan Act, 2013 states that "Subject to subsection (4), no expenditure shall be made for which provision has not been made on any approved budget except if made from any previously approved funds, unless further approval is sought and obtained from the Board."

According to Para-4, Duties and Responsibilities of Principal Accounting Officer issued by Government of Pakistan, Finance Division, vide O.M. No. F. 3(2) Exp-III/2006- Islamabad, the 13th September, 2006 the Principal Accounting Officer is to ensure that financial considerations are taken into account at all stages in framing and implementing decisions. The Principal Accounting Officer is responsible not only for the efficient and economical conduct but also continues to be personally answerable before the Public Accounts Committee. The two main principles to be observed are economy: (getting full value for money) and regularity: (spending money for the purposes and in the manner prescribed by law & rules).

During review of the Cash Book of Bank Account No. 4036106853 maintained at NBP FTC Branch Karachi, an amount of Rs. 4,547,936 was withheld as bank charges on the pretext of TDAP being non-filer with FBR.

Audit is of the view that due to negligence of the TDAP management a huge amount was withheld by the bank on account of being a non-filer entity.

The matter was reported to the management but no response was received till the close of audit.

It is recommended that the matter may be investigated and responsibility be fixed on the person (s) at fault under intimation to Audit.

ANNEXURES

Annexure – I Memorandum for Departmental Accounts Committee (MFDAC)

(Rupees in million)

S.No.	PAO	No. of Paras	Amount
1	Aviation Division	16	86.41
2	Board Of Investment	11	560.72
3	Cabinet Division	1	1.74
4	Commerce Division	4	1.92
5	Ministry Of Defence	16	77.02
6	Economic Affairs Division	4	154.46
7	Establishment Division	3	104.35
8	Federal Education And Professional Training Division	8	53.06
9	Federal Public Service Commission	1	19.62
10	Finance Division	17	124.96
11	Higher Education Commission	30	395.22
12	Ministry Of Industries And Production	15	165.54
13	Information & Broadcasting Division	13	337.95
14	Ministry Of Inter Provincial Coordination	46	1,159.62
15	Ministry Of Interior	49	522.33
16	Islamabad High Court	1	3.16
17	Ministry Of Law And Justice	5	400.20
18	Ministry Of Maritime Affairs	6	55.20
19	Ministry Of Narcotics Control	13	42.31
20	Ministry Of National Food Security And Research	6	27.59
21	Ministry Of National Health Services, Regulation And Coordination	10	190.15
22	National History And Literary Heritage Division	1	4.12
23	National School Of Public Policy	3	21.48
24	NAVTTC	3	2.34
25	Ministry Of Planning & Development Division	1	7.80
26	President Secretariat	2	10.44
27	Privatization Division	4	78.34
28	Ministry Of Religious Affairs And Interfaith Harmony	5	70.25
29	Ministry Of Science And Technology	3	283.46
30	Senate Secretariat	4	24.72
31	Textile Division	2	21.08
32	Trade Development Authority Of Pakistan	3	1,389.61
	Grand Total	**306**	**6,397.14**

Chapter 1 Public Financial Management Issues

Annexure 1-A

Detail of development IDs 100% saving no expenditure was recorded

S No.	ID No	Name Of Project	Final Grant	Expen diture
1	**BR0104**	Improved Land And Water Conservation PTO Enhance Waste Land Productivity In Thal Desert	8,486,000	-
2	**DI0307**	Updation Of Rural Area Frame For The Conduct Of Censuses/ Surveys R/O D.I. Khan	10,000	-
3	**GL0759**	4 Mw Hydel Power Project Thack Nallah(Ch.	1,000,000	-
4	**GL0766**	26 Mw Hydro Power Project Shagrthang.	1,000,000	-
5	**GL1171**	Sewrage & Sanitation Sys. To Gilgit City.	160,000,000	-
6	**GL7019**	30 Mw Hydro Power Project Ghowari On Shayoke River	1,000,000	-
7	**GL7029**	34.5 Mw Harpo Hydro Power Project Skardu	200,000,000	-
8	**GL7061**	Establishment Of Polyetech Institure For Boys At Skrdu (Baltistan Region)	6,510,000	-
9	**GL7062**	32.5 Mw Hydro Power Project Attabad Hunza	60,500,000	-
10	**GR0081**	Gwadar Safe City Project Phase-1	25,000,000	-
11	**GR2024**	Bussiness Complex R.O Plant(0.2m/G/D Capacity)	139,904,000	-
12	**IB0628**	Technology Marketing Export Program	700,000,000	-
13	**IB0644**	National Programme For Improvement Of Watercourses In Pakistan Phase-Ii	200,000	-
14	**IB0645**	Water Conservation In Barani Areas Of Khyber Pakhtunkhwa	54,000	-
15	**IB0653**	Upgradation Of Film Light& Sound Equipment Installed In Pnca Auditorium	16,576,000	-
16	**IB0656**	Constr. Of Barrack Accommodation For 64x ASF Pers. Along With Mess& Allied Facilities- Ladies Rs Mt Kote Mag. Qrt.Guard & Oc	30,000,000	-
17	**IB0657**	Constr. Of Barrack Accommodation For 64x ASF Pers. Along With Mess& Allied Facilities- Ladies Rs Mt Kote Mag. Qrt.Guard & Oc	2,000,000	-
18	**IB0659**	High Impact Skills Bootmap	98,580,000	-
19	**IB0660**	Project Monitoring & Digital Transformation Cell (Knowledge Economy Initiative)	12,246,000	-
20	**IB0662**	Centre For Rural Economy Islamabad	23,251,000	-
21	**IB0663**	Tahafuz Pilot Project	20,000,000	-
22	**IB0664**	Solutions Innovation Challenges To Improve Sochi Economic Condition In Lagging Distt. & To Create Econ. Opportunities	60,000,000	-
23	**IB0665**	Centre For Social Entrepreneurship Islamabad	5,501,000	-
24	**IB0666**	Crime Analyst & Smart Policing In Pakistan (Knowledge Economy Initiative)	1,100,000	-
25	**IB0672**	Uplift Of Lok Virsa Premises Into A Professional Gender Safe Space	1,500,000	-

S No.	ID No	Name Of Project	Final Grant	Expen diture
26	**IB0678**	Jiddat Invest. & Support Fund Including Feasibility(Knowledge Economy Initiative)	500,000,000	-
27	**IB0680**	National University Of Medical Science (Land Acquisition)	46,355,000	-
28	**IB0681**	E-Invoicing(Knowledge Economy Initiative)	495,000	-
29	**IB0682**	Baluchistan	1,032,000,000	-
30	**IB0687**	35 Mw Nagdar Hpp	40,000,000	-
31	**IB0688**	40 Mw Dowarian	30,000,000	-
32	**IB0689**	Chitral Hydro Power	228,000,000	-
33	**IB0690**	Dargi Hydropower Project	50,000,000	-
34	**IB0694**	National Centre For Iots (Knowledge Economy Initiative)	80,000,000	-
35	**IB0715**	Dev. Of It Infr. For Imp. Of E Office M/O Maritime Affairs	25,000	-
36	**IB0728**	Estab. Of Digital Complex At Peshawar (Knowledge Economy Initiative)	396,468,000	-
37	**IB0734**	Const. Of Plan House F-2/2 Isb.	1,652,144,000	-
38	**IB0735**	Strengthening Of Crvs In Pakistan	25,000,000	-
39	**IB0736**	Population Resources Centre	20,000,000	-
40	**IB0737**	Nutrition Improvements Initiative	50,000,000	-
41	**IB0738**	Integrated Energy Planning	60,000,000	-
42	**IB0740**	National Disaster Risk Management Funds Under Adb Grant No.519	20,000,000	-
43	**IB0813**	Upgradation Of NSEC For Hearing Impaired Children From Higher Secondary To Graduation Level H-9/4 Isb.	449,000	-
44	**IB0814**	Estab. Of Resources Unit For Autistic Children At Nsec For Mentally Retarted Children H-D Isb	150,000	-
45	**IB1658**	Calf Feedlot Fattening In Pakistan	3,623,000	-
46	**IB1659**	Prime Ministers Initiative For Backyard Poultry	2,800,000	-
47	**IB1660**	Productivity Enhancement Of Wheat Component	1,778,000	-
48	**IB1661**	Prime Ministers Initiative For Save The Calf	4,878,000	-
49	**IB1662**	National Programm For Improvement Of Watercourses In Ict	20,447,000	-
50	**IB2046**	Uplifting / Rehabilitation Of Rural Health Facilities In Ict Islamabad	129,926,000	-
51	**IB5003**	Pilot Project For Blended E-Learning In 500 X Schools Of Federal Capital And Kpk Grades 1-12	500,000	-
52	**IB5021**	Pak-China University Of Engineering And Emerging Technologies-Knowledge Economy Initiative	300,000,000	-
53	**IB5022**	Establishment Of Center For Advanced Technologies In Biomedical Materials-Knowledge Economy Initiative	78,698,000	-
54	**IB5024**	Upgradation Of The Rural Health Facilities And Strengthening Of The Health Department For Effective Health Care Provision	95,000,000	-
55	**IB5027**	Special Technology Zone All Over Pakistan Including Feasibility-Knowledge Economy Initiative	500,000,000	-
56	**IB5030**	The Project Extension Of Intensive Care Department Of Much And Ch. PIMS	433,581,000	-
57	**IB5031**	Upgradation And Renovation Of Existing Micu Of Islamabad Hospital PIMS	19,320,000	-

S No.	ID No	Name Of Project	Final Grant	Expen diture
58	**IB5050**	Pilot Project For Steam Teaching Grades 8-12 Knowledge Economy Initiative	500,000	-
59	**IB5052**	Construction Of Triple Storey Living Barrack For 192x ASF Personnel Alongwith Mess Recreation Hall At Multan Airport	27,973,000	-
60	**IB5053**	Construction Of Double Storey Barracks For ASF At Faisalabad Airport	20,000,000	-
61	**IB5109**	Uplift Of Lok Virsa Premises Into A Professional Gender Safe Space	15,000,000	-
62	**ID2771**	E-Office Replication At 45 Division In Federal Government	707,000	-
63	**ID3255**	Up-Gradation Of Javed Azfar Computer Centre Planning & Development Division	9,195,000	-
64	**ID3516**	Institutional Strengthening & Efficiency Enhancement(Is&Ef)	4,001,000	-
65	**ID3755**	Monitoring Of Psdd Financial Projects(Revised)	4,600,000	-
66	**ID4326**	Lump Provision For Reconst Of Afghanistan	934,113,000	-
67	**ID6223**	Improving Human Development Indicator In Pakistan (NCHD)	35,000,000	-
68	**ID7341**	Heyal Khawar Hydro Power Project	65,000,000	-
69	**ID7359**	Estt. Of Urban Planning And Policy Centre	95,000,000	-
70	**ID7368**	Un-Funded/Public Welfare/Under Funded Projects	2,299,047,000	-
71	**ID7371**	China-Pak Corridor Support Project	13,300,000	-
72	**ID8383**	Trends In Mathematics & Science Studies-Timss	245,000	-
73	**ID8388**	Enhancing It Exports Through Industry Support Programs	200,000	-
74	**ID8442**	Construction Of Plan House In Administrative Sector F-5/2 Islamabad	25,000,000	-
75	**ID8886**	Strengthening Of Health Services Academy , Islamabad	14,610,000	-
76	**ID9161**	Estab. Of Digitalized Archive Library PNCA-Nag F-5/1	4,040,000	-
77	**ID9162**	Estab. Of National Film Academy H-9 Islamabad	40,000,000	-
78	**ID9206**	Construction Of Office Conference Hall, Guest House, Committee Room-Library	11,801,000	-
79	**ID9221**	National Response Centre For Cyber Crime(Nr3c Phase-Iii)	501,000	-
80	**ID9269**	Up-Gradation Of Ict High Schools	627,000	-
81	**ID9368**	Etab. Of Pak-Korea Testing Facility For Solar & Allied Equipment PCRET	500,000	-
82	**ID9381**	Pc -Ii Design Consultancy Service For Additional Off. Block For Rto Rwp- Shahiwal- Constrc. Rto Bahawalpur	8,000,000	-
83	**ID9390**	Construction Of Model Addiction Treatment Centre In(MATRC) Islamabad	1,500,000	-
84	**ID9478**	Promotion Of Rain Water Harvesting Techniques In Ict	14,540,000	-
85	**ID9492**	Const. Of Supreme Court Of Pakistan Branch Registry At Karachi	11,678,000	-
86	**ID9496**	Constr. Of Federal Courts Complex At Lahore	3,052,000	-
87	**ID9497**	Constr. Of Additional Block West In Judicial & Administrative Complex G-10/1 Isb(Pc-Ii)	11,000,000	-
88	**ID9506**	Enhancement Of M/O NHS R&C Ict Infrastructure	1,500,000	-
89	**ID9517**	Construction Of (04) Police Barracks For 100 Men Each In Sector F-7 F-8 G-9 & G-10 Islamabad	28,942,000	-

S No.	ID No	Name Of Project	Final Grant	Expen diture
90	**ID9520**	Construction Of 04 Nos Police Stations In Various Sectors G-11 Markaz I-11 Markaz D-12 And Shehzad Town Islamabad	29,931,000	-
91	**ID9625**	Safe Blood Transfusion Services Project	49,756,000	-
92	**ID9652**	Federal Epi Islamabad	1,678,000	-
93	**ID9654**	Epi CDA Development Islamabad	70,000,000	-
94	**ID9677**	Etab. Of Human Rights Information Management System (HRIMS)	1,460,000	-
95	**ID9678**	Institutional Of Strengthening Of Regional Dte. Of Human Right Lhr. Khi. Psh. Qtt	1,120,000	-
96	**ID9961**	Establishment Of Pakistan Glacier Monitoring Network Upper Indus Basin Area Falling Within Kpk Gilgit Balistan & Azad Jam	200,000,000	-
97	**KA3069**	External Dev. Of PSQCA Building Gulistan-E-Johar Complex At Karachi	29,600,000	-
98	**KA3144**	Green Line Brts Operations Khi Package	10,000,000	-
99	**KA3146**	Prime Ministers Kamyab Jawan Youth Enter Premiership Scheme	710,000	-
100	**KA9618**	Upgradation Of Accreditation Of The Seed Testing Lab Fsc And Rd Karachi	12,000	-
101	**KA9622**	Establishment Of Facilities For Industrial Production Of Nanomaterials In Latif Ebrahim Jamal Nanotechnology Centre-Knowl	500,000	-
102	**KA9624**	Upgradation Of ASF Academy At Karachi	5,000,000	-
103	**LO1182**	Business Skill Dev. Centre For Women At Various Location	100,000	-
104	**LO1391**	Feasibility Study Of Sindh Barrage	50,000,000	-
105	**LO3116**	Blended Virtual Education Project For Knowledge Economy	198,696,000	-
106	**LO3119**	National Freelance Training Program In Pakistan(Knowledge Economy Initiative)	2,848,000	-
107	**LO3120**	National Exp. Plan Of NICS Including Feasibility(Knowledge Economy Initiative)	131,285,000	-
108	**PR1207**	Gomal Zam Dam South Waziristan & D.I Khan	1,000,000	-
109	**QA3011**	Construction Of PSQCA Labs Offices At Quetta	14,520,000	-
110	**QA3067**	Establishment Of Animal Quarantine Station Gawadar Phase-Ii	42,000	-
111	**QA7019**	Construction Of Delay Action Dam At Western Bypass Akhtarabad District Quetta	5,000,000	-
	Grand Total		**11,900,485,000**	**-**

Annexure 1-B

S. No.	Ministry/Division	Grant No.	Head	Final Grant	Expenditure
1	Cabinet Division	4	A01-Employees Related Expenses	-	697,764
2	Defence Division	25	A03-Operating Expenses	-	2,905,478
		25	A04-Employees Retirement Benefits	-	781,439
		25	A05-Grants, Subsidies and Write off Loans	-	2,155,156
		25	A03-Operating Expenses	-	2,458,105
		25	A05-Grants, Subsidies and Write off Loans	-	2,025,692
3	Finance Division	39	A01-Employees Related Expenses	-	136,595
		39	A01-Employees Related Expenses	-	136,595
4	Information and Broadcasting Division	59	A01-Employees Related Expenses	-	129,550
		59	A01-Employees Related Expenses	-	129,550
5	Servicing of Domestic Debt	SDB	A07-Interest Payment	-	319,583,704
	Servicing of Domestic Debt	SDB	A07-Interest Payment	-	22,950
6	States and Frontier Regions Division	101	A04-Employees Retirement Benefits	-	1,080,360
		101	A04-Employees Retirement Benefits	-	1,080,360
7	Finance Division	123	A01-Employees Related Expenses	-	180,624
8	Human Rights Division	129	A01-Employees Related Expenses	-	16,000
9	National History and Literary Heritage Division	131	A01-Employees Related Expenses	-	587,058
10	National Health Services, Regulations and Co-ordination Division	140	A01-Employees Related Expenses		16,000
		140	A13-Repairs and Maintenance	-	33,581,000
		140	A01-Employees Related Expenses	-	10,000
		140	A01-Employees Related Expenses	-	26,468
		140	A01-Employees Related Expenses	-	1,170,781
11	Industries and Production Division	153	A01-Employees Related Expenses	-	87,890
				Total	**368,999,119**

Chapter 5 Commerce Division

Annexure 5-A

Amount released by Ministry of Commerce for Drawback duties during 2019-20			
S #	**Scheme and ID**	**Release order date**	**Amount**
1.	KA-6000 Draw Back of Local taxes & Levies (DLTL), Karachi	4.06.2020	35,573,718
2.	KA-6002 Local taxes & Levies Drawback (LTLD), Karachi	4.06.2020	1,650,000,000
3.	KA-6000 Draw Back of Local taxes & Levies (DLTL), Karachi	11.02.2020	38,000,000
4.	KA-6001 Product Development Incentive, Karachi	11.02.2020	7,000,000
5.	KA-6002 Local taxes & Levies Drawback (LTLD), Karachi	11.02.2020	2,274,000,000
Total			**4,004,573,718**
Utilization report by State Bank of Pakistan			
S #	**Scheme**	**Total exporters**	**Amount**
1.	Product Development 2016	2	2,004,085
2.	DLTL2016 (Inc.)	5	935,518
3.	DLTL 2015-16	5	38,005,623
4.	DLTL 2016-17	9	35,568,095
5.	LTLD 2017 (Non-Textile)	678	1,727,753,752
6.	LTLD 2018 (Non-Textile)	1,005	2,709,074,784
Total		**1,704**	**4,513,341,857**
Difference			**508,768,139**

Chapter 7 Economic Affairs Division

Annexure 7-A

(Rs. in million)

Particulars	Loan No.	Due from	Principal	Interest	Total
National Logistic Cell (NLC)	French Loan FF 300(M)	13.03.1993	300.000	752.522	966.878
Gawadar Eastbay Express Way Project	GWADAR-EBE-CPEC	28.11.2017	692.112	46.542	738.654
National Highway Authority	BCL-16-MWAY-CPEC (1410202052016210417)	21.01.2019	728.197	27.304	755.501
Oil & Gas Regulatory Authority (OGRA)	3904-PAK	24.01.2005	21.482	1.182	22.664
Pakistan Poverty Alleviation Fund (PPAF)	IFAD-683	23.12.2006	649.859	2.437	652.296
	IFAD-727	19.12.2008	1,374.475	5.154	1,379.629
	IDA-4599	02.11.2009	2,670.622	10.015	2,680.637
Lahore Electric Supply Company Ltd. (LESCO)	ADB-2438-PAK	23.11.2009	908.453	49.965	958.418
Government of Punjab	GCL No. (2015)20 Total No (599)	03.07.2016	12.000	00	12.000
	ADB-2971	01.12.2013	40.670	00	40.670
	IDA-5258	25.11.2014	40.566	0.254	40.820
	ADB-3160	01.08.2018	39.672	0.397	40.069
AJK Government	ADB-2153	01.04.2009	11.330	0.085	11.415
	IDA-3050	15.09.2008	2.561	0.095	2.656
KPK Government	IDA-4316-PAK	01.06.2007	121.275	0.455	121.730
	ADB-1854	15.04.2008	2.721	0.020	2.741
Sindh Government	ADB-2499	09.12.2014	32.533	0.244	32.777
Baluchistan Government	ADB-1671	15.10.2005	1.877	0.014	1.891
	IDA-3776	15.06.2004	2.141	0.008	2.149
Total			**7,652.546**	**896.693**	**8,463.595**

Chapter 8 Establishment Division

Annexure 8-A

(Amount in Rs.)

Sr. No.	Room No.	Name of allottee with designation	Department	Outstanding dues
1.	8	Ms. Humaira Naz, Elementary School Teacher	Islamabad Model School (I-V), Sector G-7/1 Islamabad	59,660
2	15	Ms. Dildar Musarrat, Assistant Manager	Islamabad Electric Supply Company (Headquarters), Islamabad	241,368
3	19	Ms. Shahida Khan, Consultant	National Highway Authority, Islamabad	359,117
4	23	Ms. Farzana Kousar, Upper Division Clerk	Ministry of Communications, Islamabad	192,980
5	34	Ms. Sadia Maqbool, Assistant	Bureau of Emigration and Overseas Employment, Islamabad	24,840
6	36	Ms. Eviza Lawrence, Event Facilitator / Coordinator	National Vocational and Technical Training Commission, Islamabad	251,920
7	39	Ms. Sadia Sharif, Principal Coordinator	Rural Development Policy Institute, Rawalpindi	467,930
8	44	Ms. Barbra Lawrence, Deputy Consultant	Pakistan Council of Renewable Energy Technologies, Islamabad	332,660
9	44	Ms. Jeniffer Leslie, Assistant Manager	Capital Marketing, Islamabad	273,675
10	B-1 (R-3)	Ms. Ume-e-Kalsoom, Section Officer	Ministry of Overseas Pakistanis and Human Rights, Islamabad	224,510
Total				**2,428,660**

Sl. No.	Name of defaulter with Designation	Department	Outstanding due	Vacated on
1.	Ms. Rukhsana Kousar, Assistant	Financial Advisor (Navy) Naval Headquarter F-9 Islamabad	73,138	12.01.2019
2.	Ms. Tayyaba Latif, Data Entry Operator	Electronic Government Directorate, Islamabad	128,675	31.05.2016
3.	Ms. Nasreen Akhtar, Assistant Office Secretary	National Gender Reform Action Plan, Islamabad	361,470	31.03.2019
4.	Ms. Shumaila Zafar, Assistant	Pakistan Telecommunication Company Limited (Headquarters), Islamabad	126,200	30.04.2010
5.	Ms. Rafia Tasneem, Assistant Sub Inspection	Federal Investigation Agency (Headquarters), Islamabad	140,205	31.01.2016
6.	Ms. Bushra Qureshi, Deputy Director	National Gender Reform Action Plan, Islamabad	281,455	25.08.2017

Sl. No.	Name of defaulter with Designation	Department	Outstanding due	Vacated on
7.	Ms. Nasreen Naqvi, Librarian	Institute of Regional Studies, Islamabad	396,762	04.09.2020
8.	Ms. Raana Rukh-e-Aisha, Judicial Assistant	Supreme Court of Pakistan, Islamabad	177,855	15.02.2018
9.	Ms. Shahnaz Fatima, Physiotherapist	Directorate General Special Education, Islamabad	422,663	04.09.2020
10.	Ms. Mehreen Maqsood, Human Resource Manager	Anti-Narcotics Force, Rawalpindi	353,194	06.12.2017
11.	Ms. Shab-e-Rukh, Airhostess	Pakistan International Airlines, Islamabad	223,426	03.09.2020
12.	Ms. Rizwana, Ticketing Officer	Pakistan International Airlines, Islamabad	307,390	30.04.2018
13.	Ms. Shazia Kanwal, Naib Qasid	Ministry of Interior, Islamabad	197,085	31.08.2020
14.	Ms. Kalsoom Munawar, Assistant Professor	Islamabad Model College Girls, F-7/4, Islamabad	735,603	14.01.2019
15.	Ms. Tanzeela Shoukat, Assistant Director	Benazir Income Support Programme, Karachi	317,698	31.10.2016
16.	Ms. Nausheen Mohyuddin, Section Officer	Benazir Income Support Programme, Islamabad	243,399	31.10.2017
17.	Ms. Jalwat Huma, Airhostess	Pakistan International Airlines, Islamabad	81,910	29.02.2020
18.	Ms. Qammar un Nusa, Assistant	Senate Secretariat, Islamabad	147,128	22.12.2017
19.	Ms. Parveen Mubarak, Section Officer	Establishment Division, Islamabad	44,140	30.11.2016
20.	Ms. Fazilat Naeem, Section Officer	Establishment Division, Islamabad	171,420	22.12.2017
Total			**4,930,816**	

Chapter 12 Higher Education Commission

Annexure 12-A

S. No	Name of Project	Approval Status	Cost of the Project	Project Time Period	Date of Revision	Revised Time Period	Date of Completion	Current Status
1	Bridging the Job Market Skill Gap for General Post Graduate Degree Holders - HEC	CDWP 23.12.2016	393.15	36			16-Feb-2020	Ongoing
2	Construction of hostel and Academic Infrastructure at Shaheed Zulfiqar ali Bhutto University of Law, Karachi	CDWP 04.12.2017	758.6	24			19-Mar-2020	Ongoing
3	Development of Fatima Jinnah Women University, Campus-II, (Phase-2) Chakri Road Rawalpindi	CDWP 19.10.2015	961.45	36			30-Jun-2020	Ongoing
4	Development of University of Dir, Sheringal	CDWP 14.01.2016	1709.2	48			10-Apr-2020	Ongoing
5	Establishment and Upgrading of Core Engineering Departments in Khyber Pakhtunkhwa University of Engineering & Technology (UET), Mardan	CDWP 08.02.2016	1336.7	50			30-Jun-2020	Ongoing
6	Establishment of COMSATS Institute of Information Technology Campus at Abbottabad	CDWP 16.01.2014	861.27	48			22-May-2018	Ongoing

S. No	Name of Project	Approval Status	Cost of the Project	Project Time Period	Date of Revision	Revised Time Period	Date of Completion	Current Status
7	Establishment of Shaheed Mohtarma Benazir Bhutto Medical University Larkana (Revised)	CDWP 14.03.2012 DDWP 18.02.2020	1283.5	60	18.02.2020	110	17-Jun-2019	Ongoing
8	Establishment of Shaheed Benazir Bhutto University, Benazirabad, Sindh	ECNEC 09/12/2010 DDWP 31.10.2019	1833.6	60	31.10.2019	125	4-Jun-2020	Ongoing
9	Establishment of Sub-Campuses of Public Sector Universities at District Level (Umbrella Project HEC)	ECNEC 25.01.2017	5206.3	36			16-Feb-2020	Ongoing
10	Establishment of University at Sibi, Mir Chakar Khan Rind - Baluchistan	CDWP 29.10.2015	550.24	36			10-Apr-2019	Ongoing
11	Establishment of University at Turbat (Revised)	CDWP 14.01.2016	2820.6	48	14.01.2016	96	19-Jun-2020	Ongoing
12	Human Resource Development Initiative MS Leading to PhD Program of Faculty Development for Engineering Universities/ UESTPs (HEC)	ECNEC 19.09.2007	11806	152			30-Jun-2020	Ongoing
13	Innovation Center and Software Park at University of Engineering & Technology Sub Campus Lahore	CDWP 20.05.2016	2966.5	43			26-Jun-2020	Ongoing
14	Jalozai Campus of NWFP University of Engineering & Technology (UET), Peshawar	ECNEC 19.09.2007	6565.3	106			31-Dec-2016	Ongoing
15	PAK-USAID Merit and Needs Based Scholarship Program (Phase-II) (PSDP Share: Rs. 577.125 million+ USAID Share+ Rs. 2377.682 million = Rs.2954.808 million) (HEC)	ECNEC 07.10.2013	2954.8	90			16-Jun-2020	Ongoing
16	Prime Minister Programme for Development of Ph.Ds. in Science & Technology (For On-going Scholars) NUST	ECNEC 06.02.2008	2899	96			18-Apr-2016	Ongoing

S. No	Name of Project	Approval Status	Cost of the Project	Project Time Period	Date of Revision	Revised Time Period	Date of Completion	Current Status
17	Provision of new facilities and Infrastructure for main campus at of University of Engineering & Technology, Lahore.	CDWP 04.08.2016	952.69	36			7-Nov-2019	Ongoing
18	Strengthening & Upgradation of Universities of Backward Area - HEC	CDWP 10.11.2016	1334.8	36			27-Feb-2020	Ongoing
19	Strengthening and Expansion of the University of Gujrat and Allied Campuses	CDWP 28.04.2015	2988.1	55			31-Dec-2019	Ongoing
20	Strengthening of Academic & Professional Facilities at University of Peshawar	CDWP 04.08.2016	796.26	36			23-Jan-2020	Ongoing
21	Strengthening of Academic and Research Program at Bahria University Islamabad/ Karachi	CDWP 30.03.2016	1446	48			6-Jun-2020	Ongoing
22	Strengthening of Khyber Medical University Peshawar	CDWP 23.09.2014	980.35	48			20-Jun-2020	Ongoing
23	Strengthening of University of Engineering & Technology (UET), Lahore (Revised)	ECNEC 12-11-07	5944.2	48			31-Dec-2015	Under Revision
24	Upgradation of National Institute of Science & Technical Education (NISTE) Islamabad into Skill University	CDWP 06.12.2016	998.55	36			4-Apr-2020	Ongoing
25	Up-gradation of University College of Engineering & Technology Mirpur into Mirpur University of Science & Technology, Mirpur, AJ&K	ECNEC 26.05.2011	1670	102			31-Dec-2019	Ongoing

Chapter 15 Information and Broadcasting Division

Annexure 15-A

Amount in Rs.

Sr. No	Name of Journalists	Cheque No	Dated	Amount
1	Narain Das	7850192	27.06.2020	200,000
2	Nusrat Sajjad	7850206	27.06.2020	500,000
3	Amjid Ali	7850194	27.06.2020	100,000
4	Waseem Nawaz Khan	7850205	27.06.2020	300,000
5	Ashok Kumar Dara	7850198	27.06.2020	200,000
6	Ahmad Hassan	7850196	27.06.2020	300,000
7	Syed Zaffar Abbas	7850191	27.06.2020	200,000
8	Muhammad Akhtar	7850201	27.06.2020	200,000
9	Muhammad Salman	7850195	27.06.2020	500,000
10	M. Yaseen Mughal	7850197	27.06.2020	500,000
11	Masood Majid	7850193	27.06.2020	500,000
12	Muhammad Iqbal	7850199	27.06.2020	500,000
13	Shah Alam Zamrud	7850202	27.06.2020	500,000
14	Qaiser Mehmood Butt	7850450	27.06.2020	500,000
15	Haseeb Manzoor	7850451	27.06.2020	500,000
16	Naeem Akhtar	7861342	27.06.2020	500,000
17	Unknown	7850452	27.06.2020	200,000
18	Shafique Ahmad	7850203	27.06.2020	300,000
19	M. Faisal Rafique	7850204	27.06.2020	200,000
20	M. Faheem Khan	7850200	27.06.2020	500,000
21	Abdul Wahab	7850208	27.06.2020	500,000
22	Umar Daraz	7850207	27.06.2020	500,000
Total				**8,200,000**

Annexure 15-A2

Amount in Rs.

Sr. No	Name of Press Club	Cheque No	Dated	Amount
1	Gilgit Press Club	7850227	27.06.2020	1,000,000
2	Peshawar Press Club	7850222	27.06.2020	1,000,000
3	National Press Club	7850221	27.06.2020	1,000,000
4	Dera Press Club	7850243	27.06.2020	1,000,000
5	Press Club Umerkot	7850225	27.06.2020	1,000,000
6	Kunri Press Club	7850238	27.06.2020	1,000,000
7	DIR Press Club	7850223	27.06.2020	1,000,000
8	Tando Press Club	7850228	27.06.2020	1,000,000
9	Hunza Press Club	7850236	27.06.2020	1,000,000
10	Kohat Press Club	7850234	27.06.2020	1,000,000
11	Karachi Press Club	7850226	27.06.2020	1,000,000
12	Punjab Press Club	7850240	27.06.2020	1,000,000
13	Quetta Press Club	7850237	27.06.2020	1,000,000
14	Sargodha Press Club	7850220	27.06.2020	500,000
15	Abbottabad Press Club	7850241	27.06.2020	500,000
16	Hyderabad Press Club	7850224	27.06.2020	500,000
17	Multan Press Club	7850239	27.06.2020	500,000
18	M/s Bhawalpur Press Club	7850231	27.06.2020	500,000
19	Sukkur Press Club	7850242	27.06.2020	500,000
20	M/s Faisalabad Press Club	7850233	27.06.2020	500,000
21	Gawadar Press Club	7850229	27.06.2020	500,000
22	M/s Thatta Press Club	7850244	27.06.2020	250,000
23	M/s Swabi Press Club	7850230	27.06.2020	250,000
Total				**17,500,000**

Annexure 16-A

Non-obtaining of adjustment accounts of advances for TA/DA- Rs. 4.561 million

Month & Date	Particulars	Folio	Debit	Balance
01.07.19	Asif Bajwa	1	36,000	36,000
31.07.19	JV-1 (Lahore Exp-July-19)	1	29,600	65,600
02.08.19	TA/DA Extv Brd	1	75,600	141,200
05.08.19	Ch. 00001399 (2575) – Sky Club	1	319,820	461,020
08.08.19	Ch. 00001399 (2575) – Sky Club	1	64,300	525,320
08.08.19	TA/DA Ajmal	1	20,500	545,820
08.08.19	Al Huda	1	150,600	696,420
28.08.19	TA/DA Ikhalaq	2	40,900	737,320
31.08.19	JV-2 (Lahore Exp – Aug 19)	2	46,350	783,670
05.09.19	TA/DA Ikhlaq	1	15,000	798,670
12.09.19	Asif Bajwa	1	45,000	843,670
30.09.19	Ch. 00001471 (2575) – PHF Officials	2	60,000	903,670
30.09.19	JV-3 (Lahore Exp – Sep 19)	3	26,550	930,220
11.10.19	Ch. 00001492 (2575) - Officials	4	75,000	1,005,220
15.10.19	Rashad Butt	4	70,000	1,075,220
18.10.19	Sky Club	4	261,990	1,337,210
23.10.19	Asif Bajwa	2	56,310	1,393,520
23.10.19	Asif Bajwa	2	30,000	1,423,520
31.10.19	JV-4 (Lahore Exp – Oct 13)	4	46,750	1,470,270
05.11.19	Ikhlaq Usmani	4	17,000	1,487,270
05.11.19	Binish Hayat	4	70,000	1,557,270
05.11.19	Yasir Khurshid	4	70,000	1,627,270
05.11.19	Hassan Akhtar	4	70,000	1,697,270
05.11.19	Tariq Mir	4	24,000	1,721,270
19.11.19	Salman Travel	5	134,090	1,855,360
28.11.19	TA/DA	5	82,430	1,937,790
30.11.19	JV-5 (Lahore Exp – Nov 19)	5	21,320	1,959,110
18.12.19	Asif Bajwa	2	20,000	1,979,110
18.12.19	Saleem Gill	2	15,000	1,994,110
18.12.19	Asif Bajwa	3	25,000	2,019,110
18.12.19	Asif Bajwa	3	73,670	2,092,780
31.12.19	JV-6 (Lahore Exp – Dec 19)	6	7,060	2,099,840
10.01.20	Sahil Travels	3	166,660	2,266,500
31.01.20	JV-7 (Lahore Exp – Jan 20)	7	58,120	2,324,620
29.02.20	JV-8 (Lahore Exp – Feb 20)	8	35,000	2,359,620

Month & Date	Particulars	Folio	Debit	Balance
20.03.20	Sahil Travels	4	353,091	2,712,711
21.03.20	JV-9 (Lahore Exp – March 20)	9	30,000	2,742,711
06.05.20	Sky Club	6	169,740	2,912,451
06.05.20	Tariq Mir	6	127,052	3,039,503
06.05.20	Saleem Gill	6	15,000	3,054,503
06.05.20	Zahoor Janjua	6	42,000	3,096,503
06.05.20	Ikhlaq Usmani	6	60,109	3,156,612
06.05.20	Sahil Travels	6	689,067	3,845,679
19.05.20	Tariq Zahoor	7	25,000	3,870,679
20.05.20	Brig Khokhar	7	450,000	4,320,679
31.05.20	JV-11 (Lahore Exp – May 20)	11	61,000	4,381,679
30.06.20	Saman Rashid	7	130,000	4,511,679
30.06.20	Tariq Mir	7	49,136	4,560,815

Non- adjustment of advances – Rs.7.264 million

S. No.	Particulars	Amount
1	Adnan Shahid	395,000
2	Imran Mughal	150,000
3	Imran Ahmed	139,7530
4	Supreme Travels	366,3874
5	Iftikhar Sayed	100,000
6	Muhammad Ibrahim	300,000
7.	Perveaiz Bhindara	1,257,580
Total Rs.		**7,263,984**

Annexure 16-B

Non-deduction of income tax -Rs.192.563 million

Sl. No.	Date	#	Party Name	Particulars	Amount	Tax @ 10%
1.	15/1/19	165	Zing International pty Ltd.	Advance for Zing Stumps for PSL 2019 $ 56375 @ 139	7,836,125	783,613
2.	1/2/18	2	Zing International pty Ltd.	Payment of Zing Stumps for PSL 2018 $ 55,405 @ 110.50	6,122,253	612,225
3.	24/4/18	256	Zing International pty Ltd.	Zing Stumps for Pakistan vs. West Indies 2018 $ 4851 @ 115.70	561,261	56,126
4.	21/2/19	274	Trans Group FZE	70% Advance for Production Services for PSL 2019 to Transgroup FZE $ 2000000 @ 138.95	277,900,000	27,790,000
5.	5/3/19	122	Trans Group FZE	2nd Installment for Production Services for PSL 2019 $ 1,278,389 @ 139.10	177,823,910	17,782,391
6.	8/2/18	88	Sunset + Vine Productions	50% Advance for TV Production Cost for PSL 2018 $ 1,607,878 @ 110.5	177,670,519	17,767,052
7.	2/4/18	1	Sunset + Vine Productions	Paid for TV Production Cost for PSL 2018 USD 803,938 @ 115.40	102,342,280	10,234,228
8.	13/2/18	192	Sunset + Vine Productions	25% Advance for Production Cost for PSL 2018 $ 803,939 @ 110.5	88,835,260	8,883,526
9.	20/7/17	160	Sunset + Vine Productions	Paid for Second Feed For Live Streaming for PSL 2017 $ 44342 @ 104.70	4,642,607	464,261
10.	20/11/17	258	Repucom Asia PTE Ltd. (PSL) (Neilson)	Paid Advance for PSL 2 and PSL 3 Media Evalation Project 2017 (USD 75,000 @ 15.5)	7,912,500	791,250
11.	17/4/18	153	Repucom Asia PTE Ltd. (PSL) (Neilson)	5th Installment of Consultancy Fee for PSL 2018 $ 37500 @ 115.4	4,327,500	432,750
12.	12/6/18	138	Repucom Asia PTE Ltd. (PSL) (Neilson)	6th Installment of PSL Consultancy Fee $ 37500 @ 115.40	4,327,500	432,750
13.	21/9/17	223	Repucom Asia PTE Ltd. (PSL) (Neilson)	Travelling for Medai Evaluation with PSL Staff, Franchises & Sponsors $ 6592 @ 104.9	691,501	69,150
14.	31/8/17	478	Innovative Production Group (Aneel Mohan)	Advance for Production Cost for Independence Cup 2017 $ 406,701@ 105.4	42,866,285	4,286,629
15.	2/3/18	47	Dubai International Sports City	75% Advance for Venue Hiring Fee for PSL 2018 to DSC $ 2,023,837 Less Deduction AED 558,966.35 or USD 153,141= $ 1,870,696 @ 110.5	206,711,908	20,671,191
16.	24/12/18	303	Dubai International Sports City	Payment for Venues against 75% Advance for PSL 2019 (DSC USD 1,374,256, SCC USD 442,279, ADCC 273,000 & ECB 150,000 @ 139)	191,021,584	19,102,158
17.	19/7/18	89	Dubai International Sports City	Balance for Venue Hiring Fee for PSL 2018 $ 674613 @ 115.40	77,850,340	7,785,034
18.	26/6/19	252	Dubai International Sports City	Payable to DSC for Venue Hiring Cost for PSL 2019 (USD 456,073 @ 140.7)	64,169,471	6,416,947
19.	21/2/19	274	Print and Visual Media Limited	Advance for Supply of Outside Broadcast Kit for PSL 2019 to PVM $ 274,137 @ 138.95	38,091,336	3,809,134

Sl. No.	Date	#	Party Name	Particulars	Amount	Tax @ 10%
20.	22/2/19	288	Spidercam BmbH	Advance for Spidercam Services for Matches for PSL 2019 Euro 150000 or USD 170,106 @ 139	23,644,734	2,364,473
21.	22/2/19	288	UK Media City Ltd	Advance for Satellite Uplinking for PSL 2019 USD 135000 @ 139	18,765,000	1,876,500
22.	26/7/18	129	Lagardere Sports Asia Pte Ltd	40% Fee for Valuation Services for PSL 2019-21 to Lagardere sports $ 66,000 @ 128.60	8,487,600	848,760
23.	5/9/18	68	Lagardere Sports Asia Pte Ltd	50% Final Installment for Valuation Services for PSL 2019-21 $ 66000 @ 124.3	8,203,800	820,380
24.	25/9/18	268	Lagardere Sports Asia Pte Ltd	2nd Instalment of Total Fee for Submission of Final Evaluation Report $ 16500 @ 124.3	2,050,950	205,095
25.	21/6/18	307	Lagardere Sports Asia Pte Ltd	10% Advance for Evaluation for PSL for Next 3 Years 2019-21 $ 16500 @ 121.80	2,009,700	200,970
26.	15/1/19	166	Bee Suqred FZE	Advance for Media Buying for PSL 2019 Campain at UAE $ 1214726 @ 139	168,846,914	16,884,691
27.	15/1/18	148	Bee Suqred FZE	90% Advance for Marketing Campaign PSL 2018 $ 1,419,041 @ 110.40	156,662,126	15,666,213
28.	14/9/18	167	Bee Suqred FZE	Balance for Marketing Campaign for PSL 2018 $ 153885	24,853,534	2,485,353
29.	22/2/19	289	Video Europe Ltd.	Advance for Production Equipments & Crew for Karachi Leg Matches for PSL 2019 $ 218750 @ 139	30,406,250.00	3,040,625
Total					**1,925,634,748**	**192,563,475**

Annexure 16-C

Unauthorized payment of inadmissible allowances-Rs. 13.809 million

Financial Year 2018-19														
Months	**Capital+ Tea allowance**	**Shift Allowance**	**Talwar, Khurpa & Broom Allowance**	**Tool Allowance**	**Nusinance Allowance**	**Dangerious/ Risk Allowance**	**File maintenance Allowance**	**Key Allowance**	**Service Allowance**	**Heat Allowance**	**Store maintenance Allowance**	**Liveries for May & Nov each year**	**Hifz-e-Quran Allowance**	**Grand Total Rs.**
July,2018	338,000	58,800	11,750	5,750	4,000	27,750	26,250	600	3,400	2,400	2,400	-	1,500	482,600
August,2018	338,000	58,800	11,750	5,750	4,000	27,750	26,250	600	3,400	2,400	2,400	-	1,500	482,600
September,2018	337,000	58,800	11,750	5,750	4,000	27,000	26,000	600	3,400	2,400	2,400	-	2,000	481,100
October,2018	336,500	60,000	11,750	5,750	4,000	26,625	26,025	600	3,200	2,400	2,400	-	2,000	481,250
November,2018	334,933	59,233	11,500	5,750	4,000	26,625	26,025	600	3,200	2,400	2,400	1,471,076	2,000	1,949,742
December,2018	332,800	59,000	11,500	5,750	4,000	26,625	25,725	600	3,200	2,400	2,400	-	2,000	476,000
January,2019	331,500	59,000	11,350	5,750	3,800	26,625	25,725	600	3,200	2,400	2,400	-	2,000	474,350
February, 2019	333,633	59,000	11,350	5,750	3,800	27,375	25,725	600	3,200	2,400	2,140	-	2,000	476,973
March,2019	332,567	61,159	11,350	5,517	3,800	27,375	25,725	600	3,200	2,400	2,100	-	2,000	477,793
April,2019	333,500	59,000	11,100	5,250	3,800	28,875	25,925	600	3,200	2,400	2,100	-	2,000	477,750
May,2019	333,665	59,000	11,100	5,250	3,800	28,875	25,925	600	3,200	2,400	2,100	-	2,000	477,915
June,2019	330,367	59,000	11,100	5,250	3,800	27,375	24,828	600	3,200	2,400	2,100	-	2,000	472,020
Total	**4,012,465**	**710,792**	**137,350**	**67,267**	**46,800**	**328,875**	**310,128**	**7,200**	**39,000**	**28,800**	**27,340**	**1,471,076**	**23,000**	**7,210,093**

Financial Year 2019-20														
Months	**Capital+ Tea allowance 500+500**	**Shift Allowance 1000 & 1200**	**Talwar, Khurpa & Broom Allowance**	**Tool Allowance**	**Nusinance Allowance**	**Dangerious/ Risk Allowance**	**File maintenance Allowance**	**Key Allowance**	**Service Allowance**	**Heat Allowance**	**Store maintenance Allowance**	**Liveries for May & Nov each year**	**Hifz-e-Quran Allowance**	**Grand Total Rs.**
July,2019	326,500	59,000	10,450	5,250	3,600	27,375	24,175	600	3,200	2,400	2,100	-	2,000	466,650
August,2019	325,867	58,367	10,450	5,250	3,600	27,375	24,175	600	3,200	2,400	2,100	-	2,000	465,384
September,2019	325,500	58,000	10,450	5,250	3,600	27,375	24,175	600	3,200	2,400	2,100	579,852	2,000	1,044,502
October, 2019	325,500	58,000	10,450	5,250	3,600	27,375	24,175	600	3,200	2,400	2,100	-	2,000	464,650
November,2019	325,000	58,000	10,450	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	463,600
December,2019	323,678	56,549	10,450	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	460,827
January, 2020	323,167	56,800	10,450	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	460,567
February ,2020	323,000	56,800	10,450	5,250	4,484	27,000	24,000	600	3,200	2,400	2,100	492,912	2,000	954,196
March,2020	321,167	55,800	10,200	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	457,317
April,2020	319,167	55,600	9,950	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	454,867
May,2020	319,000	55,600	9,950	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	454,700
June,2020	318,000	54,400	9,950	5,250	3,600	27,000	24,000	600	3,200	2,400	2,100	-	2,000	452,500
Total	**3,875,546**	**682,916**	**123,650**	**63,000**	**44,084**	**325,500**	**288,700**	**7,200**	**38,400**	**28,800**	**25,200**	**1,072,764**	**24,000**	**6,599,760**
Grand Total	**7,888,011**	**1,393,708**	**261,000**	**130,267**	**90,884**	**654,375**	**598,828**	**14,400**	**77,400**	**57,600**	**52,540**	**2,543,840**	**47,000**	**13,809,853**

Chapter 17 M/o Interior

Annexure 17-A

S. No.	Nomenclature	Quantity Required	Rates	Amounts
1.	Rifle G3 Dummy	25	8000	200,000
2.	Fd Jacket	1000	3700	3,700,000
3.	Cover for bullet proof jacket	2000	3650	7,300,000
4.	Bandolier for SMG	300	3610	1,083,000
5.	Bandolier for G3	300	3590	1,077,000
6.	Combat sling for SMG	500	850	425,000
7.	Combat Sling for G3	500	740	370,000
Total Rs.				**14,155,000**

Annexure 17-B

Statement showing inadmissible allowances paid to officers/officials ICT, Police, Islamabad during the financial year 2019-20

Head of account	Original Budget	Supplementary Budget	Final Budget	Expenditure up to 30.06.2020
A01206-Local Compensatory Allowance	0	0	0	600
A01209-Special Additional Allowance	0	0	0	219,249
A0120H-Hair Cutting Allowance	0	0	0	500
A0120P-Adhoc Relief 2009	0	0	0	37,096
A0120R-Prison Allowance	0	0	0	6,680
A01210-Risk Allowance	0	0	0	37,870
A01211-Hill Allowance	0	0	0	600
A0121A-Adhoc Allowance - 2011	0	0	0	71,194
A0121M-Adhoc Relief Allowance - 2012	0	0	0	59,140
A0121T-Adhoc Relief Allowance 2013	0	0	0	47,879
A0121W-Counter Terrorism Allowance	0	0	0	53,010
A0121Z-Adhoc Relief Allowance - 2014	0	0	0	68,301
A01222-Hardship Allowance	0	0	0	212
A0122A-Special Allowance @ 10% National Highway	0	0	0	2,440
A0122T-Frontier Constabulary Special Allowance	0	0	0	48,000
A01230-Dusting Allowance	0	0	0	417
A01233-Unattractive Area Allowance	0	0	0	2,000
A01241-Utility Allowance for Electricity	0	0	0	4,982
A01242-Consolidation Travelling Allowance	0	0	0	12,157,313
A01243-Special Travelling Allowance	0	0	0	255,150
A01250-Incentive Allowance	0	0	0	1,368
A01266-Disturbance Allowance	0	0	0	400,150
A01271-Overtime Allowance	0	0	0	28,920
A01272-Night Duty Allowance	0	0	0	2,220
A01299-Others	0	0	0	114,796
A04101-Pension-Civil	0	0	0	191,356
A04117-Medical Allowance to Civil Pensioners	0	0	0	415,593
Total Rs.	**0**	**0**	**0**	**14,227,036**

Statement showing inadmissible allowances paid to officers/officials Counter Terrorism Department, Islamabad during the financial year 2019-20

Head of accounts	Original Budget	Supplementary Budget	Final Budget	Expenditure up to 30.06.2020
A01239-Special Allowance	0	0	0	24,225
A01270-Others	0	0	0	630,577
A01294-Cash Rewards to ITP	0	0	0	196,128
Total Rs.	0	**0**	**0**	**850,930**
Grand Total Rs.	**0**	**0**	**0**	**15,077,966**

Annexure 17-C

Unauthorized transfer of funds from Academy Fund – Rs. 514.365 million

Sr. No	Date	Amount	Sr. No	Date	Amount
1.	20.08.2013	7,220,776	25.	27.02.2017	1,162,098
2.	20.08.2013	6,674,635	26.	27.02.2017	638,751
3.	29.11.2013	18,393,770	27.	03.03.2017	1,248,841
4.	31.01.2014	27,447,606	28.	03.03.2017	3,420,225
5.	09.06.2014	20,615,000	29.	03.03.2017	8,490,154
6.	25.06.2014	30,476,000	30.	21.03.2017	663,088
7.	27.02.2014	3,552,394	31.	31.03.2017	4,506,869
8.	25.05.2015	23,134,438	32.	07.04.2017	693,038
9.	25.05.2015	9,865,562	33.	09.06.2017	1,167,642
10.	27.06.2015	18,000,000	34.	09.06.2017	12,614,166
11.	09.09.2015	16,312,880	35.	09.06.2017	18,306,828
12.	02.12.2015	1,238,369	36.	23.06.2017	34,879,727
13.	02.12.2015	9,979,921	37.	23.06.2017	13,853,408
14.	21.12.2015	322,512	38.	28.09.2017	14,485,644
15.	01.04.2016	13,659,135	39.	28.09.2017	8,177,356
16.	01.04.2016	7,250,658	40.	29.09.2017	894,1000
17.	20.06.2016	8,926,978	41.	13.12.2017	11,688,285
18.	24.06.2016	21,780,280	42.	13.12.2017	14,518,364
19.	30.06.2016	7,133,410	43.	13.12.2017	1,298,962
20.	05.09.2016	17,673,570	44.	22.03.2018	14,991,193
21.	21.09.2016	2,501,474	45.	22.03.2018	13,948,225
22.	30.10.2016	1,497,825	46.	28.03.2018	5,126,205
23.	30.11.2016	20,725,871	47.	29.05.2018	4,350,000
24.	14.12.2016	577,621	48.	26.06.2019	20,234,000
Total					**514,364,754**

Annexure 17-D

Non-conducting annual audit of cooperative societies

Sl. No.	Name of Society	Last AGM held on	Last Audit conducted up to
1.	Multi Professional CHS	15-12-2020	30-06-2019
2.	T&T ECHS	01-02-2020	30-06-2020
3.	Islamabad Farming CS	Nov, 2018	30-06-2019
4.	WAPDA ECHS	Jan, 2020	30-06-2019
5.	Ministry of Commerce ECHS	10-12-2016	30-06-2018
6.	OGDC Officers CHS	Dec, 2019	30-06-2019
7.	Veterans CHS	16-02-2020	30-06-2019
8.	Jammu and Kashmir CHS	04-09-2016	30-06-2018
9.	Cabinet Division ECHS	May, 2017	30-06-2018
10.	Ministry of Interior ECHS	17-12-2017	31-12-2018
11.	Foreign Office ECHS	22-12-2018	30-06-2019
12.	PARC ECHS	14-11-2020	30-06-2020
13.	Senate (Sectt) ECHS	28-11-2015	30-06-2018
14.	IB ECHS	11-12-2020	30-06-2020
15.	National Assembly ECHS	03-06-2018	30-06-2014
16.	NPF ECHS	July, 2020	30-06-2020
17.	Doctors ECHS	31-03-2019	30-06-2019
18.	Civilian ECHS	23-11-2019	30-06-2019
19.	CBR ECHS	13-10-2018	30-06-2019
20.	AGOCHS	Presently the society is run by Administrator. The elections are pending due to stay order from the Hon's Islamabad High Court, Islamabad	30-06-2020
21.	Federal ECHS	22-04-2017	30-06-2016
22.	PAEC ECHS	Feb, 2012	30-06-2012
23.	Supreme Court Bar ECHS	The society is dormant it has not started housing project. Presently the society is run by the Administrator.	30-06-018
24.	Media City CHS	The society is dormant it has not started housing project, nor conducted audited by the audit firm so	-----

		far. Presently the society is run by the Administrator.	
25.	FIA ECHS	22-11-2018	30-06-2019
26.	Pak PWD ECHS	Dec, 2013	30-06-2017
27.	Federal Shariat Court ECHC	April, 2019	30-06-2020
28.	Services CHS	03-03-2020	30-06-2019
29.	Pakistan ECHS	25-07-2018	30-06-2018
30.	Federation of Employees CHS	27-04-2019	30-06-2018
31.	Work No Word CHS	15-04-2018	30-06-2018
32.	Pakistan Medical CHS	14-04-2018	30-06-2018
33.	Mohafiz Gardens CHS	28-09-2020	30-06-2016
34.	State Life Insurance CHS	17-08-2019	30-06-2018
35.	Islamabad CHS	Nov 2018	30-06-2018
36.	Engineers CHS	30-04-2017	30-06-2019
37.	KRL ECHS	Nov 2016	30-06-2019
38.	Pakistani Professionals CHS	Feb 2019	30-06-2019
39.	OGDC ECHS	Dec 2018	30-06-2018
40.	Baltistan CHS	---	The Society was restored on 29-05-2019 by the orders of the DG / Secretary Cooperative. The Society is in the process of election since no audit / AGM has been conducted so far.
41.	Ministry of Religious affairs CHS	Feb 2018	30-06-2018
42.	Government Officer Cooperative Farming Society Islamabad	30-11-2018	30-06-2019

Annexure 17-E

Irregularities and extra payment of freight charges on purchase of POL– Rs. 10.060 million

POL STATE FOR THE FY 2019-2020							
Month/Year	**Petrol Rate**	**Discount @ Rs**	**Net Rate**	**Bill Rate**	**Rate Diff**	**Ltrs**	**Amount**
Jul 2019	113.41	1.7	111.71	115.91	-4.2	8000	33,600
Aug 2019	118.56	1.7	116.86	120.32	-3.46	4500	15,570
Sep 2019	113.98	1.7	112.28	120.32	-8.04	3920	31,517
Oct 2019	113.98	1.7	112.28	116.51	-4.23	2218	9,382
Nov 2019	114.97	1.7	113.27	116..51	-3.24	5801	18,795
Dec 2019	114.72	1.7	113.02	117.19	-4.17	4276	17,831
Jan 2020	117.32	1.7	115.62	118.21	-2.59	5000	12,950
Feb 2020	117.33	1.7	115.63	119.81	-4.18	6500	27,170
Mar 2020	112.32	1.7	110.62	114.81	-4.19	5730	24,009
Apr 2020	97.29	1.7	95.59	114.81	-19.22	5980	114,936
May 2020	82.26	1.7	80.56	84.5	-3.94	10000	39,400
Jun 2020	75.14	1.7	73.44	75.41	-1.97	10000	19,700
Total							**364,860**
Jul 2019	127.55	1.7	125.85	130.01	-4.16	45000	187,200
Aug 2019	133.2	1.7	131.5	135.67	-4.17	37180	155,041
Sep 2019	127.88	1.7	126.18	130.31	-4.13	48000	198,240
Oct 2019	127.88	1.7	126.18	130.31	-4.13	46301	191,223
Nov 2019	128.14	1.7	126.44	130.61	-4.17	53716	223,996
Dec 2019	125.74	1.7	124.04	128.21	-4.17	62087	258,903
Jan 2020	127.98	1.7	126.28	130.51	-4.23	60000	253,800
Feb 2020	127.99	1.7	126.29	130.51	-4.22	292867	1,235,899
Mar 2020	122.98	1.7	121.28	130.51	-9.23	60860	561,738
Apr 2020	107.96	1.7	106.26	110.2	-3.94	60960	240,182
May 2020	80.78	1.7	79.08	110.2	-31.12	90000	2,800,800
Jun 2020	80.77	1.7	79.07	80.7		40000	---
Total							**6,307,022**
G.Total	**Recoverable amount from POL supplier over claimed on bills**						**6,671,882**
	Detail statement of not provided						**41,530,997**

Chapter 19 M/o Law & Justice

Annexure 19-A

Irregularities in Recruitment of project staff

List of successful candidates who were issued offer letters by the Ministry of Law and Justice under the project titled "Automation of Federal Courts located at Federal Courts Complex, Islamabad."

Sl. No.	Name	Designation	Date of Joining
1.	Muhammad Mozzam Warraich	Director BPS-19	06.02.2020
2.	Abdul Raziq Jamil	Network/Database Administrator BPS-17	30.01.2020
3.	Aeman Shahzadi	Analyst/Programmer BPS-17	30.01.2020
4.	Iftikhar	Database Supervisor BPS-16	04.02.2020
5.	Muhammad Shaharyar Awan	Data Processing Assistant BPS-14	02.03.2020
6.	Ahsan Raza Qamar	Data Processing Assistant BPS-14	31.01.2020
7.	Muhammad Bukhtawar	Data Processing Assistant BPS-14	31.01.2020
8.	Ahsan Usman	Data Processing Assistant BPS-14	03.02.2020
9.	Hamza Dar	Data Processing Assistant BPS-14	31.01.2020
10.	Attiq Ur Rehman	Data Processing Assistant BPS-14	29.01.2020
11.	Ch. Waleed Zubair	Data Processing Assistant BPS-14	31.01.2020
12.	Muhammad Huzaifa	Data Processing Assistant BPS-14	04.02.2020
13.	Saif Ur Rehman	Data Processing Assistant BPS-14	10.02.2020
14.	Irfan Ahmad	Data Processing Assistant BPS-14	10.02.2020
15.	Asbah Arooj	Data Processing Assistant BPS-14	31.01.2020
16.	Asma Ayub Mughal	Data Processing Assistant BPS-14	03.02.2020
17.	Komal Sadiq	Data Processing Assistant BPS-14	06.02.2020
18.	Sajjad Hussain	Data Processing Assistant BPS-14	30.01.2020
19.	Shafiq Ullah	Hardware Technician BPS-14	06.02.2020
20.	Asim Aman	Hardware Technician BPS-14	06.02.2020

Annexure 20-A

Construction work of Keamari Jetty - Rs. 516.459 million

Sr. No.	Type of Work	Detail of work	Cost Rs.
1	**Original Work**	Geotechnical Investigation	2,726,500
2		Dismantling work	35,200,000
3		Fixed Jetty	319,117,000
4		Parking Shed	17,529,900
5		Waiting Area	7,406,720
6		Gate House	3,892,465
7		Toilet Block	5,506,919
8		Floating Jetty	56,000,000
9		Fire Fighting Line	6,405,000
10		Product Pipe Lines	52,746,800
11		All Electrical Work	17,792,900
		Total	**524,324,204**
1	**Extra Work**	Material Pier	53,958,410
2		Electrical cable	3,338,895
3		Tile work	8,250,000
4		Pile extraction	13,910,239
5		Pane wood extraction	1,836,941
Total			**81,294,485**
6	**Escalation**	Escalation on BOQ	55,511,984
7		Escalation on Remaining Bill	2,000,000
		Total	**57,511,984**
		Total Additional Work	**663,130,673**

Annexure 20-B

Non reconciliation of Deposit- Rs. 2,806.146 million

Sl. No.	Account Number	Purpose	Opening Balance	Credit Amount	Debit Amount	Closing Balance
1.	"160000013903" HBL Current Account (Main Account)	Receipt & expenditure and also for feeding other accounts	6.03-	82,229.00	82,229.00	0.00
2.	"4000284317" NBP Current Account	Payment and receipts.	110.46	209.00	87.76	233.60
3.	"00160000039103" HBL Current Account	Project Account	0.01	0.00	0.00	0.01
4.	00160012971303" HBL Current Account	Pension Account	30.66	22.67	17.57	35.76
5.	"00160000110103" HBL Current Account	Unpaid Salary account	2.83	1.71	1.65	2.90
6.	00160014224003" HBL Current Account	Security Deposit Account	123.55	14,541.63	14,487.43	177.76
7.	00167900063301" HBL Daily Progressive Account	Investment of funds daily transferred from main account	2,180.07	51,909.78	52,911.33	1,178.52
8.	"3000284265" NBP NIDA	Investment	1,081.14	107.19	10.72	1,177.60
Total			**3,528.72**	**149,020.97**	**149,745.45**	**2,806.15**

Annexure 20-C

S. No	Supplier Name	Purchased cost	Sale Tax	Income Tax
1	M/s Keller Gearbox and Pumps Netherland	Euro 2139321 (352,987,965)	40,609,235	15,884,458
2	M/s VPL Limited Lahore	9,248,928	1,064,036	416,202
3	M/s Ameejee Villajee & Sons	1,326,000	152,549	0
4	M/s Sysco System Company	1,503,490	172,968	0
5	M/s Allied Engineers & Services	12,688,124	1,459,696	570,966
6	M/s Allied Engineers & Services	7,162,400	823,993	322,308
7	M/s Orient Energy System	1,592,756	183,237	71,674
8	M/s Orient Energy System	11,182,732	1,286,509	503,223
9	M/s Orient Energy System	4,217,128	485,156	189,771
10	M/s Schottel Middle East FZE	80,795,872	9,295,100	3,635,814
11	M/s Allied Engineers & Services	3,081,892	354,554	138,685
12	M/s Allied Engineers & Services	24,342,255	2,800,436	1,095,401
13	M/s Tariq and Brothers	51,384,823	5,911,000	0
14	M/s Business and Engineering Trends, Karachi (Less Deduction)	26037473	1,108,867	0
15	M/s Recycling Solution (Less Deduction)	36,636,000	1,707,000	
		271,199,873	**67,414,336**	**22,828,502**

Annexure 20-D

(Karachi Port Trust)

Loss due to non-implementation of rent rate on KDLB hospital Rs. 102.469 million

Sl. No.	Year	Area	Rate (Less Rs 5 paid)	Amount
1.	2005-06	8572 sq. meter	530	4,543,160
2.	2006-07	8572 sq. meter	567	4,860,324
3.	2007-08	8572 sq. meter	607	5,203,204
4.	2009-10	8572 sq. meter	649	5,563,228
5.	2010-11	8572 sq. meter	695	5,957,540
6.	2011-12	8572 sq. meter	743	6,368,996
7.	2012-13	8572 sq. meter	795	6,814,740
8.	2013-14	8572 sq. meter	851	7,294,772
9.	2014-15	8572 sq. meter	911	7,809,092
10.	2015-16	8572 sq. meter	975	8,357,700
11.	2016-17	8572 sq. meter	1043	8,940,596
12.	2017-18	8572 sq. meter	1116	9,566,352
13.	2018-19	8572 sq. meter	1194	10,234,968
14.	2019-20	8572 sq. meter	1278	10,955,016
Total				**102,469,688**

Annexure 20-E

Provision of free water in addition to payment of utility allowance- Rs. 25.392 million

			Gallon			Rupees		
Sr. No	**Location**	**No of house**	**Total Qunatity Supplied**	**Quantity Suppied from TPX**	**Quantity Supplied from KW&SB**	**Amount of TPX Supply**	**Amount of KW&SB Supply**	**Total Amount**
1	54 B Lalazar	**1**	307,296	289,784	17,512	293,551	23,991	317,543
2	50B Lalazar	**1**	327,514	304,040	23,474	307,993	32,159	340,152
3	56B Lalazar	**1**	451,594	410,476	41,118	415,812	56,332	472,144
4	53B Lalazar	**1**	221,386	207,856	13,530	210,558	18,536	229,094
5	55B Lalazar	**1**	378,400	351,420	26,980	355,988	36,963	392,951
6	60B Lalazar	**1**	467,324	436,634	30,690	442,310	42,045	484,356
7	Bath Island Office Flat	**14**	2,299,858	2,060,716	239,142	2,087,505	327,625	2,415,130
8	Chelat Bangla	**4**	1,002,276	912,442	89,834	924,304	123,073	1,047,376
9	49B Lalazar	**2**	258,544	237,600	20,944	240,689	28,693	269,382
10	Old G China Creek	**20**	894,212	693,638	200,574	702,655	274,786	977,442
11	Old F China Creek	**16**	1,334,124	1,087,372	246,752	1,101,508	338,050	1,439,558
12	New G China Creek	**20**	585,640	484,682	100,958	490,983	138,312	629,295
13	New F China Creek	**16**	946,726	723,668	223,058	733,076	305,589	1,038,665
14	E China Creek	**16**	1,630,420	1,280,360	350,060	1,297,005	479,582	1,776,587
15	H China Creek	**32**	1,005,114	758,406	246,708	768,265	337,990	1,106,255
16	H/E Quarter	**12**	619,102	575,388	43,714	582,868	59,888	642,756
17	D Nagina	**8**	441,034	383,944	57,090	388,935	78,213	467,149
18	D Type FM Khan	**4**	867,064	765,512	101,552	775,464	139,126	914,590
19	C Type FM Khan	**10**	589,930	534,116	55,814	541,060	76,465	617,525
20	Pump # 22	**32**	882,948	799,150	83,798	809,539	114,803	924,342
21	Pump # 23	**32**	801,878	734,058	67,820	743,601	92,913	836,514

			Gallon			Rupees		
Sr. No	**Location**	**No of house**	**Total Qunatity Supplied**	**Quantity Suppied from TPX**	**Quantity Supplied from KW&SB**	**Amount of TPX Supply**	**Amount of KW&SB Supply**	**Total Amount**
22	New Khalasy Building	**32**	681,868	596,266	85,602	604,017	117,275	721,292
23	Keamari Village	**85**	996,964	924,110	72,854	936,123	99,810	1,035,933
24	CK 1 Banglow	**1**	88,880	82,126	6,754	83,194	9,253	92,447
25	40A Lalazar CL 11,12	**2**	51,084	41,118	9,966	41,653	13,653	55,306
26	40A Lalazar CL 13,14	**2**	81,510	77,572	3,938	78,580	5,395	83,975
27	DL9 Lalazar	**9**	407,268	374,246	33,022	379,111	45,240	424,351
28	G Nagina	**16**	458,084	387,200	70,884	392,234	97,111	489,345
29	F Nagina	**24**	602,426	523,094	79,332	529,894	108,685	638,579
30	FC Building Boat Basin	**15**	190,036	168,630	21,406	170,822	29,326	200,148
31	C type Officer Flat keamari	**6**	479,094	433,554	45,540	439,190	62,390	501,580
32	H Type TPX Quarter	**43**	521,906	498,366	23,540	504,845	32,250	537,095
33	EK 78,75	**8**	47,476	37,070	10,406	37,552	14,256	51,808
34	Pump No 25	**24**	675,444	585,596	89,848	593,209	123,092	716,301
35	56B/2 Lalazar	**1**	258,742	238,876	19,866	241,981	27,216	269,198
36	50B/11 Lalazar	**1**	259,490	251,504	7,986	254,774	10,941	265,714
37	E Nagina	**24**	462,770	445,074	17,696	450,860	24,244	475,103
38	Khalasy Line Block 28	**8**	90,442	90,442	-	91,618	-	91,618
39	E Fire Station	**8**	276,738	254,738	22,000	258,050	30,140	288,190
40	D Post Office	**10**	31,724	31,724	-	32,136	-	32,136
41	D Post Office	**0**	161,392	147,392	14,000	149,308	19,180	168,488
42	H/E Qutrs Flat	**0**	140,600	106,600	34,000	107,986	46,580	154,566
43	Canteen /15 Port Supply E/W	**0**	53,856	47,856	6,000	48,478	8,220	56,698
44	E/Fire Station +D Post Office	**0**	8,018	8,018	-	8,122	-	8,122
45	E/Nigina + F/Nigina	**0**	24,608	3,204	21,404	3,246	29,323	32,569
46	D/Post Office + D Nigina	**0**	30,532	21,614	8,918	21,895	12,218	34,113

			Gallon			Rupees		
Sr. No	**Location**	**No of house**	**Total Qunatity Supplied**	**Quantity Suppied from TPX**	**Quantity Supplied from KW&SB**	**Amount of TPX Supply**	**Amount of KW&SB Supply**	**Total Amount**
47	E/Fire Station	**0**	45,600	12,300	33,300	12,460	45,621	58,081
48	F/Nigina + D/Nigina	**0**	6,192	-	6,192	-	8,483	8,483
49	E/Nigina + D Post Office	**0**	24,900	12,780	12,120	12,946	16,604	29,551
50	FC Building + 4D Shipping Office	**0**	7,610	-	7,610	-	10,426	10,426
51	E/Nigina + Khalasi line 28	**0**	8,100	-	8,100	-	11,097	11,097
52	E/Nigina	**0**	13,000	4,100	8,900	4,153	12,193	16,346
53	EK 78-75	**0**	4,100	4,100	-	4,153	-	4,153
54	D Post Office + E/Fire Station	**0**	20,414	11,414	9,000	11,562	12,330	23,892
55	CL 13+14	**0**	6,100	-	6,100	-	8,357	8,357
56	C Nigina + D post Office	**0**	5,700	-	5,700	-	7,809	7,809
57	CL 13+14, 11+12	**0**	4,988	-	4,988	-	6,834	6,834
58	Pump No. 22	**0**	48,200	-	48,200	-	66,034	66,034
59	D/Nigina + Khalasi line 28	**0**	7,900	-	7,900	-	10,823	10,823
60	D Post + H/E Qtr	**0**	8,400	8,400	-	8,509	-	8,509
61	Pump No. 25	**0**	151,000	151,000	-	152,963	-	152,963
62	H china creek	**0**	48,300	48,300	-	48,928	-	48,928
63	General Store +Challet	**0**	19,264	19,264	-	19,514	-	19,514
64	New Khalasy Building	**0**	135,540	135,540	-	137,302	-	137,302
	Total	**563**	**23,958,644**	**20,814,450**	**3,144,194**	**21,085,038**	**4,307,546**	**25,392,584**

Annexure 20-F

Un-accounted spare parts purchased for ships-Rs.538.860 million

Sl. No.	Ship Name	Supplier Name	Name/No of parts	Local/foreign	Purchased cost(Rs.)
1.	BHD Ali	M/s Keller Gearbox and Pumps Netherland(Euro 2139321)	326	Foreign	352,987,965
2.	BHD Ali	M/s VPL Limited Lahore	Engine Generator Volvo Penta	Foreign	9,248,928
3.	Sindbad-II & Shanawar-II	M/s Ameejee Villajee & Sons	Air Compressor	Local	1,326,000
4.	Sindbad-II & Shanawar-II	M/s Meena Marine Engineers	Air Flex Clutch 16 VC	Local	10,990,000
5.	Sindbad-II & Shanawar-II	M/s Sysco System Company	15	Local	1,503,490
6.	Shanawar-II	M/s Allied Engineers & Services	05	Local	12,688,124
7.	Sindbad-II	M/s Allied Engineers & Services	Spare parts	Local	7,162,400
8.	Sindbad-II, M.T Taqatwar and Shahzore	M/s Orient Energy System	Spare parts	Local	1,592,756
9.	Sindbad-II & Shanawar-II	M/s Orient Energy System	Spare parts for Engine Generator	Local	11,182,732
10.	TSHD Abul	M/s Orient Energy System	Spare parts	Local	4,217,128
11.	Sindbad-II & Shanawar-II	M/s Schottel Middle East FZE	Spare parts	Foreign	80,795,872
12.	Sindbad-II & Shanawar-II	M/s Muhammad Farooq Agencies	Water Cooling Pump	Local	2,900,000
13.	Sindbad-II & Shanawar-II	M/s Global Links	Box cooler	Local	14,840,000
14.	Taqatwar and Shahzore	M/s Allied Engineers & Services	Exhaust Manifold	Local	3,081,892
15.	Taqatwar and Shahzore	M/s Allied Engineers & Services	Exhaust Manifold	Local	24,342,255
Total					**538,859,542**

Annexure 20-G

Detail of Bank balances/Investment/Income & expenditure KDLB 2019-20

	Opening Balance	**Closing Balance**
Bank Balance	4,302,531,318	1,719,507,566
Investment	7,142,245,825	5,891,721,389
Income/exp	1,471,931,647	2,323,966,345
Total	**12,916,708,790**	**9,935,195,300**

Description	**Amount Rs.**
Opening bank balance	4,302,531,318
Opening Investment balance	7,142,245,825
Income for the year 2019-20	1,471,931,647
Total	**12,916,708,790**
Less expenditure for the year 2019-20	2,323,966,345
Closing balance of investment and bank account	10,592,742,445
Available balance	7,611,228,955
Difference	**2,981,513,490**

Annexure 20-H

Year	Annual rent Rs.	% increase in rent	Amount of rent after annual increase Rs.	Annual rent Rs.	10 % increase	Amount of rent after 10 % annual increase in rent Rs.	Loss Rs.
2000	3,350,000	1.1	3,685,000	3,350,000	1.1	3,685,000	-
2001	3,685,000	1.1	4,053,500	3,685,000	1.1	4,053,500	-
2002	4,053,500	1.1	4,458,850	4,053,500	1.1	4,458,850	-
2003	4,458,850	1.1	4,904,735	4,458,850	1.1	4,904,735	-
2004	4,904,735	1.1	5,395,209	4,904,735	1.1	5,395,209	-
2005	5,395,209	1.1	5,934,729	5,395,209	1.1	5,934,729	-
2006	5,934,729	1.1	6,528,202	5,934,729	1.1	6,528,202	-
2007	6,528,202	1	6,528,202	6,528,202	1.1	7,181,023	652,820
2008	6,528,202	1	6,528,202	7,181,023	1.1	7,899,125	1,370,922
2009	6,528,202	1.1	7,181,023	7,899,125	1.1	8,689,037	1,508,015
2010	7,181,023	1	7,181,023	8,689,037	1.1	9,557,941	2,376,918
2011	7,181,023	1	7,181,023	9,557,941	1.1	10,513,735	3,332,713
2012	7,181,023	1.1	7,899,125	10,513,735	1.1	11,565,109	3,665,984
2013	7,899,125	1	7,899,125	11,565,109	1.1	12,721,619	4,822,495
2014	7,899,125	1	7,899,125	12,721,619	1.1	13,993,781	6,094,657
2015	7,899,125	1.1	8,689,037	13,993,781	1.1	15,393,160	6,704,122
2016	8,689,037	1	8,689,037	15,393,160	1.1	16,932,475	8,243,438
2017	8,689,037	1	8,689,037	16,932,475	1.1	18,625,723	9,936,686
2018	8,689,037	1.1	9,557,941	18,625,723	1.1	20,488,295	10,930,354
2019	9,557,941	1	9,557,941	20,488,295	1.1	22,537,125	12,979,184
2020	9,557,941	1	9,557,941	22,537,125	1.1	24,790,837	15,232,896
Total Rs.							**87,851,204**

Year	Property Tax
2006 to 2014	3,076,328
2014-15	404,778
2015-16	404,778
2016-17	384,541
2017-18	769,885
2018-19	769,885
2019-20	384,541
Total	**6,194,736**

Annexure 20-I

Sr No.	Month	Total Number of dock workers	Monthly Employment (No. of DW)	No. of Days	Avg. Daily Employment (No. of DW)	Average daily Idle workers	shift/ incentive Night	No. of hours of overtime	Per hour rate	Shif/ overtime payable	Shift/ overtime paid	Overpayment of overtime
1	Jul-17	2783	43,463	31	1,402	1,381	169	12.00	2,031	88,283,784	100,949,465	(12,665,681)
2	Aug-17	2785	43,763	30	1,459	1,326	169	12.00	2,031	88,893,156	113,828,813	(24,935,657)
3	Sep-17	2781	28,356	29	978	1,803	169	12.00	2,031	57,597,841	88,833,889	(31,236,048)
4	Oct-17	2781	39,731	31	1,282	1,499	169	12.00	2,031	80,703,196	107,634,350	(26,931,154)
5	Nov-17	2792	27,767	30	926	1,866	169	12.00	2,031	56,401,441	71,424,286	(15,022,845)
6	Dec-17	2777	30,935	31	998	1,779	169	12.00	2,031	62,836,409	82,107,519	(19,271,110)
7	Jan-18	2785	29,438	31	950	1,835	169	12.00	2,031	59,795,643	92,009,677	(32,214,034)
8	Feb-18	2768	22,672	28	810	1,958	169	12.00	2,031	46,052,273	72,801,742	(26,749,469)
9	Mar-18	2769	32,411	31	1,046	1,723	169	12.00	2,031	65,834,520	89,675,297	(23,840,777)
10	Apr-18	2762	38,164	29	1,316	1,446	169	12.00	2,031	77,520,243	100,799,077	(23,278,834)
11	May-18	2759	44,003	31	1,419	1,340	169	12.00	2,031	89,380,654	116,109,686	(26,729,032)
12	Jun-18	2757	38,941	30	1,298	1,459	169	12.00	2,031	79,098,517	101,934,746	(22,836,229)
13	Jul-18	2756	33,985	31	1,096	1,660	192	12.00	2,309	78,460,490	87,166,809	(8,706,319)
14	Aug-18	2750	39,463	30	1,315	1,435	192	12.00	2,309	91,107,439	110,947,341	(19,839,902)
15	Sep-18	2749	31,701	29	1,093	1,656	192	12.00	2,309	73,187,465	84,254,425	(11,066,960)
16	Oct-18	2747	29,666	31	957	1,790	192	12.00	2,309	68,489,301	86,376,680	(17,887,379)
17	Nov-18	2746	29,068	30	969	1,777	192	12.00	2,309	67,108,710	67,417,717	(309,007)
18	Dec-18	2742	29,011	31	936	1,806	192	12.00	2,309	66,977,115	75,667,559	(8,690,444)
19	Jan-19	2732	26,950	31	869	1,863	192	12.00	2,309	62,218,926	72,483,460	(10,264,534)
20	Feb-19	2732	19,392	28	693	2,039	192	12.00	2,309	44,769,923	51,991,317	(7,221,394)
21	Mar-19	2732	19,850	31	640	2,092	192	12.00	2,309	45,827,298	54,202,599	(8,375,301)
22	Apr-19	2714	22,883	30	763	1,951	192	12.00	2,309	52,829,524	58,028,795	(5,199,271)
23	May-19	2725	24,966	30	832	1,893	192	12.00	2,309	57,638,505	68,577,171	(10,938,666)
24	Jun-19	2723	22,587	30	753	1,970	192	12.00	2,309	52,146,155	63,843,037	(11,696,882)
25	Jul-19	2720	25,867	31	834	1,886	192	12.00	2,309	59,718,626	62,607,121	(2,888,495)
26	Aug-19	2717	26,206	30	874	1,843	192	12.00	2,309	60,501,268	69,736,637	(9,235,369)

Sr No.	Month	Total Number of dock workers	Monthly Employment (No. of DW)	No. of Days	Avg. Daily Employment (No. of DW)	Average daily Idle workers	shift/ incentive Night	No. of hours of overtime	Per hour rate	Shif/ overtime payable	Shift/ overtime paid	Overpayment of overtime
27	Sep-19	2717	23,823	29	821	1,896	192	12.00	2,309	54,999,684	58,821,468	(3,821,784)
28	Oct-19	2716	41,628	31	1,343	1,373	192	12.00	2,309	96,105,731	98,140,417	(2,034,686)
29	Nov-19	2716	28,347	30	945	1,771	192	12.00	2,309	65,444,152	73,129,366	(7,685,214)
30	Dec-19	2716	21,750	31	702	2,014	192	12.00	2,309	50,213,790	54,898,243	(4,684,453)
31	Jan-20	2742	21,596	31	697	2,045	192	12.00	2,309	49,858,253	56,974,955	(7,116,702)
32	Feb-20	2709	21,186	29	731	1,978	192	12.00	2,309	48,911,694	64,262,147	(15,350,453)
33	Mar-20	2709	21,775	31	702	2,007	192	12.00	2,309	50,271,507	63,649,527	(13,378,020)
34	Apr-20	2709	20,364	30	679	2,030	192	12.00	2,309	47,013,960	57,691,320	(10,677,360)
35	May-20	2778	25,304	30	843	1,935	192	12.00	2,309	58,418,839	88,690,699	(30,271,860)
36	Jun-20	2707	29,988	30	1,000	1,707	192	12.00	2,309	69,232,696	82,798,626	(13,565,930)
									Total	**2,323,848,729**	**2,850,465,983**	**(526,617,254)**

Annexure 20-J

Sr. No.	Sr. No as per list	Name	Age	Length of Service	Pension above 30 years benefit	Additional Pension	Commutation Rate	100% Commutation Pension	Amount of pension above 30 years extra benefit	Reason of Retirement
1	7	Muhammad Ayaz	57	36	26,845.70	2,684.57	16.7928	5,950,751.00	540,977	Medical Unfit
2	8	Taj Muhammad	60	36	26,845.70	2,684.57	15.4649	5,480,192.00	498,199	Superannuation
3	9	Gulab	60	38	35,704.90	3,570.49	15.4649	7,288,680.00	662,607	Superannuation
4	10	Muhammad Siddir	57	31	26,845.70	536.91	16.7928	5,517,968.00	108,195	Medical Unfit
5	11	Abdullah	60	32	26,845.70	1,073.83	15.4649	5,181,273.00	199,280	Superannuation
6	12	Muhammad Moosa	52	31	26,845.70	536.91	20.4638	6,724,227.00	131,847	Medical Unfit
7	13	Muhammad Ishaq	60	32	26,845.70	1,073.83	15.4649	5,181,273.00	199,280	Superannuation
8	14	Abdul Rahim	55	31	20,650.70	413.01	18.2002	4,600,365.00	90,202	Medical Unfit
9	15	Saleh Muhammad	57	33	26,845.70	1,610.74	16.7928	5,734,360.00	324,586	Death
10	16	Adam	60	32	26,845.70	1,073.83	15.4649	5,181,273.00	199,280	Superannuation
11	17	Ahmed	57	31	26,845.70	536.91	16.7928	5,517,968.00	108,195	Death
12	18	Abdul Ghani	57	32	26,845.70	1,073.83	16.7928	5,626,165.00	216,391	Death
13	19	Muhammad Ramzan	60	32	35,704.90	1,428.20	15.4649	6,891,116.00	265,044	Superannuation
14	29	Muhammad Hussain	60	31	26,845.70	536.91	15.4649	5,081,632.00	99,639	Medical Unfit
15	30	Nadir Shah	58	31	26,845.70	536.91	16.1191	5,296,596.00	103,854	Medical Unfit
16	32	Umer Khattab	60	31	26,845.70	536.91	15.4649	5,081,632.00	99,639	Medical Unfit
17	34	Raza Khan	54	34	35,704.90	2,856.39	18.9348	8,761,804.00	649,022	Resigned
18	35	Awal Roz	60	32	26,845.70	1,073.83	15.4649	5,181,273.00	199,280	Superannuation

Sr. No.	Sr. No as per list	Name	Age	Length of Service	Pension above 30 years benefit	Additional Pension	Commutation Rate	100% Commutation Pension	Amount of pension above 30 years extra benefit	Reason of Retirement
19	36	Muhammad Iqbal	60	32	26,845.70	1,073.83	15.4649	5,181,273.00	199,280	Superannuation
20	37	Kanjee	60	46	26,845.70	2,684.57	15.4649	5,480,192.00	498,199	Superannuation
21	38	Ibrahim	60	37	20,650.70	2,065.07	15.4649	4,215,565.00	383,233	Medical Unfit
22	39	Muhammad Umer	53	31	26,845.70	536.91	19.6896	6,469,832.00	126,859	Medical Unfit
23	40	Pir Zahir Shah	60	31	26,845.70	536.91	15.4649	5,081,632.00	99,639	Superannuation
24	42	Karim Bux	59	31	26,845.70	536.91	15.4649	5,081,632.00	99,639	Medical Unfit
25	44	Javeraj	49	31	35,704.90	714.10	22.8911	10,004,052.00	196,158	Resigned
26	52	Abdul Aziz	57	36	26,845.70	2,684.57	16.7928	5,950,751.00	540,977	Medical Unfit
27	57	Imranuddin	52	31	26,845.70	536.91	20.4638	6,724,227.00	131,847	Death
28	58	Kara	59	31	20,650.70	413.01	15.4649	3,908,978.00	76,646	Medical Unfit
29	59	Shah Zaman	60	33	35,704.90	2,142.29	15.4649	7,023,636.00	397,564	Superannuation
30	60	Soomar	60	31	26,845.70	536.91	15.4649	5,081,632.00	99,639	Superannuation
31	61	Adam	60	38	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
32	62	Muhammad shah	58	36	30,302.30	3,030.23	16.1191	6,447,485.00	586,135	Medical Unfit
33	63	Salahuddin	58	38	30,302.30	3,030.23	16.1191	6,447,485.00	586,135	Medical Unfit
34	64	Muhammad Shafi	54	36	30,302.30	3,030.23	18.9348	7,573,737.00	688,522	Medical Unfit
35	65	Siddiq	58	32	30,302.30	1,212.09	16.1191	6,095,803.00	234,454	Death
36	66	Suleman	59	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Medical Unfit
37	67	Abdul Majid	58	33	30,302.30	1,818.14	16.1191	6,213,031.00	351,681	Medical Unfit
38	68	Ibrahim	60	33	40,301.80	2,418.11	15.4649	7,927,910.00	448,750	Superannuation

Sr. No.	Sr. No as per list	Name	Age	Length of Service	Pension above 30 years benefit	Additional Pension	Commutation Rate	100% Commutation Pension	Amount of pension above 30 years extra benefit	Reason of Retirement
39	69	Kasim	53	31	30,302.30	606.05	19.6896	7,302,877.00	143,195	Medical Unfit
40	70	Noor Muhammad	54	33	40,301.80	2,418.11	18.9348	9,706,715.00	549,437	Death
41	71	Ishaq	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation
42	80	Muhammad Abdullah	60	38	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
43	81	Ismail	60	37	23,309.30	2,330.93	15.4649	4,758,283.00	432,571	Superannuation
44	83	Muhammad Hasim	52	31	30,302.30	606.05	20.4638	7,590,028.00	148,825	Medical Unfit
45	84	Abdul Sattar	52	31	30,302.30	606.05	20.4638	7,590,028.00	148,825	Medical Unfit
46	85	Hadi Khan	58	33	30,302.30	1,818.14	16.1191	6,213,031.00	351,681	Medical Unfit
47	86	Ibrahim Shah	58	36	30,302.30	3,030.23	16.1191	6,447,485.00	586,135	Medical Unfit
48	89	Suleman	59	33	30,302.30	1,818.14	15.4649	5,960,873.00	337,408	Medical Unfit
49	90	Din Rehman	55	31	30,302.30	606.05	18.2002	6,750,458.00	132,363	Medical Unfit
50	91	Ayub	58	38	30,302.30	3,030.23	16.1191	6,447,485.00	586,135	Medical Unfit
51	92	Abdul Rahim	60	38	6,673.80	667.38	15.4649	1,362,367.00	123,852	Superannuation
52	93	Muhammad Razzaq	58	36	23,309.30	2,330.93	16.1191	4,959,569.00	450,870	Medical Unfit
53	94	Wazir Zada	54	31	30,302.30	606.05	18.9348	7,022,921.00	137,705	Medical Unfit
54	95	Mubarak	60	39	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
55	99	Noor Muhammad	58	31	30,302.30	606.05	16.1191	5,978,577.00	117,228	Medical Unfit
56	100	Ramjee	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Medical Unfit
57	101	Muhammad	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation
58	102	Devjee	60	33	30,302.30	1,818.14	15.4649	5,960,873.00	337,408	Superannuation

Sr. No.	Sr. No as per list	Name	Age	Length of Service	Pension above 30 years benefit	Additional Pension	Commutation Rate	100% Commutation Pension	Amount of pension above 30 years extra benefit	Reason of Retirement
59	104	Abdul Rehman	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation
60	105	Rustam Ali	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Medical Unfit
61	109	Ghaffar Khan	57	31	26,845.70	536.91	16.7928	5,517,968.00	108,195	Medical Unfit
62	110	Sher Rais Khan	60	38	26,845.70	2,684.57	15.4649	5,480,192.00	498,199	Superannuation
63	112	Muhammad Zaman	60	39	26,845.70	2,684.57	15.4649	5,480,192.00	498,199	Superannuation
64	113	Islamuddin	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation
65	114	Abdus salam	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation
66	115	Muhammad Ilyas	60	37	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Death
67	116	Sheend	58	37	30,302.30	3,030.23	16.1191	6,447,485.00	586,135	Death
68	117	Sahebur Rehman	60	38	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
69	118	Ghullam Rehman	60	38	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
70	119	Malang Khan	59	32	30,302.30	1,212.09	15.4649	5,848,403.00	224,938	Death
71	124	Amir Hussain	57	33	23,309.30	1,398.56	16.7928	4,978,970.00	281,829	Medical Unfit
72	125	Sarwar Din	60	36	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
73	126	Muhammad Yaseen	60	36	30,302.30	3,030.23	15.4649	6,185,811.00	562,346	Superannuation
74	128	Ali Akbar	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation
75	129	Amir Muhammad	60	32	30,302.30	1,212.09	15.4649	5,848,403.00	224,938	Superannuation
76	130	Perveez Khan	54	32	40,301.80	1,612.07	18.9348	9,523,569.00	366,291	Resigned
77	131	Jahanzeb Khan	57	32	40,301.80	1,612.07	16.7928	8,446,215.00	324,854	Resigned
78	133	Fazal Hussain	60	31	30,302.30	606.05	15.4649	5,735,935.00	112,470	Superannuation

Sr. No.	Sr. No as per list	Name	Age	Length of Service	Pension above 30 years benefit	Additional Pension	Commutation Rate	100% Commutation Pension	Amount of pension above 30 years extra benefit	Reason of Retirement
79	140	Abdul Rashid	60	33	26,845.70	1,610.74	15.4649	5,280,912.00	298,919	Superannuation
80	141	Yousaf Khan	60	38	26,845.70	2,684.57	15.4649	5,480,192.00	498,199	Superannuation
81	142	Zahir Muhammad	57	36	26,845.70	2,684.57	16.7928	5,950,751.00	540,977	Medical Unfit
82	143	Noor Gul	60	39	26,845.70	2,684.57	15.4649	5,480,192.00	498,199	Superannuation
83	145	Zahir Akbar	60	32	26,845.70	1,073.83	15.4649	5,181,273.00	199,280	Superannuation
84	146	Rais Khan	53	31	26,845.70	536.91	19.6896	6,469,832.00	126,859	Death
85	147	Muhammad Bahadur	60	31	26,845.70	536.91	15.4649	5,081,632.00	99,639	Superannuation
	Total Rs.								**26,023,636**	

Annexure 20-K

Sl. No.	A/c No.	Account title	2018-19				2019-20			
			Balance as on (opening) 01.07.2018	**Deposits (+)**	**Withdrawals /transfer (-)**	**Balance as on 30.06.2019**	**Balance as on (opening) 01.07.2019**	**Deposits (+)**	**Withdrawals /transfer (-)**	**Balance as on 30.06.2020**
1.	4098656723	PMA Receipt Account	5,687,001	62,916,286	66,922,021	1,681,266	1,681,266	72,355,944	64,680,400	9,356,810
2.	4098656725	NIS Budget A/c	3,240,863	126,145	3,034,550	332,458	332,458	275,806	254,003	354,261
3.	4098656956	PMA Self Finance Scheme A/c	1,383,376	3,663,650	2,789,800	2,257,227	2,257,227	2,735,300	2,368,000	2,624,526
4.	4098656652	PMA Gas A/c	510,762	357,150	788,250	79,662	79,662	205,600	47,050	238,212
5.	3098637996	PMA Cadet Uniform A/c	272,204	4,411,725	4,221,649	462,280	462,280	2,378,030	2,356,812	483,498
6.	3098638226	PMA Miscellaneous A/c	148,007	12,420,928	12,449,764	119,171	119,171	10,434,783	9,643,949	910,005
7.	3098637923	PMA Maintenance Utility A/c	758,478	8,393,088	9,046,198	105,369	105,369	9,323,068	9,282,601	145,836
8.	3098638011	PMA Boarding A/c	705,910	28,849,207	23,700,792	5,854,325	5,854,325	29,606,020	19,981,904	15,478,441
9.	309838039	PMA Cadet Stationery Account	10,810,021	10,832,910	7,005,830	14,637,101	14,637,101	7,302,587	9,281,699	12,657,989
10.	4098664545	PMA New Entry Account	12,243,545	1,517,954	3,217,585	10,543,914	10,543,914	4,529,800	14,862,298	211,416
11.	4098664554	PMA Improvement Fund Account	7,272	-	-	7,272	7,272			7,272
Total			35,767,439	35,767,439	35,767,439	35,767,439	35,767,439	35,767,439	35,767,439	35,767,439
Grand total of closing balance during financial years 2018-19 and 2019-20										**78,548,311**

Chapter 23 M/o National Health, Services, Regulations & Coordination

Annexure 23-A

(Rupees in million)

S. No.	Component of Work	Name of firms	Supply order date	Stipulated period for deliver	Deliveries date	Contract price	10% damages charges
1.	Civil Work-Tender 1-A	M/s Syed & Siddiqui Associates, Karachi	20.06.2018	19.12.2018	Partially completed for Rs. 17.21	40.19	4.02
2.	Installation of Electrical System - Tender 1-C	M/s A K Construction Enterprises, Karachi.	21.06.2018	20.12.2018	Partially completed for Rs. 10.21	40.66	4.07
3.	HVAC System Tender 1-	M/s Facts Pakistan, Karachi	19.06.2018	18.12.2018	Partially completed for Rs. 30.27	40.41	4.04
4.	laboratory equipment (procured from 8 firms)	(Annexure-I, pertaining to 8 firms)	12.06.2018 (60 days' time for deliveries)	11.08.2018	04.09.2018 to 11.02.2019 (completed)	164.72	16.47
5.	software (LMIS)	M/s Soft Com Pvt Ltd. Karachi.	12.06.2018 (60 days' time for delivery)	11.08.2018	08.08.2018 (completed)	13.90	1.39
6.	Computer and IT equipment	M/s Skim Enterprises, Karachi	12.06.2018 (60 days' time for delivery)	11.08.2018	14.01.2019 (competent)	2.19	0.22
7.	Furniture and Fixture	M/s Dynamic Enterprise, Haseeb Lahore	12.06.2018 (45 days' time for delivery0	27.07.2018	27.08.2018 (partially completed for Rs.5.98 million)	9.17	0.92
Total							**31.13**

Annexure 23-B

S. No	Offices	Office rent	Electricity charges	Water charges	Ground rent	Total outstanding
1.	Expanded Program on Immunization (EPI)	5,948,400	3,594,240	-	1,200,000	10,742,640
2.	National AIDS Control Programme (NACP)	-	-	-	-	54,630,254
3.	Prevention and Control of Blindness (PCB)	Devolved				6,266,000
4.	Hepatitis Control Programme (NHCP) Central	Devolved				16,602,000
5.	Health Establishment (CHE)	2,234,628	316,800	4,700	-	2,556,128
6.	T.B. Control Programme	15,233,018	3,975,056	414,960	-	19,613,034
7.	National Control Laboratory (NCLB)	-	-	-	1,147,570	1,147,570
8.	Health Services Academy (HSA)	-	-	-	59,760,000	59,760,000
9.	Pakistan Nursing Council (PNC)	-	-	-	7,904,000	7,904,000
10.	Federal Drug Surveillance Laboratory (FDSL)	-	-	-	4,875,000	4,875,000
11.	World Health Organization (WHO)	-	-	-	1,428,300	1,428,300
12.	National Health Emergency Preparedness & Response Network, (NHEPRN)	63,208,948	3,862,088	533,084	-	67,604,120
13.	FM&DC Hostel	160,414,738	-	-	-	160,414,738
14.	Federal General Hospital (FGH)	287,412,570	-	-	-	287,412,570
15.	Islamabad Regional Blood Transfusion Center	-	-	-	-	0
16.	National Reference Lab (NRL, TB Control)	3,544,992	2,760,134	20,733	-	6,325,859
17.	National Institute of Population Studies (NIPS)	3,850,086	2,176,240	34,320		6,060,646
18.	Directorate of Malaria Control Programme	40,720,382	2,597,760	28,080		43,346,222
19.	Federal Nutrition Programme (FNP)	6,006,600	739,200	46,800	30-06-2020	6792600
20.	CCU (TB, AIDS, Malaria) lab in NIH building	15,231,600	2,027,520	46,800		17,305,920
21.	CCU (TB, AIDS, Malaria) in EPI building	53,230,336	-	-		53,230,336
22.	TIBB, NTC	-	-	-	-	**0**
23.	CMPak Ltd (Zong)	-	-	-	2,565,000	2,565,000
Total						**836,582,937**

Annexure 29-A

S#	Period	Lot No.	Mauza	Total Arrears	Recovery	Balance
1	07.2019 to 06.2020	01	PirSabaq	242,824	0	242,824
2	07.2019 to 06.2020	02	PirSabaq	13,647	0	13,647
3	07.2019 to 06.2020	03	PirSabaq	8,112	0	8,112
4	07.2019 to 06.2020	05	PirSabaq	768,421	0	768,421
5	07.2019 to 06.2020	04	PirSabaq	313,274	0	313,274
6	07.2019 to 06.2020	06	PirSabaq	281,460	0	281,460
7	07.2019 to 06.2020	07	PirSabaq	73,191	0	73,191
8	07.2019 to 06.2020	08	PirSabaq	24,421	0	24,421
9	07.2019 to 06.2020	10	PirSabaq	24,421	0	24,421
10	07.2019 to 06.2020	11	PirSabaq	24,421	0	24,421
11	07.2019 to 06.2020	12	PirSabaq	24,228	0	24,228
12	07.2019 to 06.2020	13	PirSabaq	488,358	0	488,358
13	07.2019 to 06.2020	14	PirSabaq	261,642	0	261,642
14	07.2019 to 06.2020	15	PirSabaq	116,455	0	116,455
15	07.2019 to 06.2020	17	PirSabaq	87,218	0	87,218
16	07.2019 to 06.2020	18	PirSabaq	91,310	0	91,310
17	07.2019 to 06.2020	19	PirSabaq	147,169	0	147,169
18	07.2019 to 06.2020	21	PirSabaq	268,931	0	268,931
19	07.2019 to 06.2020	23	PirSabaq	197,298	0	197,298
20	07.2019 to 06.2020	24	PirSabaq	255,653	0	255,653
21	07.2019 to 06.2020	25	PirSabaq	335,872	0	335,872
22	07.2019 to 06.2020	26	PirSabaq	178,988	0	178,988
23	07.2019 to 06.2020	27	PirSabaq	396,836	0	396,836
24	07.2019 to 06.2020	28	PirSabaq	42,779	0	42,779
25	07.2019 to 06.2020	29	PirSabaq	122,500	0	122,500
26	07.2019 to 06.2020	30	PirSabaq	127,443	0	127,443
27	07.2019 to 06.2020	33	PirSabaq	18,928	0	18,928
28	07.2019 to 06.2020	35	PirSabaq	64,098	0	64,098
29	07.2019 to 06.2020	37	PirSabaq	286,746	0	286,746
30	07.2019 to 06.2020	38	PirSabaq	134,070	0	134,070
31	07.2019 to 06.2020	36	PirSabaq	145,884	0	145,884
32	07.2019 to 06.2020	37	PirSabaq	368,724	0	368,724
33	07.2019 to 06.2020	41	PirSabaq	117,934	0	117,934
34	07.2019 to 06.2020	42	PirSabaq	243,310	0	243,310
35	07.2019 to 06.2020	43	PirSabaq	152,914	0	152,914
36	07.2019 to 06.2020	44	PirSabaq	342,557	0	342,557
37	07.2019 to 06.2020	45	PirSabaq	368,211	0	368,211
38	07.2019 to 06.2020	46	PirSabaq	333,578	0	333,578
39	07.2019 to 06.2020	47	PirSabaq	154,558	0	154,558
40	07.2019 to 06.2020	49	PirSabaq	91,382	0	91,382
41	07.2019 to 06.2020	50	PirSabaq	99,833	0	99,833

S#	Period	Lot No.	Mauza	Total Arrears	Recovery	Balance
42	07.2019 to 06.2020	56	PirSabaq	53,153	0	53,153
43	07.2019 to 06.2020	58	PirSabaq	13,662	0	13,662
44	07.2019 to 06.2020	60	PirSabaq	101,775	0	101,775
45	07.2019 to 06.2020	61	PirSabaq	103,065	0	103,065
46	07.2019 to 06.2020	63	PirSabaq	169,055	0	169,055
47	07.2019 to 06.2020	65	PirSabaq	226,995	0	226,995
48	07.2019 to 06.2020	68	PirSabaq	162,819	0	162,819
49	07.2019 to 06.2020	69	PirSabaq	108,705	0	108,705
50	07.2019 to 06.2020	71	PirSabaq	354,717	0	354,717
51	07.2019 to 06.2020	72	PirSabaq	144,160	0	144,160
52	07.2019 to 06.2020	73	PirSabaq	96,673	0	96,673
53	07.2019 to 06.2020	74	PirSabaq	89,169	0	89,169
54	07.2019 to 06.2020	76	PirSabaq	296,922	0	296,922
55	07.2019 to 06.2020	78	PirSabaq	681,033	0	681,033
56	07.2019 to 06.2020	79	PirSabaq	481,053	0	481,053
57	07.2019 to 06.2020	80	PirSabaq	255,124	0	255,124
58	07.2019 to 06.2020	82	PirSabaq	216,421	0	216,421
59	07.2019 to 06.2020	83	PirSabaq	817,996	0	817,996
60	07.2019 to 06.2020	84	PirSabaq	26,838	0	26,838
61	07.2019 to 06.2020	88	PirSabaq	29,990	0	29,990
62	07.2019 to 06.2020	89	PirSabaq	104,853	0	104,853
63	07.2019 to 06.2020	90	PirSabaq	31,660	0	31,660
64	07.2019 to 06.2020	91	PirSabaq	247,741	0	247,741
65	07.2019 to 06.2020	93	PirSabaq	179,179	0	179,179
66	07.2019 to 06.2020	94	PirSabaq	101,956	0	101,956
67	07.2019 to 06.2020	95	PirSabaq	32,854	0	32,854
68	07.2019 to 06.2020	99	PirSabaq	91,776	0	91,776
69	07.2019 to 06.2020	97	PirSabaq	508,231	0	508,231
70	07.2019 to 06.2020	102	PirSabaq	129,661	0	129,661
71	07.2019 to 06.2020	103	PirSabaq	234,314	0	234,314
72	07.2019 to 06.2020	104	PirSabaq	3,012,331	0	3,012,331
73	07.2019 to 06.2020	105	PirSabaq	334,332	0	334,332
74	07.2019 to 06.2020	106	PirSabaq	166,055	0	166,055
75	07.2019 to 06.2020	107	PirSabaq	170,700	0	170,700
76	07.2019 to 06.2020	109	PirSabaq	225,170	0	225,170
77	07.2019 to 06.2020	110	PirSabaq	412,440	0	412,440
78	07.2019 to 06.2020	113	PirSabaq	302,686	0	302,686
79	07.2019 to 06.2020	115	PirSabaq	111,055	0	111,055
80	07.2019 to 06.2020	116	PirSabaq	142,418	0	142,418
81	07.2019 to 06.2020	118	PirSabaq	280,098	0	280,098
82	07.2019 to 06.2020	119	PirSabaq	312,408	0	312,408
83	07.2019 to 06.2020	123	PirSabaq	52,292	0	52,292
84	07.2019 to 06.2020	124	PirSabaq	133,632	0	133,632
85	07.2019 to 06.2020	127	PirSabaq	163,898	0	163,898
86	07.2019 to 06.2020	128	PirSabaq	274,988	0	274,988
87	07.2019 to 06.2020	132	PirSabaq	39,808	0	39,808

S#	Period	Lot No.	Mauza	Total Arrears	Recovery	Balance
88	07.2019 to 06.2020	130	PirSabaq	108,485	0	108,485
89	07.2019 to 06.2020	133	PirSabaq	141,439	0	141,439
90	07.2019 to 06.2020	135	PirSabaq	52,454	0	52,454
91	07.2019 to 06.2020	136	PirSabaq	179,498	0	179,498
92	07.2019 to 06.2020	139	PirSabaq	17,306	0	17,306
93	07.2019 to 06.2020	145	PirSabaq	81,801	0	81,801
94	07.2019 to 06.2020	149	PirSabaq	12,911	0	12,911
95	07.2019 to 06.2020	151	PirSabaq	12,911	0	12,911
96	07.2019 to 06.2020	153	PirSabaq	621,411	0	621,411
97	07.2019 to 06.2020	155	PirSabaq	91,414	0	91,414
98	07.2019 to 06.2020	157	PirSabaq	460,113	0	460,113
99	07.2019 to 06.2020	161	PirSabaq	21,277	0	21,277
100	07.2019 to 06.2020	01	Sangu	302,126	0	302,126
101	07.2019 to 06.2020	01	Mazara	99,534	0	99,534
102	07.2019 to 06.2020	01	Kahi	23,758	0	23,758
103	07.2019 to 06.2020	06	Mardan	72,000	0	72,000
104	07.2019 to 06.2020	10	GujarGharhi	53,525	0	53,525
105	07.2019 to 06.2020	01	MattaWadigram	54,306	0	54,306
			Total	**22,471,729**	**0**	**22,471,729**

Chapter 31 Senate Secretariat

Annexure 31-A

Non-adjustment of advances - Rs. 24.859 million

S. No.	S. No. of Register	Bill #	Amount (Rs.)	Sanction Date	Branch
1	1	5/A03903	195,083	22.07.2016	IPR
2	2	25 A03912	274814	13.11.2017	IPR
3	3	1/A03912	298,069	13.07.2018	IPR
4	4	43/A03912	248,192	03.01.2018	IPR
5	5	16/A03903	25,000	12.02.2018	IPR
6	10	20 A03912	314160	15.10.2018	IPR
7	11	33/A03912	868,180	09.11.2018	IPR
8	12	79 A03912	77706	03.04.2019	IPR
9	13	80/A03912	1,163,472	25.06.2019	IPR
10	14	83/A03912	45,700	11.04.2019	IPR
11	15	5/A03802	414,823	13.05.2019	IPR
12	16	93 A03912	213024	13.05.2019	IPR
13	17	6/A03802	271,832	23.05.2019	IPR
14	18	7/A03913	4,500,000	31.04.2019	IPR
15	19	8/A03913	1,200,000	11.06.2019	IPR
16	20	9/A03913	1,047,310	24.06.2019	IPR
17	21	100/A03912	245080	20.06.2019	IPR
18	22	2/A03913	99,850	18.07.2019	IPR
19	23	1/A03913	74,691	18.07.2019	IPR
20	24	1/A03960	13,000	24.07.2019	IPR
21	25	1/A03603	100,824	27.07.2019	Transport
22	26	1/A03603	428,960	27.07.2019	Transport
23	27	2/A03603	691,252	27.07.2019	Transport
24	28	24/A03912	783,040	09.10.2019	IPR
25	29	22/A03912	1,506,240	09.10.2019	IPR
26	30	23/A03912	461,760	09.10.2019	IPR
27	31	41/A03912	903,760	14.11.2019	1PR
28	32	40/A03912	3,262,880	14.11.2019	IPR
29	33	51/A03912	3,242,720	03.12.2019	IPR
30	34	50/A03912	1,205,760	02.11.2019	IPR
31	35	3 A03603	73620	24.04.2020	Transport
32	36	2/A03603	291,800	22.04.2020	Transport
33	37	1/A036D3	72,000	19.06.2020	Transport
34	38	3/A03603	169,540	19.06.2020	Transport
35	39	7/A03407	75000	22.06.2020	Transport
Total:			**24,859,142**		